OECD DAC
Peer Review of Sweden 2013
Memorandum

REGERINGSKANSLIET

Ministry for Foreign Affairs

11 February 2013

Executive Summary

The Swedish Government is committed to implementing an efficient and effective development cooperation which brings concrete results in the lives of poor people. Transparency, accountability and focusing on results have been key components when formulating policies and implementing reforms in Swedish development cooperation. Aid efforts are now being adjusted to today's changing realities, and added value is promoted through innovation, new partnerships with more actors, and a realization that Swedish aid can only be effective if its comparative advantage is clearly defined and contextualized.

An ambitious reform agenda permeates all areas of Swedish development cooperation, and a focus on results is guiding policy formulation in general. A stronger focus on results in many ways means a raise of ambition in the Swedish aid and represents a general paradigm shift. The agenda consist of an enhanced ability to: (i) convey the result expectations; (ii) manage on the basis of results; (iii) measure and report results (iv) follow up and evaluate results; (v) contribute to the international discourse concerning result focus in development cooperation.

The Implementation of the reform agenda and a new vision for Swedish development cooperation began already in 2007 by reducing the number of partner countries for a more effective development cooperation followed by focusing thematic areas relevant for Swedish aid.

At the time of the Peer Review in 2009, Sweden had therefore already taken the first steps towards a more coherent management and policy structure. A focus on results-based management had been launched, and increased clarity on division of responsibilities between the MFA and Sida as well as other relevant agencies had been established, whereby they are more clearly and strategically governed by their respective annual letters of appropriation and ordinances. In addition, it was decided that all budget lines should be managed by accompanying *strategies* decided by the Government. The intention was to clarify that *policy direction* is provided by the Government, while Sida is responsible for issues pertaining to *how* development interventions are structured, planned, implemented and followed-up. In general more efforts have been put on creating better conditions for an effective environment for implementation of key reforms and to make steering and management of aid more strategic and thus more effective.

Since 2009 significant reforms include (i) the launch of "Open Aid", and (ii) an enhanced results agenda.

"Open Aid", was launched in December 2009 with the main purpose to Increase aid transparency, for enhanced knowledge about and scrutiny of aid, towards strengthened accountability, participation towards promoting innovation and more systematic use of knowledge from different parts of society and cooperation and engagement from more actors in Swedish development policy not least the private sector (see chapter 6.4).

The results agenda includes the development of an aid policy framework (see chapter 2); new type of *results* strategies for all bilateral, regional, multilateral and thematic development cooperation (see chapter 6); a more effective institutional setup for evaluating Swedish aid (see section 6.2); and a commitment to finalise the country concentration process launched already in 2007. These efforts are a response to the DAC observation of a "forest of policies", as well as to an internal review of the model for results-based management of Swedish aid. The most recent action was to establish a new and innovative function, an Expert Group for evaluation and analysis of development cooperation. The Expert Group's mission is to commission, compile, execute and communicate evaluations, analyses and studies on program implementation, performance and efficiency.

The overall goal for Swedish development cooperation is "*to create conditions that will enable poor people to improve the quality of their lives*". Sweden's development cooperation is therefore clearly directed towards poor people in poor countries and not least the needs of women and girls, and to support them to realize their development potential. The Government is convinced that all efforts must be done in a transparent, accountable and effective way with a clear focus on results. The purpose is to make a real change in poor people's lives while safeguarding the legitimacy of the aid system in the eyes of the general public. It is an honour that the Swedish Minister for International Development Cooperation has been appointed to the High Level Panel on Post 2015 development agenda. The Swedish experience from reforms in a more complex world is an important contribution when shaping the new global agenda for sustainable development and ending poverty.

Sweden aims to uphold an ambitious, innovative and brave international development cooperation agenda. This means e.g. a high level of ODA, a constant strive for effectiveness and added value of Swedish engagement in development, i.e. sustaining a clear rights perspective with the objective to take a strong stand for headwind issues and to engage in difficult contexts and fragile countries.

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List of abbreviations

ACTT - Anti-Corruption Task Team
AfDB – African Development Bank
ARTF - Afghanistan Reconstruction Trust Fund
B4D - Business for Development Programme
BD - Business and Development
CAP - Common Agricultural Policy
CDI - Commitment to Development Index
CENTEC - Center for Environmental Technology
CERF – Central Emergency Relief Fund
CHF - Common Humanitarian Funds
CLEAR - Regional Centers for Learning on Evaluation and Results
COHAFA - Council of the European Union's Working Party on Humanitarian Aid and Food Aid
CSR - Corporate Social Responsibility
DAC - Development Assistance Committee
DDS - Disarmament, Demobilization and Reintegration
DFI - Development Finance Institute
DRC - Democratic Republic of Congo
DRR - Disaster Risk Reduction
EEAS - European External Action Service
EU - European Union
FAO - Food and Agricultural Organization of the United Nations
FMR - MFA Department for International Law, Human Rights and Treaty Law
GBS - General Budget Support
GFDRR - World Bank Global Facility for Disaster Reduction and Recovery
GHD - Good Humanitarian Donorship
GPOBA- Global Partnership for Output-based Aid
HAP - Humanitarian Accountability Partnership
HFA - Hyogo Framework for Action
HIP - Humanitarian Implementation Plans
IAP - Innovations Against Poverty
IATI - International Aid Transparency Initiative
IDA group - Interdepartmental Working Group
IDP - Internally Displaced Person
IDPS - International Dialogue on Peacebuilding and Statebuilding
ILO - International Labour Organization
INCAF - International Network on Conflict and Fragility
Lantmäteriet - Swedish mapping, cadastral and land registration authority
LFA - Logical Framework Approach
IH - MFA Department for International Trade
MCDA - Military and Civil Defence Assets
MDG - Millennium Development Goals
MDTF - Multi-Donor Trust Fund
MFA - Ministry for Foreign Affairs

MfDR - Managing for development results

MOPAN - Multilateral Organisations Performance Assessment Network

MTEF - Medium Term Expenditure Framework

MU - MFA Department for Multilateral Development Cooperation

NAI - Nordic Africa Institute

NAP - National Action Plan

NGO – Non-Governmental Organisation

ODA - Official Development Assistance

OECD - Organisation for Economic Cooperation and Development

OOF - Other Official Flows

PBF - Peace Building Fund

PCD - Policy Coherence for Development

PPDP - Public-Private Development Partnerships

PRS - Poverty Reduction Strategies

QCPR - Quadrennial Comprehensive Policy Review

RRM - Rapid Response Mechanism

SADEV - Swedish Agency for Development Evaluation

SBS - Sector Budget Support

SDG - Social Development Goals

Sida - Swedish International Development Cooperation Agency

Swedish NAO - Swedish National Audit Office

SP - MFA Department for Security Policy

SPS - Sector Programme Support

SSR - Security Sector Reform

U4 - Anti-Corruption Resource Centre

UHR - Swedish Council for Higher Education

UN - United Nations

UNEP - United Nations Environment Programme

UNESCO - United Nations Educational, Scientific and Cultural Organisation

UNFPA - United Nations Populations Fund

UNHCR - United Nations Refugee Agency

UNICEF - United Nations Children's Fund

UNISDR - United Nations Office for Disaster Risk Reduction

UNSCR - United Nations Security Council Resolution

UNWRA - United Nations Relief and Works Agency

UNDP - United Nations Development Programme

UNOCHA - Office for the Coordination of Humanitarian Affairs

USTYR - MFA Department for Aid Management

WFP - World Food Programme

WHO - World Health Organisation

1 Towards a comprehensive development effort

1.1 Global development issues

An important result of the Busan High level Meeting on Aid Effectiveness was a widespread recognition that aid has to be seen in the much broader context of development and the *catalytic* role of development co-operation. *Development results* must be the point of departure, for development aid, as well as for broader issues related to policy coherence for development.

The Swedish Government is committed to remaining in the forefront to promote such a coherent approach to development focusing on the needs, priorities and rights of people living in poverty. Sweden puts strong emphasis on the quality, effectiveness and results of development cooperation, both in its bilateral cooperation, and as a significant actor within the multilateral system. Accountability is a key concept in this regard: The Swedish Government is accountable both to its own taxpayers and to people living in poverty in developing countries.

The objective of Sweden's development cooperation is "*to create conditions that will enable poor people to improve the quality of their lives*". The objective is based on a multidimensional view of poverty and development, guided by two fundamental perspectives: the rights perspective and the perspective of poor people on development.

In order to remain relevant and effective, Sweden's development cooperation must continuously adjust to new global challenges and processes of change. A changing world implies new conditions for development cooperation and requires a capacity to adapt in order to identify the strategic role for aid. In the Budget Bill for 2013, the Swedish Government has identified ten crucial *global trends* that influence the orientation and design of Sweden's development cooperation. These trends are: 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, unequal distribution of resources, and conflicts. In order to meet these challenges, the Government focuses on low-income countries, promotes democracy and human rights, focuses on more flexible and innovative development cooperation and contributes to the process of developing new global development goals.

1.2 Policy coherence for development

1.2.1 Political commitment and policy statements on policy coherence

The political framework for Swedish work on Policy Coherence for Development (PCD) was set out already in 2003, in the Government Bill "*Shared Responsibility: Sweden's Policy for Global Development*". Strong parliamentary and public support underpins the commitment. The policy commits the Government to regularly report on progress to the Riksdag (the Swedish Parliament). Since 2004, the Government has reported on PCD progress to Parliament (first annually and later bi-annually).

Sweden is actively promoting the EU treaty commitments establishing that development objectives shall be taken into account in the implementation of policies that may affect developing countries positively or negatively (Art. 208 of the Lisbon Treaty), and that the Union shall ensure coherence between its broad foreign policy and other policy areas (Art. 21). Influencing different EU policy areas so as to contribute to a deepened development perspective is a priority for the Government. For example, Sweden is emphasising effective working methods for Policy Coherence for Development within the EU.

The *Commitment to Development Index (*CDI) produced annually by the Washington-based organisation Center for Global Development gives Sweden high scores on PCD. Of the 27 OECD countries that are assessed with regard to their overall impact on developing countries within trade,

investment, migration, security, environmental policy, technology transfer and development assistance, Sweden was ranked number one in 2011 and number three in 2012. The lower ranking in 2012 is partly due to low scores on security issues related to Sweden's arms exports. The index is, however, based on data that is several years old.

In 2008, Sweden introduced a PCD 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. This focus remains in place. Concentrating on these specific challenges has contributed to a more structured work on PCD 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 PCD in 2014.

The Riksdag and different civil society organisations have emphasised that conflicts or inconsistencies of objectives and interests, as well as political adjustments relating to these, should be made more visible within Swedish PCD work. In the latest report to the Riksdag, the Government chose to focus on *one* of the six global challenges - "Economic exclusion" -, in order to better give a number of examples and illustrate potential conflicts of objectives and interests. The report to Parliament deals with issues such as financial markets, capital flight and tax evasion, trade, agriculture and development, the role of the business community for development, and bioenergy production connected to food security. As a follow-up to the report, issues relating to global economic exclusion will be discussed at a seminar arranged by the Swedish Government in the spring of 2013. The Swedish Government considers transparency and openness on difficult issues related to global development to be an important objective of such an event.

The Government supports the work of various organisations and research institutions aimed at improving analysis and knowledge of PCD. Sweden exchanges knowledge on PCD issues with other countries and organisations, not least within the OECD and the EU. Dialogue and cooperation on PCD with different parts of society is also a major feature of Swedish PCD work. There is a great interest in PCD among civil society organisations as well as in some parts of the business community. Access to information and data regarding development and global challenges is increasingly available, for example via various web portals such as the Government's web platform www.openaid.se and the Government's human rights website www.manskligarattigheter.se which helps to inform the debate on global development.

1.2.2 Policy coordination mechanisms

The Swedish system for processing and preparing Government matters is based on a joint consultation model. If a government matter involves any other ministerial responsibilities or any other Minister, the matter shall be prepared in consultation with other concerned Ministries/Ministers. When it comes to Government work on PCD this is mainly based on this existing mechanisms for inter-ministerial consultation within the Government Offices and with government agencies. In addition, all ministries have a PCD focal point. These gather at least once per semester in an inter-departmental working group (IDA) for PCD issues. There are also other IDA-groups that discuss issues related to PCD. One example is the IDA-group on environmental technology with representatives from the Ministry for Foreign Affairs, the Ministry of the Environment and the Ministry of Enterprise, Energy and Communications. Several networks exist between the Government Offices and agencies and between different agencies, in which development perspectives can be raised.

Sweden's Policy for Global Development (2003) holds the Minister for International Development Co-operation responsible for co-ordination and reporting on PCD. The 2009 DAC Peer Review noted a lack of strong co-ordination mechanisms. In particular, it was underlined that the Ministry for Foreign

Affairs (MFA) has limited tools and capacity to co-ordinate and arbitrates between different parts of Government.

Evaluations by Statskontoret (the Swedish Agency for Public Management) show that work on cross-sectoral issues is often difficult, especially if no individual policy area has the mandate to direct the work of others. A public inquiry on the Swedish Foreign Service (SOU 2011:21) states that current global policy requires purposeful work across ministries, but that territorial thinking among Ministries can often be obstructive. The Government's own assessment of PCD work in 2010-2012 (presented in the report to the Riksdag June 2012) has shown that there is scope for improvement in coordination and cooperation on PCD. To further strengthen inter-ministerial work on PCD-issues, the Government has therefore decided to commission an external evaluation of PCD focusing on coordination and steering mechanisms.

1.2.3 Systems for monitoring, analysis and reporting

The focus on six *global challenges* has enabled better comparability between different areas over time. The Swedish Government has assessed its work on these six global challenges in 2008-2010 (Report to the Riksdag 2010) and 2010-2012 (Report to the Riksdag in June 2012). The next assessment is planned for the 2014 Report to the Riksdag on PCD. In addition, a number of Swedish civil society organisations assess Swedish work on PCD in their report "Barometern"[1] and also within the report "Spotlight on EU Policy Coherence for Development"[2], available through the platform Concord.

The Governments assessment of its work on the six global challenges is based on a model that is qualitative and self-assessing. The assessment model builds on three components identified by the OECD as fundamental for PCD work, namely: i) policy formulation and implementation, ii) coordination and cooperation and iii) knowledge and analysis. The purpose is to illustrate progress over time and make comparisons between different areas. In cases where Swedish policy is carried out through the EU or multilateral organisations, the focus is on Swedish positions or actions taken in relation to these organisations.

The 2009 DAC Peer Review recommended, regarding monitoring, that a suitable organisation should be assigned to provide independent monitoring and evaluation of Swedish PCD and report results to the Riksdag. As stated in the report to the Riksdag in June 2012, the Government will commission an external evaluation of PCD focusing on coordination and steering mechanisms to be completed during 2013.

The 2009 DAC Peer Review recommended Sweden to finalise, in close co-operation with international partners, workable indicators for measuring overall progress towards cross-government objectives and different agencies' contributions to PCD. In order to achieve this, the Government cooperates with and supports the OECD and other organisations and research institutions in efforts to improve analysis and knowledge of the effects of PCD.

Analysing how different policy areas coherently can contribute to global development is complex. The effects that national and international decisions in different policy areas will ultimately have on poor countries and people are often difficult to predict. The Government's view is therefore that workable indicators for measuring PCD should be developed in an international context, preferably in the OECD.

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[1] http://www.concord.se/upload//Barometer_2012.pdf
[2] http://www.concord.se/upload//PCD-country-profile-Sweden.pdf

The 2009 DAC Peer Review recommended Sweden to make better use of Government agencies in the work on PCD. However, it is important for agencies and authorities to make a clear distinction between (i) contributing to PCD within their own mandates (i.e. contributing to policy formulation and international negotiations), and (ii) implementation of aid financed projects. Some agencies and authorities do implement development assistance projects, but there is sometimes a misconception that that funding (from Sida) is necessary to fulfil their PCD-mandate. Partly for this reason, an internal working paper was commissioned in 2011 to examine how authorities may be more involved in PCD issues[3]. This has led to a process which purpose is to review and clarify how PCD-issues are reflected in agencies' instructions and/or appropriation letters.

Furthermore, many networks exist between the Government Offices and government agencies where issues related to policy formulation on PCD are being discussed.

1.3   Engaging in policy coherence in partner countries

Sweden's diplomatic missions represent and promote all Swedish policy areas, including PCD. Diplomatic work and development cooperation carried out by Sida are integrated in the missions abroad. Other ministries and agencies are sometimes also represented.

The basis of Sweden's policy for Africa[4] is policy coherence to achieve equitable and sustainable global development. Working effectively towards this goal calls for coordinated interaction across a wide range of factors in all policy areas. Sweden's Africa policy builds on common interests in taking on global challenges, openness to free trade and focus on development assistance etc.

One example of a coherent approach at partner country level is the Swedish Business and Development Councils (BD Councils) that have been established in all partner countries with which Sweden conducts development cooperation. The overall aim of BD Councils/ BD work is to: (i) Identify and present proposals on how synergies between the business/ private sector and development cooperation can be created and utilised better; (ii) Strengthen the private sector's contribution to development and poverty reduction; and (iii) Stimulate business development and entrepreneurship in developing countries. (See section 1.4.3).

Another example of a coherent approach in a partner country is the work of Lantmäteriet (the Swedish mapping, cadastral and land registration authority) with the Ministry of Lands in Kenya. This collaboration has contributed to strengthening land rights for poor people through a system of land registration. The collaboration has resulted in the work of Lantmäteriet becoming more effective, better references existing for land plots, and improved services for citizens.

Within the EU, Sweden promotes strong EEAS leadership on PCD issues. EU delegations are central in working on policy coherence for development, and in integrating partner country demands on PCD. Sweden supports the inclusion of a section on PCD in standard reports from EU delegations. But the EU delegations could be further involved in PCD, e.g. to monitor and regularly report on impacts of other policies in relation to development objectives.

1.4   Finance for development

1.4.1 ODA as a catalyst

Sweden remains committed to providing one per cent of its Gross National Income (GNI) in Official Development Assistance (ODA). This commitment is one of the foundations of Swedish development

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[3] Internal working paper 2011-08-26 "Myndigheternas roll i PGU-arbetet", Anders Danielson
[4] Government Communication 2007/08:67

policy. Sweden recognizes the role of engaging the private sector and using ODA as a catalyst for development. Sida's instruction clearly states that the organization should complement and stimulate other financial resources that can contribute to poverty reduction sustainable development.

Sweden has been cooperating with the private sector for years and will continue to encourage new and innovative forms of financing in order to mobilize resources from the private sector and expand the development impact of ODA even further. Ehen combined with other instruments, ODA can play a catalytic role in leveraging private sector financing. Leveraging the effect of ODA, for example, is one of the criteria of the environmental loans that Sida offers. The Swedish contribution is either grant aid or an AAA-rated guarantee. The instrument has only been in place for three years but the leverage effect is one of the main results so far, with figures being presented of up to 14 times the Swedish contribution.

A variety of instruments are available to the private sector. With development results in focus, guiding principles are cost sharing, risk sharing, additionality, catalytic support and leverage effect.

The main instruments used within collaboration with the private sector (B4D) are: Public-Private-Development Partnerships (PPDP), Challenge Funds, Drivers of Change and Loans & Guarantees. In the PPDPs Sweden finances interventions that have clear benefits for people in poverty in collaboration with private sector actors. An example is the Milk for Schools pilot project in Zambia, which is a PPDP between Sida, Tetra Pak, the World Food Programme and four ministries (Health, Finance, Livestock and Agriculture). Zambia has one of the lowest milk consumption rates in Sub-Saharan Africa. The Milk for Schools project aims to provide a market for the smallholder dairy sector, diversify the agricultural sector and create a demand for high quality locally produced milk. This will be achieved by testing a cost effective model of providing milk to 15 000 school children. The project could eventually be scaled up nationally. The initial feedback from both schools and children is very positive.

To encourage good ideas for development, Sweden encourages and has positive experiences of challenge funds. Sweden offers a number of different Challenge funds in which companies are invited to 'compete' for support. A major Sida challenge fund is *Innovations Against Poverty* (IAP). Poverty-reducing project proposals are weighed against one another in the evaluation process on the basis of predetermined criteria. Grants covering part of the investment are awarded to those companies that meet the criteria and have the best business plans. The competition focuses on small organisations that have good ideas and great potential but need support and resources to penetrate new markets. It is open to companies based or operating in low or middle income countries. IAP also seeks to work with large companies to support the development of "inclusive business" models in these markets. Such business models can engage poor people as employees, suppliers, distributors and consumers. IAP is a challenge fund that has generated many innovative ideas during its relatively short period of existence. The winner of the 'Innovator of the year' prize in 2012 was Sanergy, a company that builds low-cost sustainable sanitation centres in urban slums in Kenya. The waste is collected and converted into electricity and fertilisers that are sold on the open market.

1.4.2 Development of official finance instruments and flows

Sweden has extensive experience of working with guarantees in order to share risk and mobilize capital, including local financing. The guarantees are issued by Sida and used in a variety of set-ups; from advanced market guarantees to guarantees issued to micro-financing institutions. Development loans are designed to leverage available resources by linking grant aid with commercial loans. A Swedish grant component is provided in order to mobilise lending to a project. Sweden has a specific development loan facility targeting environmental projects in developing countries.

Only well-functioning local businesses and industries can ensure economic growth, create jobs and satisfy the demand for goods and services. The mission of the Swedish development finance

institution, Swedfund International AB (a state-owned company) is to reduce poverty through sustainable businesses.

By promoting the creation of long-term, sustainable, profitable businesses with good working environments and corporate cultures, Swedfund contributes to job creation, increased revenues for a country's treasury, local competence building and improved working conditions.

Swedfund's portfolio is divided between equity, loans and funds. The company cooperates with strategic partners in industrialized countries that are looking to start up or expand businesses in developing countries. Swedfund serves as a minority shareholder and normally does not assume more than one third of the total investment. Competition with commercial financial actors shall be avoided and Swedfund shall only take part in investments that are not expected to be achievable with commercial financing alone.

Swedfund's investments involve long-term but limited commitments. The duration varies from five to ten years, depending on what stage the company is at when Swedfund becomes involved. Swedfund exits when the company has achieved stability and sustainable profitability, often when it enters a new phase of development. See section 4.1.3 for further information on Swedfund.

1.4.3 Coordination between ODA and non-ODA development related actors

In 2012, the Swedish Ministry for Foreign Affairs had a final meeting at the MFA level in Stockholm in an initiative labelled the Business and Development Council (BD Council). This initiative was a forum for high-level dialogue between business representatives and relevant public sector actors with the purpose to make better use of the business sector's experience, competence and resources. The overall aim of the BD Council/ BD work, including the BD Council at the MFA – for which the first phase has come to an end – is to: (i) Identify and present proposals on how synergies between the private sector and development cooperation can be created and utilised better; (ii) Strengthen the private sector's contribution to development and poverty reduction; and (iii) Stimulate l businesses development and entrepreneurship in developing countries. The aim was to feed the outcome of those dialogues into the Swedish development cooperation and other relevant policy areas. The BD work took place on several levels and is being implemented in all countries with which Sweden conducts development cooperation. At this level, local BD Councils have been established at Swedish embassies collaborating with relevant Swedish and Swedish related business actors with activities in the country as well as local business and, where applicable, Swedish related civil society organisations. On the basis of an action plan, meetings are normally held on a quarterly or bi-annual basis where specific issues are discussed and targets set up to monitor the progress made. In 2013, a follow-up of the BD Councils at country level will take place.

1.4.4 Tracking and reporting non-ODA flows

On an annual basis, Sida collects information on *Other Official Flows (OOF)* and *Private Flows* from the Swedish official sector agencies and reports these flows to the DAC in the main questionnaire. This includes country-level data on guaranteed export credits from the Swedish Export Credits Guarantee Board (EKN). The ambition for next year is to expand the reporting in CRS++ format to also include these flows, and to a larger extent collect and report information regarding private funds spent by NGOs on development cooperation. Following commitments on financing for development as set in the Monterrey Consensus and Doha Declaration, Sweden also reports information regarding development finance in the annual questionnaire used as a basis for putting together the EU Accountability Report on Financing for Development. Through monthly updates of www.openaid.se and the IATI registry, it is now possible for all Government agencies managing resource flows for development to upload timely information on activity level. The ambition is to expand the reporting in IATI format to cover all OOF and private flows. Swedfund has already started reporting OOF to www.openaid.se and IATI during 2012.

2 Policy vision and strategic orientations

2.1 Policies, strategies and commitments

The goal of Swedish development cooperation is "*to create conditions that will enable poor people to improve the quality of their lives*". Two perspectives shall permeate all parts of the development cooperation: a rights perspective based on international human rights conventions, and the perspectives of the poor on development. The latter means that the circumstances, needs, conditions and priorities of women, men and children who experience poverty in its various dimensions must guide and inform the fight against poverty and the promotion of equitable and sustainable global development. One example of how Swedish development policy considers the realities, aspirations and capabilities of people living in poverty, is Sida work on so-called "Reality checks".

The 2005 and 2009 DAC Peer Reviews of Sweden noted that the number of policies and other documents created layers of complexity. Sweden was recommended to continue to overhaul, rationalise and clarify the complex policy framework and ensure appropriate alignment with the Policy for Global Development. The "forest of policies" needed to be addressed. The DAC Peer Review also noted that Sweden should avoid producing excessive additional guidelines and guidance documents and ensure that Sida's guidance and other documents do not encroach on policy.

Since the last peer review, the Swedish Government has continued its extensive reforms to make Sweden's development cooperation more effective and focused.

However, an evaluation in 2012 of the Swedish *Model for Results-based Management*[5] concluded that despite efforts to improve the management of Swedish aid, the system was still very complex and difficult to overlook. The evaluation concluded further that Swedish aid is governed by a number of different international and national goals which are expressed in different steering documents. The steering documents together provide a complex structure without a clear hierarchy and prioritisation between the goals. As such it becomes difficult to monitor and follow up the Government's aid policy. Also it was noted that the roles and responsibilities of different actors in the implementation of aid policies are not clear.

In order to achieve a more efficient, clear and strategic results-based management, the Government was advised to substantially reduce the number of steering documents. The steering documents also needed to include more concrete and measurable goals. The country strategies needed to be clearer on how objectives and priorities are translated into clear contributions at country level. According to the evaluation, the country strategies should also include expected results over a specific time frame. The evaluation concluded that the thematic policies also lacked clear goals which made them difficult to follow up on.

In order to reduce the number of steering documents and be much clearer in terms of results and thematic focus, a process was initiated in 2012 to develop new *guidelines for result strategies* (covering both bilateral, regional, multilateral and thematic strategies) as well as an overall *Aid Policy Framework* which would expresses the Government's aid policy in a single document. The intention is that these documents will clarify the Government's goals and priorities regarding Swedish development policy and thereby providing strategic guidance to the different actors implementing Swedish aid. The Aid Policy Framework is also expected to clarify the *hierarchy* and *priority* between the different goals and specify how they should translate into concrete actions, as well as provide

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[5] Statskontoret Styrning av svensk biståndspolitik – en utvärdering (2011:25)

guidance regarding different actors' roles and mandates in the implementation of the policy. Furthermore, the intention is that the *Aid Policy Framework* will be much more specific regarding which *results* Swedish aid should contribute to achieve in different policy areas.

At present, Swedish aid policy is specified in detail in a number of policy documents or thematic policies. Through the forthcoming *Aid Policy Framework* the Government will seek to further focus its bilateral development cooperation both regarding countries and areas of cooperation. The Aid Policy Framework is being developed to ensure better quality, efficiency and results, the ultimate aim being to increase Sweden's contribution to poverty reduction. Together with the introduction of results strategies as a concept the Swedish aid can become more targeted, strategic and results oriented.

Continuous consultations will take place during the process of elaborating the framework. In May 2012, the Government held a hearing with representatives from the civil society. The Aid Policy Framework is expected to be adopted by the Government in the first half of 2013.

2.2   Decision-making – rationale for allocation of resources

2.2.1 Approach to allocating resources

About half of Swedish development cooperation is made up of bilateral aid and the other half of multilateral aid.

Twenty years ago, 90 per cent of the world's poor lived in low-income countries. Today 75 per cent of the world's poor live in middle-income countries. The majority of the world's poor live in countries that have or have come far in building up the capacity to create the conditions for poor people to escape from poverty. However, the primary task of Swedish aid is to support poor people living in countries which have limited own resources, i.e. low-income countries. Furthermore, the Government sees a role for aid in promoting democracy and respect for human rights, in both low-income and middle-income countries, since progress in this area is not always determined by a country's own resources.

The Government has high ambitions when it comes to focus and prioritisation of Swedish aid. Swedish aid is allocated to countries and regions where the assessment is that it will have the greatest impact, and where the needs are the greatest. Supporting conflict affected states is a key priority. Of the world's 22 poorest countries, 18 are also affected by on-going or recently ended conflicts. Sweden recognises the important role played by multilateral organisations in conflict-affected states and makes extensive use of multilateral channels in its bilateral cooperation with these countries.

The Swedish Government's approach is that different channels and forms of cooperation complement each other and that the choice depends on which channel, cooperation partner or aid modality will be most effective in reaching the objectives and delivering sustainable results. The mix will be tailored to the local context.

2.2.2 Approach to multilateral ODA

In 2007, Sweden adopted the *Strategy for Multilateral Development Cooperation*, which provides a framework for a coherent, strategic and results-oriented Swedish engagement within multilateral development cooperation. The strategy provides strict guidance for Government ministries and agencies working with multilateral development cooperation. The Strategy, and its implementation, has been evaluated, both by an independent evaluator and by Statskontoret (The Swedish Agency for

Public Management)[6] . Both evaluations found the Strategy and in implementation to be comprehensive and well-functioning.

In accordance with the strategy, Sweden assesses organisations' relevance and effectiveness. Relevance refers to how relevant the organisations' objectives are from a Swedish perspective, and effectiveness refers to (i) how effectively the organisation works at country level and what results and impact it achieves and (ii) how well it is equipped internally to be in a position to deliver good development results. The assessments are a guiding instrument for financing decisions but also serve as a starting point for dialogue with the organisations, and as a basis for developing organisation-specific strategies.

The 2009 DAC Peer Review recommended that support to the multilateral system should be focused more strategically, in line with the development priorities and strategic objectives identified in the *Policy for Global Development.* The recent assessments of multilateral organisations (referred to above) are used as a basis for reducing the large number of separate contributions.

In 2010 SADEV (the Swedish Agency for Development Evaluation) evaluated the implementation of the Strategy for Multilateral Development Cooperation, and noted that the work undertaken was of great importance and had raised quality, increased consensus and led to a better understanding of multilateral organisations. However, the evaluation also found that the implementation rate of the strategy was inadequate. Work on fully implementing the strategy continues.

2.2.3 Approach to bilateral ODA

In 2007 a process was initiated aimed at reducing the number of countries and sectors where Sweden is active. A decision was made to reduce the number of partner countries from 67 to 33. The objective of this process is to make aid more effective and to have a higher impact in the remaining countries. Reducing the number of countries is a process which requires political commitment and patience. The 2009 DAC Peer Review recommended Sweden to 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. This recommendation has been a guiding principle during the implementation of the process of country concentration. The country concentration process that was initiated in 2007 will have full effect by the end of 2013 (see section 3.2).

Bilateral development cooperation is today governed by cooperation strategies. These strategies are the Government's instrument for guiding development cooperation with individual countries or regions.[7] The orientation of Swedish aid in different countries depends on the needs and priorities of the partner country, on Sweden's comparative advantage vis-à-vis other development actors, and on the overall priorities of Swedish aid. Bilateral aid is focused on areas where Sweden has clear comparative advantages and can provide added value. Sweden may for example be better placed to provide support to thematic "uphill issues", specific development actors or agents of change through its bilateral support, whereas multilateral development banks may be better placed to provide large-scale financial support. Sweden's relations with different partner countries vary. In some countries Sweden uses a broad-based approach in order to combat poverty. In other countries Sweden focuses its support specifically on fighting oppression and promoting democracy and human rights or on supporting peace and security. The choice of cooperation partners may differ from one country to another, ranging from direct cooperation with partner governments, aid through multilateral

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[6] The Swedish Agency for Public Management (Statskontoret) provides the Government and ministries with relevant, specific and useful documentation for reassessment and rationalization decisions.

[7] The guidelines for elaborating bilateral development cooperation strategies are currently being reformed. See section 6.1

organisations, civil society or the private sector. Sweden continues to have a strong focus on poverty alleviation in Africa, including conflict affected states.

The objectives of Swedish reform cooperation with Eastern Europe and the Western Balkans and Turkey are strengthened democracy, a fair and sustainable development and closer ties to the European Union and its values. The support in this context is focused on the promotion of freedom with emphasis on development of democratic institutions, including the fight against corruption and effective rule of law. In order to further increase the effectiveness of Swedish reform cooperation with Eastern Europe and the Western Balkans, assistance 2014-2020 will be carried out through two results-oriented strategies with regional foci, one for Eastern Europe and one for the Western Balkans. This is an innovative approach that will enable both bilateral and regional interventions and provide greater flexibility to allocate funding where results can best be achieved. It will also improve the conditions for further coordination and division of labor with the EU.

Grant aid constitutes and will continue to make up the major part of Swedish aid. However, by combining ODA with other resources, such as loans and guarantees, further resources can be leveraged.

Taking advantage of local knowledge, the field level has substantial influence on the formulation of bilateral country strategies (see section 6.1). Thus, Swedish embassies have an important role in determining how bilateral aid is allocated to various projects and programmes. The point of departure for sector allocations is partner countries' PRS, past performance, needs, donor division of labour, etc. Information regarding these aspects is collected and analysed at the field level. The embassies also play a key role in analysing and assessing multilateral organisations' country level activities.

2.3   Policy focus

The Government's thematic priorities for development cooperation were established in 2007. These priorities continue to give guidance for the direction of Swedish aid. The priorities which are still valid are: democracy and human rights, environment and climate change, and gender equality and women's role in development. For all priorities policy documents has been elaborated. The ambition is tough to integrate these thematic priorities in the forthcoming Aid Policy Framework as a way to improve steering and management.

Environment and climate change

In 2010, a new policy for environmental and climate issues in Swedish development cooperation was adopted. According to the policy, the overarching objective of Sweden's environmental and climate support within development cooperation is "*a better environment, sustainable use of natural resources, stronger resilience to environmental impact and climate change in developing countries, and limited climate impact*".

The policy establishes fundamental principles and sets out the Swedish Government's general position on environmental and climate issues within development cooperation (bilateral and multilateral). The policy establishes that environmental and climate aspects are a central basis for all development cooperation. Sweden shall particularly focus its activities on five areas:

- strengthened institutional capacity in public administration
- improved food security and sustainable use of ecosystem services
- improved water resources management, greater access to safe water and basic sanitation
- increased access to sustainable energy sources
- sustainable urban development

Gender equality

Gender equality and the role of women in development remains a thematic priority for Sweden's development cooperation. In 2010, the Government adopted a new policy for gender equality and the rights and role of women in Sweden's international development cooperation. The policy presents the Government's basic principles and position with regard to the promotion of gender equality and women's empowerment in Sweden's bilateral and multilateral development cooperation. It is based on solid evidence of the strong links between increased gender equality and reduced poverty. Gender equality is both a goal in itself and a prerequisite for long-term equitable, democratic and sustainable global development.

The overall objectives in Sweden's work to promote gender equality and women's empowerment are: gender equality, greater influence for women and greater respect for women's rights in partner countries.

The policy prescribes gender mainstreaming as a general, strategic approach that includes targeted measures that have gender equality as a main goal, integrated measures, and political and policy dialogue.

Application of the policy includes measures to involve men and boys in the promotion of gender equality. A major part of the work has also been to influence the policies and operational activities of multilateral organisations such as the UN system and the World Bank and other international development financing institutions including the regional development banks.

In its 2011 Communication to the Riksdag on the results of Sweden's development cooperation in the area of gender equality and women's empowerment, the Government could report that Sweden's development assistance was contributing to increased gender equality and improved conditions for women and girls in partner countries in a number of ways. Progress could be found primarily in sectors and areas in which strategic initiatives had been or were being implemented that increased the capabilities and resources of individual or groups of women and girls, and that were also able to successfully address obstacles to women's and girls' agency and thereby influence attitudinal or legislative change.

Democracy and human rights

Democracy and human rights is one of the Swedish cross cutting thematic priorities, as outlined in the Government Communication to the Riksdag on Swedish democracy support, "*Freedom from Oppression*" (Skr. 2008/09:11) . Human rights are universal, interdependent and indivisible; this is a key starting point for Swedish international development cooperation. Development cooperation other than that focusing primarily on democratic development and increased respect for human rights can also help to achieve this policy objective. Examples might include grants for public service reforms in the areas of health, education and research, and agricultural and private sector development. The Government has identified three focus areas for development cooperation in support of democratic development and human rights: 1. Civil and political rights, 2. Institutions and procedures of democracy and the rule of law, and 3. Actors of democratisation.

All Swedish development cooperation should be encompassed by the rights perspective that puts the freedom and rights of the individual centre stage. This is based on the UN Universal Declaration of Human Rights and the international and regional human rights conventions. The concept consists of four fundamental principles: i) Non-discrimination. Every human being has the right to a life free from discrimination and poverty. People must be treated equally and with equal dignity. ii) Participation. All human beings must be able to make their voices heard regardless of their position in society, sex, age, disability, ethnic background, religious affiliation or sexual orientation. A starting point is strengthening participation in democratic political processes. iii) Openness and transparency. A prerequisite for active participation in society is the right of individuals to free and independent information. Openness and transparency enable people to hold decision-makers accountable.

iv)Accountability. The state is responsible for ensuring that people are able to enjoy their rights, individually and with others.

Policy focus on MDG´s

In addition to the three thematic priorities, the Government has started a process to increase its efforts with regard to the Millennium Development Goals in the next few years. The efforts will concern in particular MDG 4 (reduced child mortality), MDG 5 (improved maternal health), and MDG7 (ensure environmental sustainability, including water and sanitation). The focus will be on countries where the MDGs are least likely to be met by 2015. These include, but are not limited to, conflict- and post-conflict countries in Africa. For Sweden, supporting the attainment of the MDGs, including the MDGs with a social and environmental orientation, necessitates support for policies and measures that promote inclusive economic growth.

Capacity development

Although not regarded as a crosscutting issue in Swedish development cooperation policy, *supporting capacity development in partner countries* is a given point of departure in Swedish development cooperation. The overall objective of capacity development is that both Swedish and international actors, including in developing countries, shall have the capacity and skills to contribute to the overall objective of international development cooperation. This approach is built into the bilateral development cooperation strategies. It is to be achieved through capacity and institutional development of organisations in developing countries, recourse base development, collaboration with- and support through the private sector and use of information and communications technology. An important component is the promotion of innovative approaches.

An assessment of partner capacity is primarily carried out in the preparation phase of a contribution with the purpose to ensure a successful implementation. The partner organisation or institution should also lead or commission the assessment. In its policy documents Sweden stresses the importance of building on countries' own systems and existing capacities and strengthening their capacity in the programmes that Sweden supports. Monitoring and evaluation is a vital part of capacity development in order to learn, improve practice and ensure accountability and results.

3 Aid Allocations

3.1 Overall ODA volume

3.1.1 ODA Targets

In 1975 Sweden was the first country ever to reach the 0.7% target. Aid has never since dropped below 0.7%. Since 2006, Sweden has committed one per cent of its gross national income (GNI) to Official Development Assistance (ODA). In 2013, this corresponds to SEK 38.2 billion. In spite of constant budget pressure, there is a firm commitment in the Swedish Riksdag, as well as among the Swedish public, to allocate *one per cent* of GNI to development assistance. According to the latest Eurobarometer poll, Sweden has the highest public support (in the EU) for a generous aid policy.

The overall ODA volume is determined annually, and approved by the Riksdag, as one per cent of GNI based on a forecast for the forthcoming year.

The 2013 budget for *International Development Cooperation* includes appropriations for development cooperation (SEK 28.8 billion or 75 % of total ODA), reform cooperation in Eastern Europe (SEK 1.3 billion) and administration costs for the implementing agencies (SEK 1.1 billion). The four main agencies that fall under the Ministry's responsibility are the *Swedish International Development Cooperation Agency (Sida)*, *the Nordic Africa Institute (NAI)*, *the Folke Bernadotte Academy (FBA)*, and the *Swedish Agency for Development Evaluation (SADEV)*[8]. The overall ODA budget also includes eligible costs that are financed from other expenditure areas in the Swedish state budget, such as costs for reception of refugees from low-and middle income countries during their first year in Sweden, and Sweden's contribution to the European Union's development assistance. In total, ODA costs from expenditure areas other than *International Development Cooperation* amounts to SEK 7 billion or 18 % of total Swedish ODA in 2013.

In terms of country-specific priorities, the data in OECD/DAC's report "Trends in Development Cooperation, 1960-2010" confirms the strong Swedish focus on Least Developed Countries with a particular focus on sub-Saharan Africa. Consistently over this time period, around 50% of total Swedish aid (including imputed multilateral flows) has been allocated to these two categories. Looking at the sector distribution of bilateral development cooperation, human rights and democratic governance constituted the main sector in 2011 receiving more than one quarter of Sweden's bilateral aid, followed by humanitarian assistance (see section 3.2 below).

Swedfund, the Swedish Development Finance Institution (see section 4.1.3), has received increased capital from the state budget over the years. In the Budget Bill for 2012 the Government announced a capital contribution of at least SEK 1.2 billion for the period 2012-2014, including SEK 400 million in 2012.

3.1.2 ODA Trends

Thanks to broad support for ODA in the Riksdag and solid Swedish growth during the last ten years, Swedish ODA has more than doubled since the year 2000. Figure 1 below shows the development of Swedish ODA in the last eleven years (in SEK million).

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[8] The Government has decided to reform the way in which Swedish aid is evaluated and SADEV will be closed down. See chapter 6.
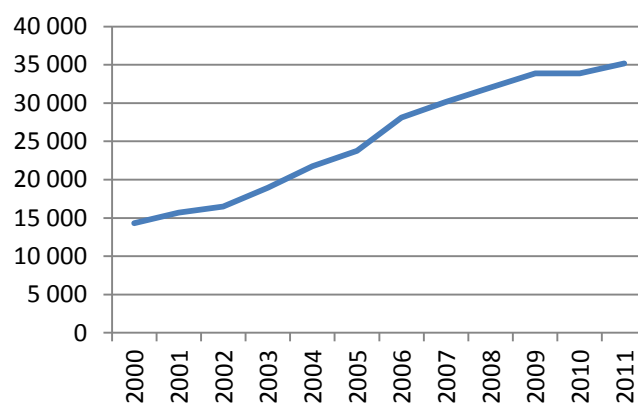
Figure 1 Swedish ODA 2000-2011 (in million SEK)

Sweden's budget for development assistance, as a proportion of GNI, is shown in the figure below:

| Year | % of GNI | |
	Budget	Reported to DAC
2000	0,72%	0,80%
2001	0,73%	0,77%
2002	0,74%	0,84%
2003	0,81%	0,79%
2004	0,87%	0,78%
2005	0,88%	0,94%
2006	1,00%	1,02%
2007	1,00%	0,93%
2008	1,00%	0,98%
2009	1,00%	1,12%
2010	1,00%	0,97%
2011	1,00%	1,02 %

Table 1 ODA reported to DAC 2000-2011

3.1.3 ODA reporting and forward looking information

In its appropriation directives to agencies the Government requires that activities that are financed from the ODA budget must be in conformity with ODA rules. Only costs that are classified as ODA according to OECD/DAC's rules are included in Sweden's ODA reporting. Sweden strives continuously to improve the quality of its ODA statistics and this important task is included as a priority in Sida's appropriation directives for Sida. Recent system improvements in Sida's contribution management system aimed at increasing comparability with DAC's statistical classifications are expected to improve the quality of Sweden's ODA statistics.

In the context of the OECD/DAC Annual Survey on Donors' Forward Spending Plans, Sweden provides information on forward-looking bilateral aid allocations at country and regional level. Sweden publishes available forward-looking information at project level to the IATI registry.

Furthermore, and more importantly, Sweden also provides forward-looking expenditure information at country level on programmes and projects that have been agreed between Sweden and the partner country. This information covers all forms of aid. Upon request, information on indicative programmes and projects can also be provided. These plans cover bilateral Government-to-Government cooperation and are made available to all countries upon request as an input into the MTEF and budget processes.

Until now, the Swedish Government approves cooperation strategies for partner countries where Sweden is involved in bilateral development cooperation. These strategies contain information on the annual aid volume for the specific country for the 3-5 year period that the strategy covers.

3.2 ODA Allocations

3.2.1 Geographic allocations

At present, Sweden does not have a specific strategy or policy on how to allocate resources *between* countries. However, the forthcoming Aid Policy Framework will be guiding aid allocations to Sweden's partner countries. It puts priority on poor people in low income countries, but also on countries struggling with challenges around good governance and human rights.

At present, Sweden has bilateral development cooperation governed by cooperation strategies or similar with 40 low and middle income countries. Twelve of these are low-income countries in Africa. In the Budget Bill for 2013 the decision from 2007 to exit from a number of middle income countries was confirmed. 2013 will be the last year that South Africa, Botswana, Namibia, China, India, Indonesia and Vietnam will have long term bilateral development cooperation agreements with Sweden. Thereby, the number of countries where Sweden's bilateral development cooperation is governed by a strategy will be reduced to 33 in 2014. Furthermore, as from 2014, reform cooperation with eight countries will be governed by two *result strategies for* the regions of Eastern Europe and Western Balkans respectively. This simplifies steering and has a potential of increasing synergies and reducing the amount of time and resources spent on developing strategies. Further plans for country focusing include Burkina Faso. Given the limited extent of Sweden's overall relations with Burkina Faso, Sweden's long term bilateral development cooperation with the country will be phased out by 2016.

However, the 2011 *OECD DAC report on Division of Labour: Addressing Cross-country fragmentation of Aid* points out that Sweden in addition to these has "non-significant" relations with 46 countries. This means bilateral relations that in *financial terms* are of insignificant both from a Swedish, and from a partner country perspective.

As shown in the diagram below, Sub-Saharan Africa received 43 per cent of all bilateral aid in 2011. This reflects the Swedish focus in development cooperation on the poorest countries in Africa. This focus will remain, as emphasised in the Aid Policy Framework.

- Sub-Saharan Africa 43%
- Asia, Middle East and North Africa 22%
- Latin America 6%
- Europé and Central Asia 8%
- Global 22%
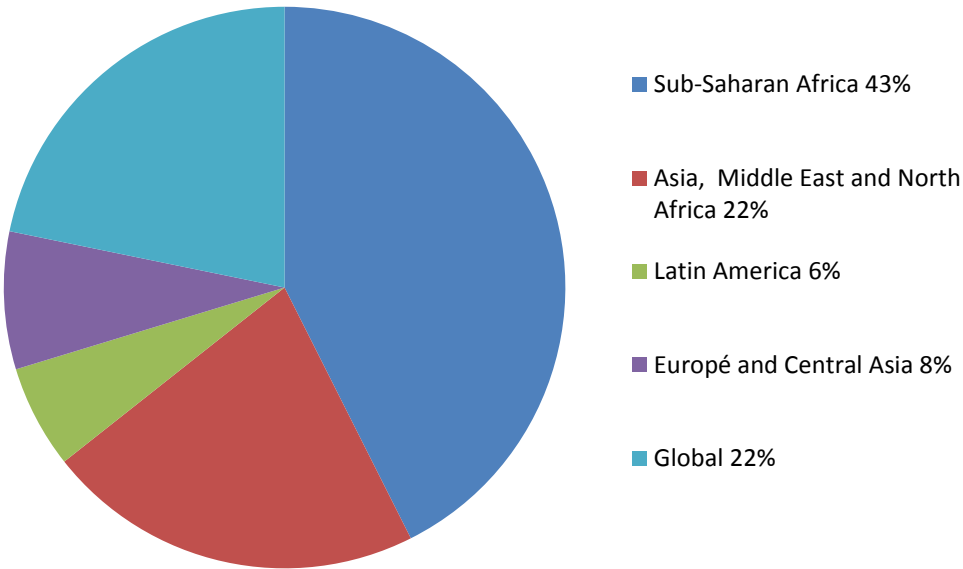
Figure 2 Development cooperation through Sida by region, 2011:

Sweden's ten main partner countries in 2011 were Tanzania, Afghanistan, Mozambique, Sudan, the Democratic Republic of Congo, Kenya, the West Bank and Gaza, Somalia, Uganda and Ethiopia. The amount of Sweden's development assistance to these countries is shown in the table below.

	SEK
Tanzania	806 277 000
Afghanistan	720 944 000
Mocambique	705 992 000
Sudan	557 351 000
Congo Democratic Republic	529 408 000
Kenya	496 186 000
West Bank and Gaza	413 906 000
Somalia	362 134 000
Uganda	264 875 000
Ethiopia	261 990 000

Looking at the Country Programmable Aid (CPA), 65 per cent of the planned CPA disbursed during 2011 was allocated to low-income countries and 16 per cent was allocated to low-income countries in conflict or post-conflict situations. In 2012, 62 per cent of the planned CPA was allocated to low-income countries and 17 per cent to low-income countries in conflict or post-conflict situations.

3.2.2 Sector Allocations

Again, focusing on the sector-specific allocations of bilateral development cooperation through Sida, *human rights and democratic governance* constituted the main sector in 2011, receiving more than one quarter of Sweden's bilateral aid, followed by humanitarian assistance and sustainable services . The sector allocations are shown in the figure below:

Figure 3 Sector specific allocations 2011

3.3 ODA channels

3.3.1 Bilateral and multilateral channels

In 2011, Sida's total disbursements were SEK 15.1 billion, of which SEK 6.6 billion was allocated through civil society organisations and SEK 3 billion to humanitarian aid.

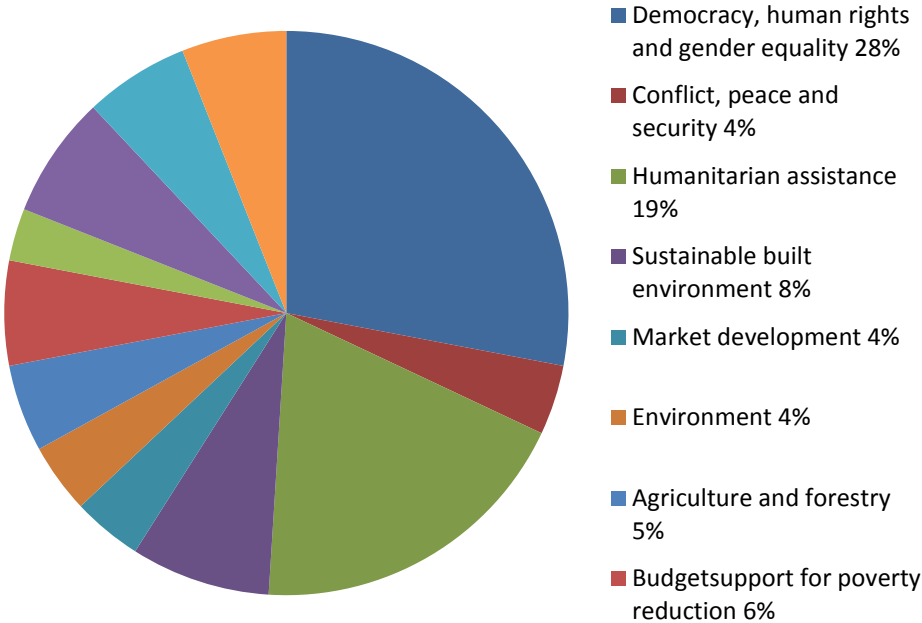Sweden channels 35 per cent of its ODA as core support to multilateral organisations, approximately SEK 12.7 billion in 2011 (excluding bilateral support using multilateral channels). The core support to multilateral organisations is allocated and managed directly by the Ministry for Foreign Affairs.

The Ministry is responsible for core support to multilateral agencies with exclusive mandates in the area of international development cooperation, i.e. the voluntarily financed funds and programmes of the UN, the international financial institutions and the EU.

In addition to core support, Sida also provides bilateral support through multilateral organisations in the form of multi-bi action, approximately SEK 5.4 billion in 2011.This brings the total amount channelled through multilateral organisations to about 50 per cent of Sweden's ODA.

The multilateral organisations that received most Swedish support in 2011 from the MFA and Sida were the UN funds and programmes (approximately SEK 8 billion) and the World Bank Group (about SEK 3.5 billion). About SEK 2.5 billion was channelled through the EU.

Sweden has identified the following multilateral organisations as priority organisations for Swedish support: the African Development Bank, FAO, the Global Fund for Aids, Tuberculosis and Malaria (GFATM), UNDP, UNFPA, UNHCR, UNICEF, UNRWA, the World Bank, WFP and WHO. There are two main criteria for selection of prioritised organisations:

- how relevant the organisation is for Swedish international development cooperation (including normative aspects) and humanitarian support.
- the size of the total Swedish contribution to the organisation (core support and multi-bi)

Other factors that may contribute to the selection include: complexity of the mandate and activities of the organisation and the number of Swedish actors involved with the organisation.

Organisational strategies have been or are being developed for the prioritised organisations. Internal coordination meetings are held at least twice a year for the prioritised organisations. In these meetings, all Swedish actors with an interest in a specific multilateral organisation meet to exchange information, coordinate efforts and thereby ensure a consistent Swedish policy.

3.3.2 International aid architecture

Sweden has, at a ministerial level, played an important role in "likeminded groups" on issues related to the international aid architecture. In this context, Sweden actively contributed to creating a new international consensus in Busan on a new international aid architecture. In addition, Sweden is proactively participating in a number of processes, initiatives and efforts aiming at making the multilateral system and individual multilateral agencies more effective. Such processes include the UN General Assembly negotiations on the Quadrennial Comprehensive Policy Review (QCPR) of the operational activities for development of the UN development system, the UN Delivering as One initiative, the follow-up of the Busan High-level Forum on Aid effectiveness and efforts within the humanitarian development system. They also include a number of donor-initiated initiatives to promote, strengthen and harmonize results-based management of multilateral development agencies and initiatives to strengthen the transparency, accountability and cost-effectiveness of these organisations.

Sweden is a vocal supporter of multilateral development cooperation organisations, funds and programmes which are able to fulfil their respective mandate and achieve development results based on agreed multilateral mandates and that are effective in doing so. Sweden therefore advocates that these organisations should be funded through sufficient core resources and other qualitative financing, such as soft earmarked programme funding in line with agreed multilateral mandates. An active stance has been taken against the trend towards increased earmarked funding (in particular single-donor, project-oriented funding), as this is contributing to the continued fragmentation of the multilateral development organisations' work and thus to reduced effectiveness. Sweden has been successfully arguing (for instance in the QCPR and the WHO) that the mandates of multilateral development organisations need to be better matched with available resources and that a financing dialogue needs to be established to achieve this, if not already in place. Sweden has also been an advocate of increased results orientation and improved results-based management in the UN system, in the World Bank Group and in the other multilateral development banks, and in other multilateral organisations.

Improved results-orientation and effective results-based management, clear and concise mandates, and appropriate and flexible funding are prerequisites for each organisation to be able to deliver effectively on its mandate, which will eventually minimise the risk of further proliferation of the multilateral development system.

4 Organisation fit for delivering quality development co-operation programme

4.1 Institutional system

4.1.1 The Ministry for Foreign Affairs

The Swedish Government is assisted by the Government Offices, which forms a single, integrated public authority comprising the Prime Minister's Office, 12 ministries and the Office for Administrative Affairs. It is a politically controlled body. The Government determines its policies and sets its priorities. The Government is supported by government agencies that are responsible for implementing government policies. The agencies are required to apply the laws and carry out the activities decided by the Riksdag (Parliament) and Government. The Government decides on the preconditions for each individual agency's operations. The agencies receive instructions from the Government defining their tasks and receive annual appropriation directions as well as separate Government decisions.

The Foreign Service comprises the Ministry for Foreign Affairs (MFA) and the Swedish missions abroad. It is responsible for Sweden's relations with other countries. The task of the Foreign Service is to contribute to achieving the Government's foreign policy objectives including the objectives for of Swedish development cooperation.

The MFA is led by the Minister for Foreign Affairs, the Minister for International Development Cooperation and the Minister for Trade. The Ministers, together with the State Secretary for Foreign Affairs, the State Secretary for Trade and the State Secretary for International Development Cooperation, constitute the political leadership of the MFA. Under the political leadership, work is led by three Directors-General who are responsible for their respective policy areas: political issues, trade policy and international development cooperation. The Directors-General are responsible for ensuring that the policy areas are dealt with in an integrated way, linking overall foreign policy, development, security, trade, migration, etc., in a holistic approach. The MFA has a central role in supporting the Government in formulating international development policy. Furthermore, it is the responsibility of the MFA to ensure that the objectives and annual financial conditions decided by the Government and the Riksdag are implemented through directives to Sida and other government agencies involved in development cooperation. Key instruments are the MFA's drafting of ordinances with instructions, as well as the Government's annual appropriation directions to the agencies. In order to further strengthen the management of procedures for dealing with the contributions that the MFA is in charge of, the government will continue to develop its internal guidelines and procedures. Priority areas include clearly formulated goals, further risk assessment and more comprehensive result analysis.

A primary duty of the MFA is the preparatory work leading up to government decisions. The general procedures and routines apply to all ministries within the Government Offices and are thus not specific to the MFA. The civil servants at the MFA prepare supporting material and draft proposals which are then presented in meetings held weekly with the State secretary and the Director-General for International Development Cooperation. Issues involving more than one ministry are dealt with collectively by the ministries concerned. This usually takes the form of inter-ministerial discussions at the level of officials. In some cases such discussions may also involve the State secretaries concerned. When proposals have been approved by the State secretary, they are submitted to the minister. Finally, the minister presents the proposal for a formal decision which is taken by the Government as a whole at its weekly Cabinet meetings.

In order to support the political leadership of the Ministry and the Government as a whole the day-to-day work of the Ministry is conducted by a number of functional and geographic departments as well as administrative functions.

The *Department for Aid Management* (USTYR) is responsible for the overall management, monitoring, evaluation, coordination and analysis of Swedish development cooperation. The department coordinates the budget for development cooperation. Issues related to results-based management, cooperation strategies, aid effectiveness and transparency are an important part of the work. The department is also responsible for coordination of the PCD agenda, the Swedish Policy for Global Development (PGD), and Sweden's participation in the OECD/DAC. USTYR is responsible for issues regarding the management of Sida and Swedfund International AB.

The MFA is also directly involved in the implementation of development policy through its responsibility for the management of core support to multilateral organisations. The *Department for Multilateral Development Cooperation* (MU) is in charge of promoting Swedish priorities in multilateral institutions. The department is responsible for development and reform issues in the UN and the multilateral financial institutions. Its areas of responsibility include UN funds, programmes and specialised agencies, economic, social and environment-related activities in the UN, the World Bank Group and regional development banks. It is also responsible for issues related to humanitarian aid.

Other functional departments with a stake in the management of development cooperation are the Department for European Affairs (EU), the Department for Security Policy (SP), the Department for International Law, Human Rights and Treaty Law (FMR), and the Department for International Trade Policy (IH) and the Planning and Budget Department (PLAN).

The *geographical departments* at the MFA coordinate Swedish foreign policy, including development cooperation, in individual countries and in regions. A desk office approach means that all aspects of Swedish relations with a given country are coordinated by the relevant geographical department. This means that issues of development cooperation are dealt with in the context of overall foreign policy, linking security, trade, migration, etc. in a holistic approach. For substantive advice, the geographical departments turn to the functional departments. The geographical departments are in charge of coordinating instructions to Sida in relation to the countries for which they are responsible, including the final preparation of cooperation strategies, with support and guidance from various functional departments.

4.1.2 The Swedish International Development Cooperation Agency (Sida)

While the Government is responsible for budget allocations and the overall priorities of Swedish development cooperation, Sida is a government agency reporting to the Ministry for Foreign Affairs that is responsible for implementing the policies and strategies of the Swedish Government. The Government instructs Sida through the Ordinance with Instructions, annual appropriation directions and decisions on policies, strategies and guidelines, thereby giving Sida the necessary strategic direction to implement the Government's development policy. In accordance with the Government's general aim to strengthen strategic aspects in the governance of agencies, there has been a shift from the annual appropriation directions towards the Ordinances with Instructions as the central instrument for governing Sida's core tasks. In line with the general Swedish model for government agencies, Sida enjoys a high degree of autonomy regarding *how* to effectively implement the directives and policies set by the Riksdag and the Government.

Long-term guidelines for Sida's implementation of development policy are formulated in the Government's country, regional and thematic strategies (see chapter 6).

Sida's Governing Board includes seven members appointed by the Government and two staff representatives. The Board is Sida's supreme management body with a responsibility to ensure good and effective use of the public funds made available. Operational efficiency, legal compliance, effective internal management and financial control are areas that are kept in focus. The Board takes decisions on key documents (e.g. the Annual Operational Plan and the Annual Report) and on contributions above SEK 500 million.

The Director General (DG) is the executive head of Sida and as such leads the agency's daily operations. The DG decides on internal processes, indicative budget allocations, Sida's annual evaluation plan, the manning of key positions, government letters and proposals[9], etc.

Meetings between Sida's DG or Deputy DG and the Minister for Development Cooperation and/or the State Secretary take place 4-5 times per year. In these meetings issues of strategic significance are discussed along with issues of a topical nature. Sida's organisation comprises ten departments, two secretariats and an internal audit function. It also includes a council for research cooperation[10]. Five departments work directly with aid implementation and the remaining five provide support in the areas of financial management, human resources, communications, method development and law and procurement. The internal audit function reports directly to the Board while the departments and secretariats report to the DG or the Deputy DG. The bulk of contribution management and decision-making powers for bilateral and regional cooperation are delegated to the Embassies.

Sida's Management Team consists of the DG, the Deputy DG and Heads of Departments. This forum convenes every second week to discuss issues that are of importance and relevance to Sida as a whole (overall planning and monitoring, strategic priorities, issues that needs to be shared and/or require coordination, etc.).

Where in the organisation decisions on contributions are taken vary according to size. The Board takes decisions on contributions above SEK 500 million. Decisions on contributions that fall within the SEK 200-500 million range and decisions on general budget support are taken by the DG, whereas contributions between SEK 50 million and SEK200 million are placed before Heads of Departments. Decisions on contributions of less than SEK 50 million are taken by Heads of Units or Ambassadors.

In March 2011, Sida decided on a quality assurance structure with local quality committees at Swedish embassies and Sida, committees at department level, and the Committee for Contribution Review (CORE), with a role to review contributions from all Sida's departments, units and embassies.

Proposals for support are subject to review in one or more of Sida's advisory committees. These committees have been set up to provide support and to ensure that decisions (and the underlying assessment/analysis) meet quality and content requirements. *Local committees* at unit and embassy level provide support and guidance in early assessment and control the quality of final proposals presented for decision. *Department committees* review all decisions for contributions between SEK 200 million and SEK 500 million. All contributions above SEK 500 million (and a limited number of contributions that are selected on the basis of criteria other than size) are reviewed by the central *CORE Committee*. The structure has been complemented by new methods and processes as part of new rules on contribution management and a new system of contribution management. In March 2012 Sida decided on new contribution management rules and processes. The rules contain quality requirements applying to the contributions supported by Sida. The new rules and processes entail a higher level of ambition in the areas of results reporting and management, internal financial control and risk management, with the aim of enabling Sida to manage for results with adequate internal control. Starting in April 2012, Sida started to manage contributions in a new IT-based system that is being implemented at embassies during 2013.

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[9] Except those that are to be submitted by the Board
[10] Appointed by Government

4.1.3 Swedfund International AB

Swedfund International AB, a wholly state-owned company, is the Swedish development finance institution. The company offers equity, loans and expertise for investments in low and middle income countries according to the OECD/DAC definition, and cooperates with commercial strategic partners that are looking to start up or expand their business. The company's stake normally counts for one third of the total investment and is in the range of SEK 20 - 100 million. The investments must be financially, environmentally and socially sustainable. Investments in 'low income countries and territories' and post-conflict countries are to be given priority. In 2011, approximately 50 per cent of the portfolio related to investments in Africa and 55 per cent were taking place in the poorest countries. Swedfund's equity amounted to SEK 2,965 million in 2011. Once the portfolio company has achieved stability and sustainable profitability, Swedfund exits the company.

Swedfund also offers financial support to Swedish SME's that wish to establish a partnership in low and middle income countries (Swedpartnership). The financial support is given as a loan that can be converted into a grant if the project proceeds as planned. The maximum financial assistance is limited to EUR 200,000 and 40 % of the total project budget (the SME contribution can be in kind). Swedfund also has facilities at its disposal for financing technical assistance.

Swedfund is to contribute to achieving the objectives of Sweden's Policy for Global Development. The targets of the company's activities are the objective of international development cooperation and the objective of reform cooperation in Eastern Europe. Swedfund's aim is for the average return on equity before tax to exceed the average government bond yield with a one-year maturity over rolling seven-year periods. The investments' overall results, including information on the financial outcome, contribution to economic growth, responsible business and development of the private sector, are described in the sustainability report.

Swedfund has received increased capital from the state budget over the years. In the Budget Bill for 2012, the Government announced a capital contribution of at least SEK 1.2 billion for the period 2012-2014, including SEK 400 million in 2012. The purpose is to further strengthen the contribution of Swedfund to global development and international development cooperation objectives. In the past years, Swedfund has also focused on developing its strategy, the internal investment processes, the reporting on results and monitoring.

4.2   Innovation and behaviour change

Adjusting the organisational structure and set up as well as way of working is something that changes over time. There is continuous need to adapt to the environment development cooperation is conducted. Since the 2009 DAC Peer Review the Ministry for Foreign Affairs has been through a period of reorganisation to adapt to new demands in development cooperation and to use the whole ministry's functions in a more effective and more integrated manner, with an emphasis on targeted policy formulation, focusing on innovation, follow up and evaluation, results-based management and transparency.

The management of development cooperation was recently reorganized in September 2012 to further adapt to the Governments reform agendas higher demands for efficiency and better use of resources throughout the ministry, but also better cooperation with, use of and synergies with external actors and organisations in policy formulation (see section 4.1.1).

The reorganisation also included additional resources for strategic management of the organisation, evaluation and allocation of funds, as well as a strengthened function for aid management within the MFA. The political leadership has also strengthened the management structure for development cooperation by introducing regular meetings with MFA heads of departments, chaired by the State Secretary, as a strategic measure and a holistic approach. Coordination and information-sharing within the MFA has also been strengthened by regular meetings between heads of sections of

functional departments. Adaptation to a changing environment will continue to ensure an effective organisation within the Ministry including the authorities involved in implementation of Swedish development cooperation.

Sida's management is continuously adjusting the organisational structure. The last Peer Review recommended that the challenges posed by Sida's new structure to be closely monitored. Following challenges in financial management and difficult meeting requirements for financial monitoring and control within the administration, the Government took measures aimed at strengthening the governance of Sida. This involved a decision to reinstate a Governing Board in July 2010. The Board has full responsibility for all decisions concerning operations. To reinforce the management of the agency, the Government also decided to appoint a Deputy Director-General. In addition to these changes, the Government reviewed and updated the Ordinance with Instructions setting out Sida's mission and responsibilities.

Communication and follow-up of organisational changes as well as reform in the systems for policy formulation and implementation has continually been addressed in the dialogue between the MFA and Sida. Such issues have been a substantial part of strategic meetings between the MFA and Sida at top management level, some of which have also regularly included the participation of the State Secretary.

4.3   Human resources

The Government Offices has a staff of approximately 4600, of whom around 200 are political appointees. The MFA, with about 1400 members of staff, has been able to protect the levels of staff working with development cooperation during organisational changes, or has even increased the number of key staff. External recruitment has been crucial to maintain and even improve competence within the organisation.

As of December 2011 Sida has 735 members of staff. The proportion of staff at Sida posted in the field has been steadily increasing amounting to 35 % in 2012, compared to 30% in 2009. However, this decentralisation is also emphasised by the fact that the reduction of personnel has mainly involved staff at the headquarters in Sweden. In 2012 Sida reviewed the progress and targets for continued decentralisation to field offices. The agency is currently considering measures that can assure a continued strengthening of its field presence within budget requirements as well as structures and routines that can further improve efficiency, exchange and combined use of resources, as well as knowledge management.

Since the latest organisational changes, the MFA has invested strategically in staff training to introduce new ways of working and focusing on improving skills related to results-based management, aid effectiveness and strategic management of aid.

5 Delivery Modalities and Partnerships

The Busan Partnership for Effective Development Co-operation is the point of departure for efforts to establish new aid delivery modalities and establishing new partnerships. The *Swedish Aid Policy Framework,* that is currently being developed, will elaborate further on different types of aid delivery modalities and relationships with different countries.

Sweden has undertaken to implement the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008) as well as the Busan Partnership for Effective Development Co-operation (2011). Consequently, Sweden has made substantial efforts to improve aid effectiveness in its development cooperation. In order to help integrate aid effectiveness in actual operations, the Ministry for Foreign Affairs and Sida developed a joint action plan on aid effectiveness for the years 2009-2011. The plan focused on critical areas for strengthening the effectiveness of Swedish development cooperation. Progress and challenges were jointly followed up by the MFA and Sida twice a year. As part of Sida's efforts to make progress on the Paris Declaration indicators, Sida instructed all country teams to set annual country-specific goals for aid effectiveness and to report on progress and challenges annually. The 2011 Paris Declaration Monitoring Survey confirmed that Sweden had made good progress regarding the fulfilment of the Paris Declaration indicators, including the use of country systems, reduction of parallel implementation structures and joint analytic work.

In 2011, Sweden worked proactively to ensure that the Busan High Level Meeting on Aid Effectiveness would be the start of a new "development cooperation era" with a much stronger focus on results, transparency, accountability and the involvement of the private sector in development. Following the meeting in Busan, Sida developed an action plan on how to adjust its operations and development portfolio in light of the commitments made at the fourth high level forum on aid effectiveness. The plan focused on commitments in the three areas of results, transparency and the role of the private sector.

In accordance with the Busan commitments, Sida works actively to improve planning, monitoring and analysis of results. The increased level of ambition for the results agenda is also reflected in the new guidelines and the process for contribution management launched in March 2012. Introductory training for all Sida staff, including posted and national staff, in the new contribution management system in addition to focus areas such as results management were carried out from the end of 2011 through mid-2012. This effort will be continued in 2013 with more advanced training. Resources for advisory services and quality assurance in the area of results-based management have been strengthened both in terms of financial and personnel capacity.

5.1 Budgeting and programming processes

5.1.1 Multi-year predictability and flexibility

Bilateral cooperation strategies are the Government's instrument for managing development cooperation with individual countries as well as regions. From 2013, new *results strategies* will replace the current cooperation strategies.

The Government's annual appropriation directions to Sida include geographical allocations per region. The total amount of each strategy must be accommodated within the geographical allocation decided.

The cooperation strategy includes a total amount, as well as an annual disbursement, for each year of the strategy. There is some flexibility in the annual allocation, as Sida is allowed to deviate +/- 10 per cent from the annual allocation. Further deviations from the specified amount need to be agreed through consultation between the Ministry for Foreign Affairs and Sida.

The new results strategies will on average have a time span of 5-7 years and will include information on the total country allocation for the entire period. The extended strategy period will improve predictability over the longer term, and will facilitate the movement towards longer contribution agreements. This reform will also allow for greater flexibility in disbursement between the years since there will be no required annual disbursement, only a requirement for the total time span.

5.1.2 Programming process

Draft guidelines for bilateral results strategies have been developed to replace the current guidelines for cooperation strategies. The new results strategies will govern Sweden's bilateral development cooperation with specific countries. The main purpose of the new guidelines is to increase the focus on achievement and monitoring of results in the bilateral country programmes and to clarify the division of roles and responsibilities in developing the strategies between the Government, embassies and Sida. Objectives for the cooperation are to be formulated in terms of expected results to which the Swedish cooperation will contribute in a specific country during a specific period. The new guidelines have a stronger emphasis on learning from results and evidence-based decision-making as well as on cost effectiveness.

The Aid Policy Framework is as important for the new results strategies as the new guidelines – it will guide what type of development cooperation that Sweden will pursue with its partner countries. As before, the national poverty reduction strategies or similar development strategies of partner countries are central for Swedish development cooperation. Likewise, agreements on the division of labour or other joint processes in partner countries are to be respected. Cross-cutting issues like gender equality, conflict and climate issues are mainstreamed.

5.1.3 Alignment and use of country systems

In accordance with international commitments on aid effectiveness, applying a programme-based approach is the point of departure in Swedish development cooperation. The use of country systems, which is an important characteristic of a programme-based approach, is the default approach in Swedish development cooperation. Where Sweden assesses that the full use of these systems is not possible, Sweden is committed to the partial use of systems where feasible. Sweden uses international diagnostic tools to assess and monitor the quality and enforcement of these systems. Furthermore, in a number of partner countries, Sweden provides support for strengthening country systems.

The principles of aid effectiveness are integrated into Sida's contribution management process. In the appraisal of projects and programmes, Sida assesses to what extent it is possible to align to the partner's programme design, programme implementation, financial management system, reporting and monitoring and evaluation systems. Risks of alignment, such as fiduciary risks, as well as risks of not aligning to partner systems are assessed.

Sweden uses a mix of aid modalities in its development cooperation. The use of instruments depends on the specific context such as the focus of the intervention and the cooperation partner's needs and capacity. Different aid modalities complement each other and Sweden tries to use and combine instruments as effectively as possible in order to maximize results for poor people, while managing risks.

Sweden uses country systems when supporting partner governments' programmes in the form of general and sector budget support (GBS and SBS) and sector programme support with pooled/basket funding (SPS). New guidelines for GBS were adopted in 2010. The aim of general budget support for poverty reduction is to help achieve the objectives set out in the country's development plan or the equivalent. A further aim is to help strengthen the country's public financial management system. GBS presupposes a considerable degree of mutual trust between the partner country and donors.

Therefore, the threshold for entering into an undertaking on GBS must be relatively high, as must the threshold for withdrawing or cancelling such an undertaking.

In 2012, Sweden disbursed GBS to Burkina Faso, Mozambique and Tanzania and SBS in water and sanitation in Burkina Faso. Sector programme support is granted to a range of countries, particularly in Africa. The use of the entire treasury system for channelling funds in modalities other than budget support is often a key challenge. Typically the use of country systems in SPS is partial. Sweden often uses basket-type arrangements whereby a special holding account is set up for receiving donor funds. Contributions are "on-budget" and are using country systems for reporting and monitoring, but often with additional safe-guard arrangements regarding audit and procurement. However, there are drawbacks in terms of effectiveness and risks related to these arrangements, as illustrated by recent corruption cases. In project support, country (or a partner organisation) systems are used to a varying degree.

In conflict-affected states, Sweden often provides support through Multi-Donor Trust Funds, using country systems to a varying degree. In Liberia and Afghanistan, Sweden uses country systems through World Bank mechanisms and combined with safeguards.

Furthermore, to strengthen country systems, Sweden is engaged in reforms of the public financial systems in a large number of countries.

5.1.4 Risk management

Risks are assessed and managed both in the strategy process and at contribution level. At strategy level, risk management is primarily undertaken through portfolio choices in the strategy. These choices could primarily concern sectors, types of cooperation partners, including the degree to which cooperation should take place with the partner government, as well as types of aid modalities, including whether general budget support is an option or not. For instance, risks can be managed by including a mix of higher and lower risk programmes in the strategy. Thus, innovative catalytic programmes can be combined with contributions associated with lower risk.

At contribution level, risk assessment and risk management is an important part of the appraisal of contributions as well as performance monitoring. Measures taken to manage risks in Sida's contributions to programmes and projects, such as the requirement of an audit before disbursement of funds, are shown transparently in the agreement with the cooperation partner.

Sweden participates in joint risk analyses where feasible. To assess and reduce fiduciary risk, Sida uses available diagnostics, studies and assessments, such as Public Expenditure and Financial Accountability Assessments (PEFA), Fiduciary Risk Assessments and the diagnostic tools of development banks. If needed, Sweden commissions analyses jointly with other donors when supporting the same programme. In countries such as Rwanda, Uganda and Zambia, joint analytical work has been carried out together with other donors. In some countries, for example in Burkina Faso, the partner government itself takes on the task of assessing fiduciary risk, so as to serve the country's own needs to ensure value for money and effective control mechanisms. Sweden is supportive of this development.

A substantial share of Sweden's development assistance in conflict and post-conflict settings is channelled through Multi-Donor Trust Funds. This modality provides an opportunity for donors to assess and share risks. Joint risk assessments are an important element of programmes that Sweden co-finance with other donors. The Afghanistan Reconstruction Trust Fund (ARTF) is one example in which continuous risks assessments are made.

Furthermore, as part of the joint discussion among donors on risk management in conflict-affected states, Sweden contributed to the OECD study "Managing risks in fragile and transitional contexts, the price of success?" that provides a theoretical basis as well as good practices and recommendations.

There are continuous discussions on risk management between Sida and the Ministry for Foreign Affairs.

5.1.5 Untying

Sweden is committed to the principle of untied aid. Swedish aid has been reported as nearly fully untied. However, while there are no legal impediments to the procurement of goods and services outside the Swedish market, some parts of Sweden's ODA can be regarded as "untieable" by nature in the sense that they present no opportunities for international procurement. Examples include the financing of refugees in donor countries, administrative costs, etc. A discussion has been initiated within the OECD/DAC and Sweden welcomes further work to clarify definitions and reporting guidelines and improve the comparability of tying status reporting.

5.1.6 Conditionality

Sweden applies no conditionalities that by default compromise aid effectiveness principles. Development cooperation involves undertakings on the part of both Sweden and partner countries. These undertakings are agreed with the partner country and clearly specified in publically available agreements. As far as possible, agreed undertakings, such as agreed results indicators, are drawn from the cooperation partner's own commitments, as reflected in its strategies and plans.

Generally, Sweden seeks to limit the number of conditions and focus on aspects of importance for achieving development outcomes and for ensuring adequate and transparent use of resources. Sweden aims at commitments and results indicators to be specified in a joint framework covering all donors.

The provision of general budget support by Sweden is linked to specific preconditions. Results-based conditionality was introduced in General Budget Support (GBS) programmes in order to promote an increased focus on results. GBS programmes consist of a fixed and variable tranche, where the variable tranche is linked to specific results indicators from the joint Performance Assessment Framework.

There are five basic prerequisites for GBS: i) fundamental respect for human rights and democracy, and clear commitments and measures to strengthen them; ii) a national plan or equivalent for development and poverty reduction that enjoys democratic support and is generally deemed relevant, credible and feasible; iii) a growth-enhancing, sustainable economic policy aiming at development and poverty reduction and incorporating macroeconomic stability as a necessary prerequisite; iv) public financial management systems that are sufficiently transparent, robust and effective to enable the support to achieve its objectives, along with a positive development of these systems and v) a clear undertaking on the part of the country's Government to fight corruption in the public sector, and measures taken to this end.

The Swedish Government is taking a great interest in new innovative results-based approaches as a means to strengthen incentives for improved results in development cooperation and improve aid effectiveness. Sweden participates in international discussions on results-based aid and results-based conditionality. Sweden has various experiences of results-based aid modalities and is developing new approaches. For example, results-based disbursements have been used in general budget support and more recently, in sector programme support. In the sector programme support to the education sector in Bangladesh, half of the funds are paid up front and the remaining funds will be released upon achievement of agreed results.

Sida has granted support to methods and capacity development within the framework of the Global Partnership on Output-Based Aid (GPOBA). Sida uses output-based aid in co-financing with the World Bank of infrastructure projects, e.g. for electricity through solar panels in Bangladesh. At present, Sida is developing new and innovative results-based aid modalities.

5.2 Partnerships

5.2.1 Division of Labour and joint approaches

Sweden has participated in joint programming exercises, including country-led division of labour processes in all countries where such a process has been launched (and where Sweden is present), for example in Mali, Mozambique, Tanzania, Uganda and Zambia. Sweden is also fully committed to EU joint programming and participates in those processes that have started.

Sweden does not use delegated partnerships for whole country programmes. With a view to promote country-level division of labour, Sweden prefers "full exit" rather than continuing support to a partner country by channelling funds via another donor.

However, delegated partnership arrangements, where Sweden is a silent partner or where Sweden manages funds on behalf of other donors, have been used for increased coordination in specific sectors or programmes in a number of countries. For example, delegated partnership arrangements have been used for increased coordination in Vietnam in support of the justice sector, whereby Sweden delegated funds to Denmark. In support of the justice sector reform in the Democratic Republic of Congo (DRC), funds have been delegated to the EU mission managing the programme.

As mentioned above, programme-based approaches are applied where feasible. Programme-based approaches are also applied with regard to support to the UN and to certain non-governmental organisations. Swedish project aid modalities at times use programme-based approaches. The systematic application of a programme-based approach may be challenged in certain circumstances, e.g. where donor coordination is weak or where cooperation takes place between partners outside established sector mechanisms.

In conflict and post-conflict countries, the main vehicle for Sweden's engagement in joint programming and coordination arrangements or partner country lead planning processes is through Multi-Donor Trust Funds, where the partner country is part of the governing structure of the funds. An example, mentioned above, is the Afghanistan Reconstruction Trust Fund (ARTF). The New Deal provides increased opportunities for county-led planning processes in conflict and post-conflict settings (se section 5.3).

5.2.2 Accountability

Sweden seeks to ensure that its development cooperation strengthens domestic accountability in the partner countries. Sweden participates in and promotes mutual accountability mechanisms in partner countries, such as joint frameworks for budget support or sector programme support. Such joint frameworks include mutual commitments on the part of partner countries and donors. Donor commitments are often related to the timely provision of disbursement commitments for coming years, disbursements according to agreed disbursement calendars, joint missions and the coordination of technical assistance. Sweden has made efforts to meet agreed conditions, but has sometimes been faced with a challenge in terms of predictability when an agreement period comes to its end.

By signing the New Deal, Sweden is committed to improved mutual accountability mechanisms in conflict and post-conflict countries. In Liberia, Sweden is deeply engaged as a co-lead donor in piloting the New Deal. There has been a thorough process of consultations between donors and the Government both in relation to the poverty reduction strategy and the New Deal agenda. Peace- and state-building goals have been developed and processes are in place to advance a Compact. Sweden has emphasised the importance of the participation of civil society in these processes.

5.2.3 Partnerships

A vital part of the on-going Swedish reforms is to involve a wider range of actors. In order to secure real results in development cooperation, input from new partners and new knowledge is needed.

The meeting in Busan strengthened and underlined the importance of working with the private sector and this has been a key priority for the Swedish Government. Sida's collaboration with private sector actors is being developed in a programme called Business for Development (B4D), which was launched in 2010. This programme presents a framework for collaboration with private sector actors. The purpose of engaging with the private sector is to mobilise its resources – financial, innovation and competence. The basic idea is to spend a limited amount of money in order to obtain the largest leverage possible from the aid funds. The main B4D instruments are challenge funds, public-private partnerships, drivers of change and innovative finance.

Cooperation with other donors and financial institutions, such as the Inter-American Development Bank and the International Finance Corporation has been initiated. Another example is that Sida has entered into a framework agreement with USAID regulating the collaboration on guarantees. The agreement was signed in 2010 and to date there are six guarantees issued in a number of different countries.

Sweden has just recently started collaborating with foundations by issuing guarantees in health sector related projects. The experience so far is positive and the ambition is to scale up the structure to other projects.

Sida, together with the Ministry for Foreign Affairs and other donor countries, has been active in establishing the *Building Block on Public Private Cooperation* for Development. Country-level activities have been prioritized so far, starting with two pilot cases, one in Zambia and the other in Colombia.

Regarding partnerships with CSOs, Sida has followed up on CSO related commitments in the aid and development effectiveness agenda with a focus on promoting an enabling environment for CSOs and supporting CSOs' own efforts to enhance their development effectiveness. Examples include the co-chairing of the multi-stakeholder Task Team on CSO Development Effectiveness and Enabling Environment, the lead role in the joint donor support to the Open Forum and Better Aid, and the active engagement in the Informal Donor Group. Lead by Sida, the latter has among other things produced a code of practice for harmonised requirements on CSO funding.

5.2.4 State-building and anti-corruption

The policy on democratic development and human rights is permeated by non-discrimination and a particular focus on strengthening the rights of women and promoting their political participation. The real power and influence of women in decision-making, legislation, control and conflict management is emphasised.

One of the Swedish policy focus areas is the building of institutions and procedures of democracy and rule of law. Typical contributions are enhancing the capacity of parliaments and supporting to electoral processes. Through support by Sida, Swedish political parties engage in, and promote the development of democratic political party systems.

Sweden stresses the importance of developing a functioning justice system and strengthening the state protection of human rights. In line with this, contributions to protect human rights defenders are supported. One of the main barriers to poor people's access to rights is corruption. Sweden puts emphasis on efficient and effective public administration at central, regional and local levels and in a number of countries, Sweden, through Sida, provides support for reforms of public financial management systems and anti-corruption.

Sida's new system for contribution management covers several measures that are important for anti-corruption. First, the requirements to assess the cooperation partner's own systems for internal management and control are increased. Second, a new internal procedure for identifying and managing risks in the implementation of development cooperation will further sharpen the tools to fight corruption. The new risk framework provides the conditions for a more systematic and in-depth risk assessment and constitutes an improved support for the staff of Sida in their task to assess risks of corruption and possible measures to reduce this risk. The risk that aid will fuel corruption is another risk dimension that is to be taken into account when preparing contributions. Furthermore, anti-corruption is also included in Sida's guidelines for screening sustainability of the cooperation with the private sector.

In order to support the Swedish embassies in their work against corruption, Sida developed in 2012 guidance for the anti-corruption strategies elaborated by the embassies. About three quarters of the embassies in countries where Sweden is providing aid now have formulated strategies for anti-corruption.

Sida channels a considerable share of its funds through civil society organisations in order to contribute to the development of a vibrant and pluralistic civil society. Sida pays particular attention to the new means of participation through the use of information and communication technology.

Although, Sweden does not have a specific policy paper on joint donor corruption assessments, coordination and response, Sweden is an active member of the OECD/DAC network for good governance, GovNet and its Anti-Corruption Task Team (ACTT) and adheres to the DAC principles of joint donor action on anti-corruption. These principles are imbedded in Sida's anti-corruption rule and Sida's contribution management system. Sweden underlines the importance of context and country specific analyses and approaches as well as the importance of a shared government/donor vision.

The importance of the private sector in addressing the demand side of corruption is recognized. Sida works continuously with capacity and competence development of its staff and partners to enhance awareness and competence in the field of anti-corruption and is a substantial financier both to Transparency International and to U4.

5.2.5 Civil Society Organisations

Swedish support to and through civil society amounts to around SEK 5.6 billion or one third of the bilateral development cooperation through Sida (2011) and approximately one fifth of the total budget for development cooperation. Of this amount about SEK 2.8 billion is channelled through Swedish CSOs.

In 2009, the Swedish Government adopted a policy for support to civil society in which the Government decided to include the strengthening of civil society in developing countries as an over-all goal, as indicated in the DAC reference guide. The overall objective for support to – and cooperation with – civil society is: '*a vibrant and pluralistic civil society in developing countries that, using a rights-based approach, contributes effectively to reducing poverty in all its dimensions'*. Sweden supports representative, legitimate and independent civil society actors in developing countries that, based on their role as *collective voices* and *organisers of services*, contribute to poverty reduction. According to the draft final report from a Sida-initiated mapping of Swedish CSO support, the share was 32 per cent in 2011.

Several strategies make it possible for different actors in civil society in low- and middle income countries to receive support. Most of these are geographical but some are directly targeting civil society actors, such as the Strategy for Support via Swedish Civil Society Organisations. Within the framework of the latter, Sida has developed new criteria (2011) for the selection of framework organisations. Support to development education and awareness-raising in Sweden is carried out

through the information strategy which is also managed by Sida (see also section 6.4 Communication, accountability and development awareness).

5.3 Fragile States

5.3.1 Country strategies address conflict and fragility

The decision of the Swedish Government in 2007 to direct half of Swedish development assistance to conflict and post-conflict countries, was followed in 2010 by a new policy, *'Policy For Security and Development in Swedish Development Cooperation 2010-2014'*.

The overall objective of the policy is to contribute to lasting peace that makes development possible. The policy highlights the significance of *peace-building* and *state-building* and identifies the special challenges facing development cooperation in conflict-affected countries. The policy applies to initiatives at all levels: bilateral, regional and global. It also guides Swedish action in multilateral forums. Efforts are focused in particular on the following three areas: 1) promoting peace, 2) promoting security and 3) peace dividends.

The policy stresses the importance of dialogue and confidence-building and highlights in particular the issue of women, peace and security. Sweden, as one of the first countries in the world, launched a strategic National Action Plan (NAP) in 2006 for the implementation of UNSCR 1325 on women, peace and security at the national, regional and global levels. The plan has since then been revised, and the current plan also includes Resolution 1820 on protecting women from sexual violence, which is a priority for Sweden. In 2012, Sweden also adopted a set of national indicators as a means to monitor compliance with the commitments of the NAP.

Sweden is, together with the United States, the co-lead donor in the Government-led process of implementing the New Deal – and its peace- and state-building goals - in Liberia. Together with several actors, Sweden is contributing to the technical working group seeking to establish the core working documents for the process in an inclusive and country-owned way.

In terms of supporting state-building, Sweden provides direct support to build up core functions of the state in many countries, such as capacity and accountability mechanisms of government in Iraq and rule-of-law institutions in DRC, Liberia and Guatemala. Swedish support for state-building includes the support to 'watchdog' organisations working to ensure transparency and accountability of public institutions, e.g. in Afghanistan and Somalia.

Sweden is one of the main donors to UN Women and UN Action, and supports the work of these organisations in promoting gender equality and women's empowerment in e.g. Afghanistan, Sudan, South Sudan and Colombia. Under an 'Access to Justice'-programme in DRC, Sweden has supported increased capacity within the national police to address sexual and gender-based violence.

In terms of promoting security, Sweden supports work in security sector reform, disarmament, demobilisation and reintegration, and small arms and light weapons, mines and explosive remnants of war. In the field of security sector reform, Sweden has adopted a whole of government approach, involving cooperation between several ministries and government agencies. Since 2010, Swedish government agencies have carried out country-specific studies in DRC, Colombia and Liberia with a view to further Swedish engagement. In Liberia, Sweden has played a leading role in promoting and coordinating security sector reform efforts from the donor side.

In line with the policy, there has been a conscious effort to strengthen institutional capacity at Sida to make conflict assessments and to ensure that Swedish development cooperation is carried out in a conflict-sensitive way.

5.3.2 Coordination with government and other donors in fragile states

Sweden stresses the need for coordination with governments in conflict affected states and with other donors. Given that a substantial part of Swedish development assistance is channelled through multilateral agencies, such as the United Nations and the World Bank, coordination at field level is accompanied with coordination at the capital or headquarters levels. For instance, since early 2012 Sweden has been chairing the advisory group to the Peace Building Fund (PBF). The PBF provides catalytic and gap-filling support to peace-building when countries emerge from conflict. Sweden is also an active member of the DAC International Network on Conflict and Fragility (INCAF). As a bilateral donor, Sweden also participates in and in some cases chairs donor coordination groups.

5.3.3 Programme delivery modalities in fragile contexts

The Swedish Government believes that support to joint donor funds ('Multi-Donor Trust Funds') is a useful and effective way of channelling funds to conflict-affected states. It makes development cooperation possible also in situations when direct cooperation with Governments is assessed not to be feasible.

When a particular country situation is deemed to be a political priority for the Swedish Government, bilateral efforts may be undertaken as well, in spite of being associated with a higher level of risk.

It is worth noting that the situations across conflict and post-conflict countries are widely different. In Liberia, for example, Sweden cooperates in close partnership with the government within the framework of the New Deal. However, Swedish support to Somalia is to a large extent channelled through the United Nations.

6 Results, Transparency and Accountability

Results, transparency and accountability have been at the centre of all Swedish reform efforts since 2006. The "Open Aid" initiative launched in 2009 was the single most significant reform agenda during the last five years. *Open Aid* builds on the need for greater transparency in development cooperation (see section 6.4.2 below). In 2011 a process was initiated aiming at putting results at the centre of all development efforts, including the development of new *Guidelines for result strategies* (see section 6.1 below), and an *Aid Policy Framework* (see chapter 2).

6.1 Policies, strategies plans, monitoring and reporting - Results based management system
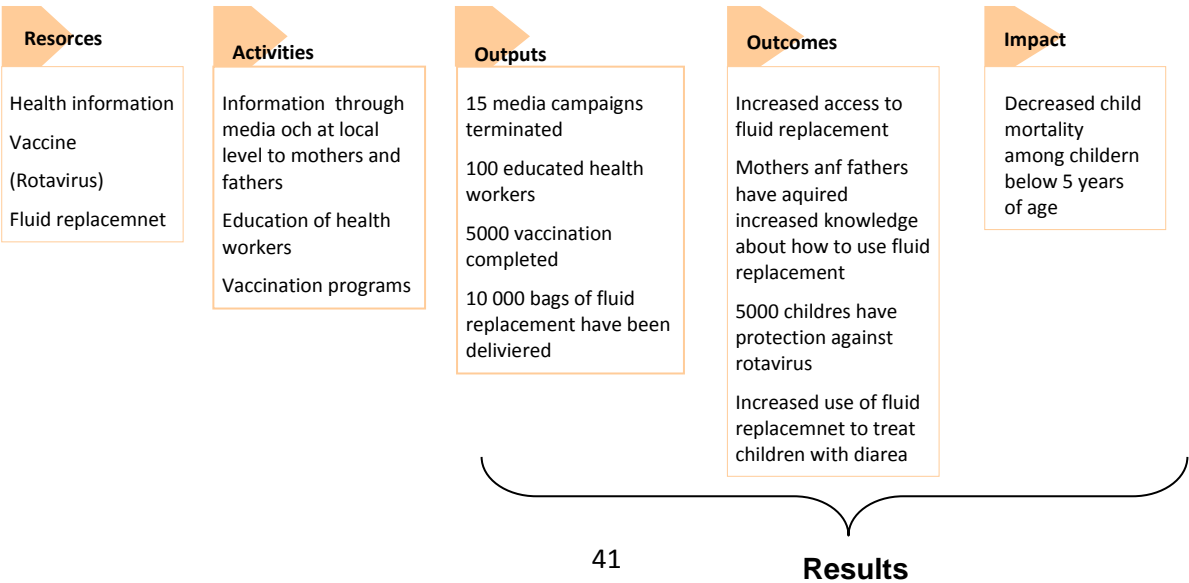
6.1.1 Development co-operation policies, strategies, plans and programmes

In 2007 the Government adopted a model for strengthened results-based management of both bilateral and multilateral development cooperation. The purpose of the model was to make management by the Government clearer and to systematise the monitoring of results. The model describes how polices and strategies relate to each other and how they contribute to achieving the overall goal of Swedish development aid. Current policies and the future *Aid Policy Framework* provide normative guidance regarding the Government's view and priorities in a specific policy area. Strategies on the other hand are operational instruments that manage and steer allocations and operations within a specific budget line.

Since 2007 ten policies, nine strategies for operations within specific thematic areas and new guidelines for bilateral development cooperation strategies have been adopted. In addition a number of bilateral development cooperation strategies have been adopted.

Bilateral development cooperation strategies and thematic strategies are the Government's instrument for managing development cooperation with individual countries and regions or in thematic areas. The strategy objectives govern the direction of development cooperation and provide the basis for reporting to the Government on the implementation and results. The priorities in the cooperation strategies should mirror objectives and results frameworks used by cooperation partners.

Strategy objectives should be clear and a theory of change should be applied when operationalising the strategy, implementing operations within the strategy and ultimately following up and analysing results. The figure below illustrates a results chain of a health intervention where theory of change has been applied.

Resorces	Activities	Outputs	Outcomes	Impact
Health information Vaccine (Rotavirus) Fluid replacemnet	Information through media och at local level to mothers and fathers Education of health workers Vaccination programs	15 media campaigns terminated 100 educated health workers 5000 vaccination completed 10 000 bags of fluid replacement have been deliviered	Increased access to fluid replacement Mothers anf fathers have aquired increased knowledge about how to use fluid replacement 5000 childres have protection against rotavirus Increased use of fluid replacemnet to treat children with diarea	Decreased child mortality among childern below 5 years of age

Results

The guidelines for bilateral development cooperation strategies were revised in 2010. These guidelines have contributed to an increased understanding and implementation of results-based management within both the MFA and Sida. Well-functioning routines have been established for managing and reporting on development cooperation and communication between MFA and Sida. During 2012, building on the guidelines from 2010, a strengthened approach to results-based management was adopted. Shifting the focus even more from the question "What should we spend our development cooperation on?" to asking -"What can we achieve by our development cooperation?". Refined guidelines are expected to be adopted in early 2013.

The guidelines will apply to Sweden's bilateral development cooperation as well as its support to multilateral organisations and support to thematic areas.

An important part of the new guidelines and the process to develop a country strategy is a document named *results proposal* in which Sida will propose to the Government expected results for what Swedish development cooperation can contribute to in a specific country, during a specific time period, with a specific amount of funds. Based on the results proposal the Government develops and adopts a *country strategy*.

Part of the rationale behind reviewing the guidelines already in 2012 was the report from Statskontoret (the Swedish Agency for Public Management) on the model for strengthened results based management in development cooperation. The report concluded that sector objectives in bilateral development strategies often are too vague and abstract and hence hard to follow-up. In response to this criticism, the new draft guidelines state that bilateral cooperation strategies should at the outset establish concrete and measurable objectives and expected results from operations.

The guidelines are currently being tested on four pilot countries: Burma, Somalia, Tanzania and Zambia. During 2013, nineteen bilateral country strategies (including the four pilots) are expected to be developed according to the new guidelines.

Furthermore, in September 2012, a process was initiated to also strengthen the results focus in the thematic strategies. The new thematic strategies will follow the same structure as the bilateral development strategies. *Expected results* will be the point of departure for all new thematic strategies.

Bilateral development cooperation strategies and thematic strategies will have homogeneous structures stating expected results, and be linked to partner countries' and partner organisations' objectives and results frameworks.

The *Strategy for Multilateral Development Cooperation* enables Sweden to act more coherently and strategically vis-à-vis multilateral organisations. The strategy proposes a number of tools to make Swedish development cooperation more effective and results-oriented, for example assessments of multilateral organisations performance and the development of organisation specific strategies.

The performance assessment of multilateral organisations and the organisation specific strategies are currently under review. The ambition is to further strengthen the focus on results, cost effectiveness, transparency and anticorruption in the performance assessment framework and the organisation specific strategies. The organisation specific strategies, which guides all Swedish actors involved working with a particular organisation, will be refined and linked to the guidelines for results strategies.

The strategies will include expected results which Sweden together with other financial actors contributes to and should be based on the multilateral organisation´s objectives and results

frameworks. Expected results regarding Swedish priorities of the organisation will also be stated, including issues related to multilateral reform. The strategies will specify actions needed to make the organisations achieve the goals.

Sweden draws on the multilateral organisations' own reporting of results, to avoid parallel monitoring processes. When the organisations' result management systems are not as robust as could be expected, Sweden works through bilateral dialogue, board work and funding to strengthen results-based management and to harmonize the organisations' systems.

So far, strategies have been conducted for the following organisations: FAO, the World Bank group, UNDP, WFP, WHO, AfDB, UNESCO, UNEP and ILO, and five more are in the process of being elaborated: UNFPA, UNICEF, UNOCHA, UNWRA and UNHCR. In the strategies objectives for Swedish priorities for the organisation are stated, together with actions: how Sweden will act to make the organisation achieve the goals.

6.1.2 Approach to results measurement

When the Government has approved a bilateral development strategy or a thematic strategy Sida prepares a results matrix with indicators for the whole strategy period. The results matrix is a tool to follow up both the results of the programmes/projects that Sweden supports and progress towards the strategy objectives. The results matrix is structured in two parts: (i) a general part and (ii) a part showing the strategy's sectors and the contributions within each sector. The results matrix is updated regularly and at least annually.

Based on the strategies, results matrixes, and conclusions and lessons learned from the previous year, Sida prepares annual plans for the implementation of each strategy. Annual plans are followed up three times a year and strategies once a year. The follow-up of the annual plan focuses on the implementation of the strategy. The follow-up of the strategy focuses on the results achieved by the cooperation supported by Sweden, and identifies problems that may have arisen during the implementation of the strategy. The annual follow-up of a strategy is summarised in a strategy report that Sida submits to the Government. The reports are prepared by the embassy or the Sida department responsible for the implementation of the strategy. The content of the report includes, but is not limited to, an account of implementation and results at the individual contribution level (the three largest contributions per sector plus other contributions of strategic importance), a follow-up of the progress towards the sector objectives and the objectives for aid effectiveness, how work on aid effectiveness and risk management is progressing in each individual sector, and a description of how the Government's thematic priorities and perspectives have been taken into consideration. The strategy reports form the basis for geographical and thematic consultations between the Ministry for Foreign Affairs and Sida.

The evaluation of the results model (referred to above) concluded that the information about and analysis of results had not had a sufficient impact on future development cooperation operations and the reprioritisation of Swedish development cooperation. The evaluation also concluded that the results based model of 2007 lacked linkages between the annual budget allocation and the results based management system. In order to address these issues the Government states in the new draft guidelines for results strategies that "monitoring and analysis of results should guide decisions regarding allocations as well as the direction of future support".

6.1.3 Sida's system for contribution management

Sida has long worked with tools such as LFA, SMART objectives, results matrixes, etc. The new system for contribution management, adopted in 2012, has systematized Sida's approach to results management and measurement at contribution level. It is the responsibility of the partner organisation to present a coherent and complete results framework. Sida assesses the partner's results framework with respect to the logic of the results chain, achievability of objectives, quality of

indicators, identification of assumptions, and capacity of partners for monitoring and follow-up , as well as the existence of baselines and target values. Sida documents its assessment and also prepares a Results summary, which summarises Sida's understanding of the partner's results framework and which serves as a basis for follow-up of actual results and future dialogue.

Indicators are used as a tool for measuring results, as well as for giving more precision to objectives. Actual results are measured against indicators in the regular performance monitoring as well as in evaluations. Apart from being measurable, realistic and specific, Sida stresses the importance of indicators being gender sensitive and encourages the use of qualitative indicators in addition to quantitative ones in order to better be able to capture more abstract factors that signal change.

The performance monitoring phase stresses documentation and evidence. Collecting and documenting results information enables progress and effectiveness to be assessed and improves the possibility of responding to and managing for future results.

6.1.4 Monitoring individual programme results in fragile contexts

Managing for development results (MfDR) in conflict contexts is challenging in many ways due to a lack of, or unreliable data, difficulties in monitoring not least due to security reasons, and weak partner capacity. It requires more resources (both personnel and budget) to monitor and manage for development results in conflict settings. At the same time, both partners and Sida often face difficulties in recruiting to conflict postings and do not always have the personnel resources required. A substantial amount of Swedish aid in conflict-affected states is channelled through UN agencies and Sweden is strengthening its dialogue with UN agencies on results. In addition, Sida has increased its focus on systematic risk assessment and risk mitigation for contributions, which is a key area when managing for development results in conflict contexts. Sida's new contribution management system is an important tool in these efforts. In quality assurance committees at Sida, MfDR is increasingly discussed, which contributes to highlighting many of the challenges that are specific to conflict contexts and that Sida will have to continue to work with. In order to further strengthen MfDR, the annual strategy reports have a format that attempts to capture the link between results achieved in specific contributions and results in countries. This is particularly important in conflicts, as MfDR used as a management tool rather than a reporting tool has the potential to allow for flexibility as well as a 'built-in' conflict sensitivity check. Sida has recently started to conduct various forms of skills development in MfDR in conflict contexts for staff as well as jointly with implementing partners.

6.2 Evaluation system

6.2.1   Evaluation policy and evaluation units

Evaluation concerns several units/agencies involved in Sweden's development cooperation. The MFA has overall responsibility for ensuring that development cooperation as a whole is monitored and evaluated systematically. Other important agencies are Sida, the former agency SADEV, the Expert Group for evaluation and analysis of Sweden's international development cooperation and The Swedish National Audit Office (Riksrevisionen). There is no overall evaluation policy that covers the whole spectrum of evaluation capacity and evaluations within Sweden's international development cooperation. Instead, each agency (MFA, Sida, the Expert Group and the former agency SADEV) has its own evaluation policy/plan describing their evaluation activities.

In 2006 the Swedish Government established an independent agency for evaluation of Swedish international development cooperation, the Swedish Agency for Development Evaluation (SADEV). The aim was to increase the credibility of evaluation activities by keeping monitoring and evaluation separate from the activities to be evaluated. SADEV has independently decided on the topics for its evaluations. As long as it did not threaten the agency's independence, SADEV was allowed to carry out specific tasks for the Government.

To enable political decisions, and for other reasons, it is of great importance to have an evaluation function that is organised appropriately and that produces high quality evaluations covering relevant needs and aspects. Accordingly, the Swedish Government instructed Statskontoret to review evaluation activities within Swedish development cooperation. In April 2012 Statskontoret released a report[11] with several conclusions and suggestions. One of Statskontorets main conclusions was that the conditions for and overall direction of evaluations within Swedish development cooperation need to be strengthened and used more strategically in aid management. In addition, Statskontoret concluded that the expectations on SADEV had not been fulfilled and the agency's internal processes and capacity, its effectiveness and the quality of its evaluations were deficient. Largely on the basis of Statskontoret's report and an interdepartmental report made by the Government Offices in spring 2012, the Swedish Government decided to phase out SADEV by the end of 2012.

An internal study has been conducted at the MFA to examine the possible organisation of a new evaluation function. Experience from other policy areas and bilateral donors, has been taken into account. On 31 January, 2013, the Government decided to establish an Expert Group for evaluation and analysis of Sweden's international development cooperation. The Expert Group is organised as a Government committee and the scope and direction of its inquiry are stated in the committee's terms of reference.

The Expert Group's mission is to commission, compile, execute and communicate evaluations, analyses and studies of programme implementation, performance and efficiency. The work will primarily cover Sweden's international development cooperation, but other issues of relevance to development cooperation may also be considered under the framework of the Expert Group's mandate.

The Expert Group is to be independent in relation to the activities it reviews and answer independently for the relevance and quality of the reports it chooses to publish. The work of the committee will be led by a chair and 9 members. A secretariat with 6-7 members of staff will run the day-to-day work and assist in engaging external researchers, consultants and evaluators.

The Government intends to continuously monitor the work of the Expert Group, and no later than 2016 consider whether the Expert Group is an appropriate form of organisation for its purpose.

In order to ensure that the main findings and conclusions of strategic evaluations are handled consistent and correctly, the MFA has adopted a document entitled "Guidelines: methods and procedures to handle relevant evaluations within the MFA". The document stipulates responsibilities of different actors within and outside the MFA, activities during ongoing evaluation and activities after publication including management response mechanisms. These guidelines will be updated in 2013 on the occasion of the new Expert Group.

Evaluation at Sida includes strategic evaluations managed by the Unit for Monitoring and Evaluation and decentralised evaluations managed by Sida's various units. Strategic evaluations are mainly intended for agency-wide strategic steering, reporting and learning. Otherwise, Sida mainly stresses the partner organisations' responsibility for evaluation. Evaluations of Sida funded-programmes are often financed and carried out as an integral part of the programmes.

The Swedish National Audit Office (Swedish NAO) is responsible for auditing the activities of the entire Swedish state so as to promote the optimal use of resources and efficient administration.

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[11] Utvärdering av svenskt bistånd – en översyn av utvärderingsverksamheten 2012:17

Swedish NAO has three primary tasks: financial audit, performance audit and international operations. Performance audits examine the efficiency and the effectiveness of public administration. They focus on matters relating to the state budget, public administration, performance and results and other public commitments. Recently, four audit reports have been carried out by Swedish NAO related to international development cooperation:

- Government Agencies´ export of services (RiR 2011:24)
- Swedish support to international efforts (RiR 2011:14)
- Sida´s support for capacity development in the public administration of partner countries (RiR 2009:15)
- Swedfund international AB and its commission to society (RiR 2009:4)

Concerning aid channelled through the *multilateral system*, Sweden draws on these multilateral organisations' own evaluations. Most organisations have some form of evaluation function, but the evaluations produced are of variable quality. Based on the Strategy for Multilateral Development Cooperation Sweden emphasises the need for the organisations to develop more effective and independent evaluation systems together with adequate feedback in order to improve learning from their evaluations.

As a complement to the organisations' evaluations, and based on the Strategy for Multilateral Development Cooperation, Sweden also makes its own assessments of multilateral organisations. Initially, some 20 assessments a year were completed, more recently around five assessments a year. These examine the relevance and effectiveness of the organisations and are used to guide financing decisions. The assessments also serve as a basis for the organisation-specific strategies, and for dialogue with the organisations. As a complement to the bilateral assessments Sweden, together with 16 other donors, also contributes to assessments conducted by MOPAN (the Multilateral Organisations Performance Assessment Network). The MOPAN assessments also provide guidance for decision-making on financing.

6.2.2 Planning and budgeting for the evaluation of development assistance activities

In 2012, the former agency SADEVs budget amounted to about SEK 22 million. The new Expert Group for evaluation will for the first year have a budget of SEK 11 million and thereafter increase the budget equivalent to SADEV. SADEV stipulated their own evaluation plan that were decided by the director general and submitted to the MFA. SADEV has published about 30 evaluations since the agency started, which is an average of five evaluations per year. The majority have been self-initiated.

The Unit for Monitoring and Evaluation at Sida elaborates a strategic evaluation plan in collaboration with other Sida departments[12]. The plan has a three-year horizon and is up-dated annually. A set of selection criteria have been established. In recent years, the evaluation plan has included 10-12 evaluations, of which about 5-6 are completed each year. The plan is decided upon by the Director General. The Budget for strategic evaluations is set annually on the basis of the plan. The constraining factor is not the financing of evaluations but the allocation of personnel/ management capacity. In 2012, only approximately SEK 5 million was spent on strategic evaluations, reflecting the fact that the Unit for Monitoring and Evaluation has increasingly been engaged in supporting decentralised evaluation processes and the results agenda within the Agency.

Decentralised evaluations usually have a programme focus and are of more operational use. The planning and budgeting of these is the responsibility of the relevant Sida units in Sweden and in the

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[12] Sida. 2012-04-13. DG Decision. Sida's strategic evaluation plan 2012.

field. An indicative list of planned evaluations is included in their yearly operational plan. Approximately 80-100 decentralised evaluations are carried out each year, the number depending to some extent on what is categorised as an evaluation. The average cost is around SEK 600 000, which would imply a total spending of approximately SEK 50-60 million per year. The individual evaluations are planned in accordance with Sida's evaluation manual, check-lists based on the OECD/DAC principles for evaluation quality and consideration of their size and purpose.

6.2.3 Evaluation partnerships and strengthening capacity

Sweden strengthens partner country evaluation capacity in several ways. Sida is the main sponsor of CLEAR (Regional Centres for Learning on Evaluation and Results). This World Bank programme has established regional centres to promote evaluation capacity building. Sida also sponsors the International Initiative for Impact Evaluation (3ie) which promotes the use of high quality impact evaluation in developing countries. Sida also supports GEFs interactive community of practice, Climate-Eval, which aims to increase the overall quality of climate change and development evaluations, by sharing good practice and formulating guidelines. In addition, some interventions financed by Sida have a component aimed at strengthening partner capacity for evaluation and follow-up of results. Sida is also part of OECD/DACs task team for evaluation capacity development.

Partners have the primary responsibility for evaluation of Sida funded programmes. A considerable part of Sida's evaluations are procured locally, making it possible for local consulting firms to tender. Sida also promotes evaluations carried out jointly with its partners.

6.3 Institutional learning

Today, the MFA and Sida have guidelines for evaluation feedback. These include evaluation networks, seminars, management response mechanisms and methods to follow up and implement evaluation findings and recommendations. Overall, there are no big differences between the guidelines for the MFA and Sida. However, there are differences in how well these guidelines are followed, especially regarding management response. According to the report by Statskontoret (mentioned above), there are deficiencies in the MFA's and Sida's routines for management response and transparency. The MFA lacks routines for incorporating evaluations into the decision-making process and has insufficient capacity to use the evaluations findings and recommendations. Under 2013 the MFA will review the feedback mechanisms due to the formation of the new Expert Group. The Expert Group has a mandate to analyse, make judgements and draw conclusions from different evaluations and studies it publishes, and based on this, to make recommendations to the Government.

Sida has had a management response system in place since 1999, to ensure that the Agency responds to and acts on the results and recommendations that evaluations produce. Sida has recently decided on a new routine for management response to its strategic evaluations, with the aim of enhancing Sida's knowledge management and management by results. [13] A key feature of the process is the establishment of a Working Group for Evidence, composed of representatives of various departments. This group elaborates proposals for management response, based on the evaluations' findings and recommendations, which are approved by the Director-General. The responsibility for management response to decentralised evaluations rests with the commissioning units. A new routine for this is to be established.

According to the Swedish transparency guarantee (see section 6.4 below), all evaluations are to be posted on a relevant website (Sida, former SADEV and upcoming Expert Group) and on

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[13] Sida. 2012-10-05. DG Decision. Management Response process for evaluations.

www.openaid.se. Almost all of Sida's evaluations are published electronically in Sida's online publication data base, which contains evaluations, working papers, preliminary-studies and methodological studies produced since 1996. Strategic evaluations are also printed and distributed to concerned stakeholders. In addition, an evaluation brief is published. This and other evaluation related material is available on www.sida.se. It is the Government's ambition that Openaid.se will publish results from evaluations more clearly in the future.

Through the results strategies and ambitions set in the Aid Policy Framework, the Swedish Government will strengthen the use of evaluations as a management tool and strengthen the linkages between evaluations and results information and budget allocations as well as strategic decisions regarding the reorientation of development cooperation.

In order to strengthen Sida's knowledge management, the Director-General issues a decision on thematic and functional networks in 2011.The thematic networks primary task is that of knowledge management. Through the networks, new knowledge, insights and best practices are identified, produced and disseminated to contribute to learning and to the improvement of staff skills, in order to continuously advance the organisation's efficiency and the quality of its operations. The networks are managed and coordinated by senior subject specialist. Sida's employees, regardless of subject matter or thematic responsibility, can participate in networks that meet their specific interests and/or professional requirements. Network managers organise opportunities for learning in the form of seminars, conferences and other meetings, and by alerting members on events internal or external to Sida. Materials in the form of documents, reports and other information are made available through the various network platforms on the Sida intranet.

6.4 Communication, accountability and development awareness

6.4.1 Annual communication to the Parliament

In the past four years, the Government has submitted a communication to the Riksdag covering the results of Swedish development cooperation. The communication is delivered to the Riksdag in tandem with the presentation of the annual Government budget bill. The results communication has presented results of development cooperation, conclusions and lessons learned.

The first report, covering results from 2008, reported on all development cooperation, the second report from 2009 covered results in the area of *Environment and climate change*, the third report from 2010 covered results in *Equality and the role of women in development, and* the fourth report from 2011 covered results in *Democracy and human rights*.

The communication builds on results information from the Ministry for Foreign Affairs on Swedish multilateral cooperation and results information from Sida. Each year Sida has received a separate instruction to provide a results annex to its annual report. In the assignment the Government has instructed Sida to deliver results reporting focused on a thematic area.

Statskontoret found in its report that Sida's work on the results annex and the Ministry's work with the results communication required substantial personnel resources. At the same time the reporting does not capture overall results of Swedish development cooperation as in the last three years it has focused on a specific area. Statskontorets recommended the Government not to give Sida separate instructions each year to produce a results annex. 2012 Sida has therefore not received such instructions, but will instead report on results in its annual report.

As part of the work with developing an overall policy framework the MFA is reviewing the Government's system for reporting on results to the parliament.

At present the Ministry of Finance is also reviewing the structure and form for results reporting to the Riksdag in all political areas. The aim is to improve the reporting of results and develop guidelines that should apply to all of the Government's results reporting to the Riksdag. The Ministry of Finance

has concluded that the connection between the results reporting and the budget proposals that the Government puts forward should be clearer.

6.4.2 Transparency and accountability

In 2009 Sweden launched Open Aid, a reform agenda for Swedish development cooperation. Open Aid builds on the need for greater transparency (i) through *active transparency* to promote greater knowledge of Swedish development cooperation and create possibilities for accountability, (ii) to promote fresh thinking and harness knowledge from different sectors of society, and (iii) for increased cooperation and greater involvement of more actors in Swedish development policy. Open Aid was built around five components and continues to guide the reform agenda:

1) **A Transparency Guarantee**: Based on the strong Swedish tradition of public disclosure of official information, a more active and digital transparency agenda was launched. The web site www.openaid.se publishes all documentation pertaining to decisions on specific aid interventions.

2) **Active Efforts against Corruption**: Increased awareness, and concrete action to protect aid efforts from corruption, and increased support to promote active anti-corruption efforts in partner countries and through international organizations.

3) **Courage to Say No:** If a development intervention does not provide the expected results – Sweden should be the kind of donor that will raise the relevant questions, present an agenda for change – and if necessary; stop the present activity.

4) **New Actors and New Knowledge:** In order to secure real results in development cooperation, input from new partners, new knowledge is needed.

5) **Freedom, Women and the Internet**: Sweden is one of the most equal, free and digitalized countries in the world. This provides opportunities as well as responsibilities. An increased focus on an agenda for freedom – for women, and on the Internet, was launched.

The transparency guarantee (referred to above) was introduced into Swedish development assistance on 1 January 2010. The guarantee means that all public documents and public information will be made available online. The information must explain when, to whom and why money has been made available, and what results have been achieved.

The most important component of the Aid Transparency Guarantee is the web-based platform www.openaid.se launched in April 2011. This is a data-hub providing Swedish aid information on disbursements in an open format that allows citizens, CSOs and entrepreneurs to use, refine and develop the data provided. The aid information is provided on a global scale, at country level, per sector and by implementing agency. It contains aid information from 2007 to 2012. It also contains historical data from the 1970s to the 1990s, in so far as it is available electronically. Data from 2000 and onwards is increasingly detailed. Openaid.se primarily shows data at contribution level, which makes it possible to follow different contributions and their component parts at both country and sectoral level. Openaid.se is a prototype, and its content and functionality will be further developed by Sida to include all actors handling Swedish development assistance funds.

Sweden is committed to continuing the development of the Openaid.se platform, ensuring full implementation of the common standard by 2015. For example, all Swedish agencies are now able to present data on Openaid.se. Work has also been initiated on revising Openaid.se so that it will be based on the Common Open Standard. Cooperation with a number of international actors has been strengthened, such as with the World Bank and UN-HABITAT. Further, Sweden has been strongly engaged in IATI since its inception in 2008. Sweden's involvement in IATI is part of the country's overall commitment to openness and transparency, and goes hand-in-hand with our engagement in related global-level initiatives, such as the Open Government Partnership, Open Aid Partnership, the Grand Challenge Making All Voices Count, and our co-leadership of the Building Block on

Transparency in the context of the Busan High-Level Forum. Sweden has been one of the first IATI signatories to start publishing information on its aid flows in line with the IATI standard, in November 2011.

IATI contains past, present and planned activities of major international organisations and national development cooperation agencies, and of small civil society organisation projects. Publishing aid data according to the IATI registry opens up the development of systems and solutions that can display and visualise the information. This is of interest to actors in development cooperation, donors and partner countries that need tools to plan, review and follow up activities. However, in the end, this benefits those who pay for the assistance, i.e. the taxpayers, and those who are reached by the assistance.

6.4.3 Building awareness of development results

Sida has a relatively large budget (about USD 14,3 million annually) for building awareness and informing on development results. The use of this budget is governed by an Information and Communication Strategy (which is decided by the Government). As recommended in the Peer Review carried out in 2009 the Government has continued to put emphasis on communicating development results to the Riksdag and the public and continues to involve CSOs in the implementation of the strategy.

 About two-thirds of the total budget is reallocated to CSO's public information programmes, and the remaining one-third is utilised by Sida with the overall objective of increasing awareness of the situation in developing countries and building knowledge about the contents and results of development cooperation. A communications and outreach plan is elaborated on a yearly basis, outlining key messages, strategic partner alliances, specific audiences and activities. Key audiences are the general public with an interest in development issues, youth, media and partners. Messages are rooted in the political priorities and strategic direction for Swedish development cooperation. Broad partnerships are established primarily with NGOs but also with other organisations that have communication programmes in line with the overall objectives.

Statistics Sweden conducts regular national opinions surveys on behalf of Sida. The survey reflects Swedes' attitudes towards and knowledge about aid and development. Eight out of ten Swedes agree that it is important for Sweden to contribute to development in low income countries. Six out of ten Swedes think that the level of official development assistance is at a reasonable level or could increase, while one fourth of the population wants it to be lower.

In 2012 the Government initiated a revision of the information strategy. As a part of this, the Swedish Agency for Development Evaluation (SADEV) was commissioned to carry out an evaluation of the results of activities undertaken within the framework of the existing strategy. The main conclusions of the evaluation revolve around the difficulties that the current goal formulation entails. The evaluation describes the goal of the strategy as highly problematic and unclear. The lack of clarity has consequences for the entire implementation of the strategy and the ability to measure results, effects, cost efficiency, etc. In light of the findings, the strategy for public information activities is being revised.

7 Humanitarian Assistance

7.1 Strategic Framework

The Swedish Policy for Humanitarian Assistance sets out the Government's overall goal for Swedish humanitarian assistance as saving lives, alleviating suffering and maintaining human dignity for people in need who are, or are at risk of becoming, affected by armed conflicts, natural disasters or other disaster situations. Sweden continues to use its strong position in international humanitarian assistance as an important means of furthering the international policy development in a proactive, innovative and responsible manner. The overall goals of Swedish humanitarian assistance are to be achieved by focusing on three main areas: flexible, rapid and effective humanitarian response, a strong and coordinated international humanitarian system and improved interaction with development assistance and with other types of interventions and actors. The policy is applicable across Government including Sida and other relevant government agencies. It takes into consideration the special vulnerability of women and children in humanitarian crises as well as short- and long term environmental impacts of disasters. The policy is based on international humanitarian law, international refugee law, human rights, legal instruments relating to natural disasters and established international practice in this area. The policy is guided by the humanitarian principles of humanity, impartiality, neutrality and independence, as well as the principles of Good Humanitarian Donorship (GHD).

The Government's strategy for humanitarian assistance provided through Sida operationalises the Government's policy in the field of Sida's humanitarian assistance. The goals and perspectives in the strategy are based on GHD.

Sweden provides flexible funding (both humanitarian and development funding) to support recovery activities in post-conflict and disaster contexts. The Government's strategy for Sida's humanitarian assistance integrates a recovery perspective in humanitarian assistance aimed at supporting partner organisations' operational flexibility, enabling a longer term approach in planning and implementation, strengthening national and local capacities, and emphasising the need for a closer link between humanitarian and development coordination mechanisms. These efforts complement Sweden's strong involvement in the OECD/DAC s International Network on Conflict and Fragility (INCAF).

The Government's strategy for Sida's humanitarian assistance integrates a disaster risk reduction (DRR) perspective in humanitarian assistance. Sweden is one of the largest humanitarian donors to the World Bank Global Facility for Disaster Reduction and Recovery (GFDRR) and the UN Office for DRR (UNISDR).

Sweden is currently (in 2012) the third largest bilateral humanitarian donor globally, according to OCHA's Financial Tracking Service.[14] Swedish humanitarian aid expenditure increased from SEK 4.6 billion to SEK 5.2 billion between 2009 and 2012. The humanitarian aid constitutes some 15% of the total ODA. Swedish financing of humanitarian assistance is channelled through the MFA and Sida. The MFA provides core funding to implementing partners, mainly UN agencies, whereas Sida is responsible for administering funding streams at country and regional level and CSO grants. In order to meet the growing humanitarian needs globally, Sweden has successively reinforced its humanitarian financial commitment. Sweden is striving to further strengthen its adherence to the principles of GHD. During the reporting period, Sweden has increased its portion of non-earmarked

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[14] 13 November 2012

core funding. For example, Sweden is the only donor to fund UNHCR with fully un-earmarked core support.

7.2   Effective programme design

Swedish humanitarian assistance has a global approach and should be based on needs and needs assessments. Contributions are to be flexible and predictable. Sweden contributes to funding a mix of organisations based on their comparative advantages. To promote coordination and strategic direction, Sweden also contributes financially to pooled funds at country level. Sida is developing a method and criteria for allocating humanitarian assistance based on need, taking into account, among other matters, ECHO's Global Needs Assessments. Sida participates in CAP-preparing workshops and develops humanitarian situation analyses for the largest humanitarian crises, which serve as a basis for allocations.

Sida has developed a Rapid Response Mechanism for quick response, which is frequently used and based on early warning. In 2012, the RRM was used for over 140 interventions to provide quick support in new crises.

The participation of beneficiaries is one of the goals of the Government's strategy for Sida's humanitarian assistance. Within the framework of Sida's strategic partnerships, Sida ensures that partners involve the affected population in the design, implementation and evaluation of the support that they are expected to receive. Sida also provides funding to the Humanitarian Accountability Partnership (HAP).

7.3   Effective delivery, partnerships and instrument

The recovery perspective in the Government's humanitarian strategy for Sida aims at creating a longer-term approach, strengthening local capacity and creating synergies with the development assistance. In countries where Sweden has no development assistance, Sida supports organisations that work flexibly with humanitarian and development assistance and look at the possibility of continuing humanitarian assistance in the long term. In conflict and post-conflict countries where Sweden conducts development assistance, Sida integrates a humanitarian capacity in its embassies. Innovative and flexible funding mechanisms have been developed, including funding the same partner from both humanitarian and development envelopes so as to build on humanitarian gains, contributing with development funding to CAP recovery objectives, supporting the phasing out of humanitarian projects in social sectors with development funding, supporting transitional solutions initiatives for durable solutions for IDPs and refugees, and providing multi-year support to partner organisations and Common Humanitarian Funds (CHF).

Sweden is the second largest donor to the UN Central Emergency Response Fund, which helps support life-saving activities at the onset of a crisis. Sida has developed a Rapid Response Mechanism (RRM) which allows partner organisations to respond to a sudden crisis within 24 hours. Sida currently has pre-arranged RRM funding arrangements with eight organisations.

Sweden actively shares information regarding its humanitarian assistance and policy issues with other donors, for example within COHAFA and the GHD. Exchanges of views also take place in the UN, in donor groups related to multilateral organisations, as well as Nordic humanitarian meetings. Information-sharing among donors also takes place on an ad hoc basis on the occasion of sudden onset crises such as the on-going crisis in Syria. EU information-sharing, and in some cases coordination on specific issues, takes place locally in New York, Geneva and Rome, as well as in the field. Sweden contributes financially to pooled funds and the CERF. Sida discusses country and regional support with other donors at the beginning of the year and regularly throughout the year. Sweden also participates in common donor evaluations and field trips. Sida uses ECHO's Global Needs Assessment and Humanitarian Implementation Plans (HIP). The Swedish mission in Geneva

hosts a meeting in cooperation with OCHA twice per year to compare CAP funding, as a part of our GHD commitment.

7.4 Organisation fit for purpose

The Swedish policy for humanitarian assistance is cross-cutting through Government. To achieve its goals, it is vital that policy, financing and operational activities are part of the same chain and that the different parts of humanitarian assistance are implemented in close collaboration with one another, in a coherent manner. Within the Government Offices, coordination takes place according to well-established routines. Coordination between the MFA and Sida at the Head of Department level takes place twice per month in a Humanitarian Consultative Group.

Sweden's policy for humanitarian assistance directs that Sweden shall seek to ensure that cooperation between humanitarian and military actors proceeds in accordance with the Oslo and MCDA Guidelines, that the essentially civilian character of humanitarian assistance is preserved and that there is a clear division of roles between humanitarian and military activities. With regard to the conflict in Libya during 2011, for example, Sweden supported the Emergency Relief Coordinator Valerie Amos's call to keep civilian humanitarian and military actions separate.

The permanent number of humanitarian staff at the MFA amounts to 5 staff members. Including fixed term staff and interns, the unit currently has 10 staff members. In UN missions in New York, Geneva and Rome, six professional staff manage humanitarian portfolios. In Swedish embassies, where the MFA and Sida staff work in an integrated manner, a flexible number of staff works on humanitarian issues, including through political reporting.

Sida has increased the number of humanitarian staff at the Humanitarian unit at HQ to a total of 19 in 2012. The Humanitarian Unit at Sida has no field staff, although other units at Sida have in total eight field staff working part-time (10-50%) on humanitarian affairs, in Sudan, South Sudan, Somalia (Nairobi), Zimbabwe, oPt, DRC, Kenya and Ethiopia. A Sida internal study on field capacity has recommended stronger capacity in the field in humanitarian assistance.

7.5 Results, learning and accountability

The recommendations of the evaluation of Sida's humanitarian assistance in 2005-2010 constitute the basis for the Government's current strategy for Sida's humanitarian assistance. Sida monitors the implementation of the Government's strategy towards an implementation plan and a strategy report is produced annually. A thorough results analysis of Swedish humanitarian assistance through Sida will be conducted at the end of the strategy period (2014).

The reporting of results towards the Government's strategic documents is being strengthened and the ambition is to increase the focus in this field, including producing a Swedish humanitarian portfolio analysis in 2013.

Monitoring, evaluation and reporting on results are important issues in humanitarian assistance and Sweden encourages partner organisations to improve and develop their systems in this area. Sida monitors the impact of partner organisations' programmes through field visits, regular and systematic dialogue and annual reports. It encourages partners to integrate evaluations in all programmes as part of their monitoring, evaluation and reporting systems. In addition, Sida conducts evaluations of thematic and strategically important activities and programmes. To promote strategic partnerships with a smaller number of civil society organisations, Sida has started to evaluate all CSOs with which Sida has an agreement. Sweden, as a key donor to common humanitarian funds (CHF), has promoted stronger monitoring, reporting and evaluation mechanisms.

Information on Sweden's humanitarian assistance, including results of contributions, is publicly available at www.openaid.se. The results from Sida's humanitarian assistance are communicated in Sida's annual report to the MFA. Press releases regarding Swedish humanitarian assistance are issued continuously by the MFA and Sida as appropriate.

Annex 1: Progress since Peer Review 2009

DAC recommendations 2009	Progress since 2009
Framework for development co-operation *The DAC welcomes Sweden's strong leadership and reform efforts. To build on this Sweden should:*	
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.	A comprehensive *Aid Policy Framework* for Swedish development cooperation is being developed. The platform is expected to clarify the hierarchy and priority between the different goals and specify how they should translate into concrete actions. All strategies will be in line with the overall policy as expressed in the Aid Policy Framework.
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.	Communication and follow up of organisational changes as well as reform in the systems for policy formulation and implementation has continually been addressed in the dialogue between the MFA and Sida at top management level. The communication plans of Sida departments are based on the stakeholder analyses that became a mandatory part of operational planning 2012. Communication on changes in Swedish development cooperation system and how this is likely to affect development partners form a central part of these activities. At overall level Sida – through special meetings or through *Development Talks* seminars – maintains frequent contacts and a close dialogue with key partners and stakeholders.
Assign a suitable organisation to provide independent monitoring and evaluation of Swedish policy coherence for development and report results to parliament.	The Swedish Government has assessed its work on the six global challenges 2008-2010 (Report to Parliament 2010) and 2010-2012 (Report to Parliament in June 2012). The next assessment is planned for the Report to Parliament on PCD 2014. The Government will commission an external evaluation of PCD focusing on coordination and steering mechanisms to be finished during 2013. Civil society organisations assess Swedish work on PCD in their reports "Barometern" and "Spotlight on EU Policy Coherence for Development".
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.	The Government supports the work of various organisations and research institutions in order to improve analysis and knowledge on PCD. The Government view is that workable indicators for measuring PCD should be developed in an international context, preferably in OECD. Sweden exchanges knowledge on PCD issues with other countries and organisations, not least within the OECD and the EU.

Aid volume, channels and allocations	
To increase the focus of its development co-operation further, Sweden should:	
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*.	62% of the planned country programmable aid in 2012 goes to low income countries, and 17% goes to low income countries in conflict or post conflict situations. At present, Sweden has bilateral development cooperation governed by cooperation strategies or similar with 40 low and middle income countries. Half of these are low-income countries in Africa. In the budget bill for 2013 the decision to exit from a number of middle income countries was confirmed. 2013 will be the last year South Africa, Botswana, Namibia, China, India, Indonesia and Vietnam will have long term bilateral development cooperation agreements with Sweden, bringing the total number of bilateral development programmes to 33.
Focus support to the multilateral system strategically, in line with the development priorities and strategic objectives identified in the *Policy for Global Development*.	Sweden adopted the *Strategy for Multilateral Development Cooperation* in 2007. This provides a framework for a coherent, strategic and results-oriented Swedish engagement within multilateral development cooperation. This still applies and allows a more strategic and coherent multilateral engagement.
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.	In agreement with the *Strategy for Multilateral Development Cooperation*, Sweden assesses organisations' relevance and effectiveness. These are used as a basis for financing decisions which enables a more strategically focused support in line with Swedish government priorities.
Invest in building stronger relationships and linkages between development co-operation staff and private sector counterparts to increase private sector involvement in development.	Collaboration with the private sector is a key priority in Swedish Development Policy. In 2009 the Government established a Business and Development Council as a forum for dialogue between business representatives and relevant public sector actors. This takes place in Stockholm and at Swedish embassies in developing countries. Sida's collaboration with the private sector has evolved through a Business for Development (B4D) programme. This programme presents a framework for collaboration with private sector actors to mobilise its resources – financial, innovation as well as competence - applying a variety of instruments from Public Private Partnerships to challenge funds. Additionally, Sida, together with the MFA and other donor countries, has been active in establishing the *Building Block on Public Private Cooperation* for Development.
Organisation and management	
To strengthen important organisational reforms Sweden should manage closely the challenges posed by Sida's new structure. In particular, by:	
Protecting regional knowledge and analysis now that teams working in neighbouring countries may come under different	On the basis of country strategy progress reports geographical consultations are held twice a year between the Ministry of Foreign Affairs and Sida. While the focus is primarily placed on

departments.	monitoring individual strategies these consultations also provide a forum to discuss important regional issues and trends. The regional Sida meetings in Africa, Asia and Europe provide opportunities for managers to meet and discuss regional issues as do the regional meetings that are being organised back to back with Sida's Annual Meeting of Managers I August each year. The regional programmes – governed by regional strategies – also play a key role in safeguarding the regional dimension as do Sida's efforts to strengthen the links between global, regional and bilateral support.
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.	Sida now has 10 thematic and 3 functional networks along with a managers' network and a methods development network. The participatory nature has led to a sense of ownership amongst network participants and served to ensure relevance. Advances in IT and technical platforms have facilitated contacts over the period. Notwithstanding individual variations, the functioning of the networks has improved significantly since 2009 thanks to improved management, better long-term planning and established *modus operandi.*
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.	Sida has drafted an evaluation process that clearly outlines the steps and delineates responsibilities in an evaluation process and ensures that evaluations principles are upheld and quality assured. Sida has also put in place a formal Management Response process, with a permanent management group with members from operational units attached to it. This group has the responsibility of making sure Sida takes a stance and where relevant responds to findings and recommendations raised in evaluations in future management and operational decisions.
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.	The MFA, with about 1400 members of staff, has been able to protect the levels of staff working with development cooperation during changes in the organizational set up, or even increased the number of key staff. External recruitment has been crucial to keep and even improve competence within the organization. As of December 2009 Sida had over 900 members of staff, but by December 2011 this number had been reduced to 735. However, the ratio of staff at Sida posted in the field has been steadily increasing. The reduction of personnel mainly involved staff at the headquarters in Sweden. In 2012 Sida reviewed the progress and targets for a continued decentralisation to field offices.
Invest strategically in staff training in order to implement the new ways of working, especially to embed results-based management and the use of programme-based approaches. It will be crucial for the training to be practical and grounded in real examples. 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.	The MFA has since the last organizational changes invested strategically in staff training in order to introduce new ways of working and focusing on improving skills related to results-based management, aid effectiveness and strategic management of aid. There has also been a conscious effort to strengthen institutional capacity at Sida to make conflict assessments and to ensure that Swedish development cooperation is carried out in a conflict-sensitive way.

Practices for better impact *To build on its high level of commitment to increase aid effectiveness and results, Sweden should:*	
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.	Sweden is strongly committed to coordinate technical assistance, increase joint analytic work and to conduct joint missions. Country level ownership and priorities is central when providing technical assistance. A basic principle is that support for capacity development should be adapted to local contexts and circumstances.
Ensure that it communicates clearly to its partners how it will apply any jointly agreed conditions to a variable tranche of general budget support.	Sweden agrees with the importance of communicating clearly how agreed variable tranches are applied. Variable tranches and results indicators are clearly specified in budget support agreements.
Improve how it communicates its rationale, decisions and timeframe for phasing out support to particular sectors or countries. This will ensure that its strong partnerships and efforts to align and harmonise are not undermined.	A checklist on how to communicate phasing-out decisions to partners and stakeholders were elaborated in 2007. Communication that relate to the phasing-out of sectors normally form part of the communication plans and activities at country-level when a new country strategy takes effect.
Given its strong policy commitment to democratic governance, Sweden is encouraged to support domestic accountability mechanisms and work closely with other DAC donors to help realise commitments to mutual accountability.	Swedish support to local actors has increased .The statistics clearly indicate a marked increase in support for the Actors in the Democratisation Process focus area, both in percentage terms, from just under 20 per cent in 2002 to approximately 45 per cent in 2011, and in absolute terms, from SEK 300 million in 2002 to approximately SEK 2.3 billion in 2011. This is the Swedish response for increased support to the demand side of democratic accountability. The support to media could increase, as well as support for vertical accountability through parliamentary support. Cooperation with other DAC-members is intense, but could most likely increase even more.
Special issues: *Capacity development and climate change*	
Provide results-orientated support to capacity development and seek an appropriate balance between its welcome long-term commitments with the need, nevertheless, to establish time-bound objectives and associated exit strategies.	Sida's *Guidance on Capacity Development* establishes routines on how to assess, support and monitor capacity development. It stresses the importance of building on building on countries' own systems and existing capacities in order to ensure sustainability of the programme. In order to learn and improve practice and accountability, results of capacity development in partner countries is monitored and evaluated. Here, also, is the partner organisations ownership important.
Broaden staff awareness that capacity development should be at the core of all Swedish development co-operation.	Supporting capacity development in partner countries is a point of departure in Swedish development cooperation. This approach is built into the bilateral development cooperation strategies.

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.	The time frame of the CCCD was limited to 18 months, expiring in the spring of 2009. However environment and climate change remains a priority in Swedish development cooperation.
Simplify and consolidate assessment tools and guidance on environment and climate change in order to help mainstreaming.	In 2010 a new policy for environmental and climate issues in Swedish development cooperation for 2010-2014 was adopted. The policy establishes fundamental principles and sets out the Swedish Government's general position on environmental and climate issues within development cooperation (bilateral and multilateral).
Humanitarian action *To consolidate its leading role as a good humanitarian donor, Sweden should:*	
Proceed with the update of the humanitarian policy and identification of suitable indicators to monitor progress against strategic humanitarian objectives.	The Swedish Policy for Humanitarian Assistance is valid 2010-2016 with a mid-term review planned for 2013. Monitoring, evaluation and reporting on results are important issues in humanitarian assistance and Sweden encourages partner organisations to improve and develop their systems in this area. Sida monitors the impact of partner organisations' programmes through field visits, regular and systematic dialogue and annual reports. A thorough results analysis of Swedish humanitarian assistance through Sida will be conducted at the end of the strategy period (2014). The reporting on results towards the Government's strategic documents is being strengthened and the ambition is to increase focus in this field, including producing a Swedish humanitarian portfolio analysis in 2013.
Embed disaster risk reduction approaches within development co-operation strategies.	The Government's strategy for Sida's humanitarian assistance integrates a disaster risk reduction (DRR) perspective in humanitarian assistance. Sweden is one of the largest humanitarian donors to the World Bank facility for disaster risk reduction (GFDRR) and the UN Office for DRR (UNISDR).
Better integrate key cross-cutting policies, including gender and environment, within humanitarian action.	The Policy for Humanitarian Assistance is based on Swedish PCD principles. The policy takes the special vulnerability of women and children, as well as climate change and environmental impacts of humanitarian crises into consideration, and strives to contribute to a long term sustainable development in order to minimize future vulnerability.

Annex 2: Organisation charts

ORGANISATION OF THE SWEDISH FOREIGN SERVICE

MINISTRY FOR FOREIGN AFFAIRS

Political leadership

MINISTER FOR FOREIGN AFFAIRS
Head of Ministry

Minister for Foreign Trade	State Secretary for Foreign Affairs	Minister for International Development Cooperation
State Secretary	Ministers Office	State Secretary

Senior officials

Director-General (Political Affairs)	Director-General (Trade Policy)	Director-General (International development cooperation)	Director-General for Legal Affairs	Director-General for Administration

Departments

PIK — Press, Information and Communication

AF — Africa

AME — Americas

ASO — Asia and the Pacific Region

SP — Security Policy

FIM — EU Internal Market and Promotion of Sweden and Swedish Trade

MU — Multilateral Development Cooperation

KC — Consular Affairs and Civil Law

FMR — International Law, Human Rights and Treaty Law

RS — Legal Secretariat

PLAN — Planning and Budget; Business Management and Development; Budget Coordination; Organisation

FAST — Property Management Abroad; Supplies, Procurement, Purchases; Courier Service

P — Supply of Staff; Skills Development; Employer Matters; International Recruitment

PERSKONS — Staff Counsellors

PROT — Protocol Department

EC — Eastern Europe and Central Asia

MENA — Middle East and North Africa

EU — European union; EU Coordination; European Correspondent

NIS — Disarmament and Non-Proliferation

IH — International Trade Policy

USTYR — Management and Methods in Development Cooperation

EKO — Financial Accounting

SÄK — Security Department

RT — Office for Regulatory Supervision

INSP — Inspectorate

Swedish Ambassadors based in Stockholm

Office of Swedish Ambassadors based in Stockholm

Foreign Representation

Approx. 100 missions abroad
(Embassies/Delegations/Representations/Consulates)
Approx. 400 Honorary Consulates

2012-08-01

60

Governing board

Internal Audit

DG
Deputy DG

DG's Secretariat

Planning Secretariat

DEPARTMENT FOR:
Global Cooperation

DEPARTMENT FOR:
International Organisations and Policy Support

DEPARTMENT FOR:
Conflict and Post-Conflict Cooperation

DEPARTMENT FOR:
Programme Cooperation

DEPARTMENT FOR:
Reform and Selective Cooperation

DEPARTMENT FOR:
Financial Management

DEPARTMENT FOR:
Legal Services and Procurement

DEPARTMENT FOR:
Communications

DEPARTMENT FOR:
Human Resources

DEPARTMENT FOR:
Organisational Development

Sida