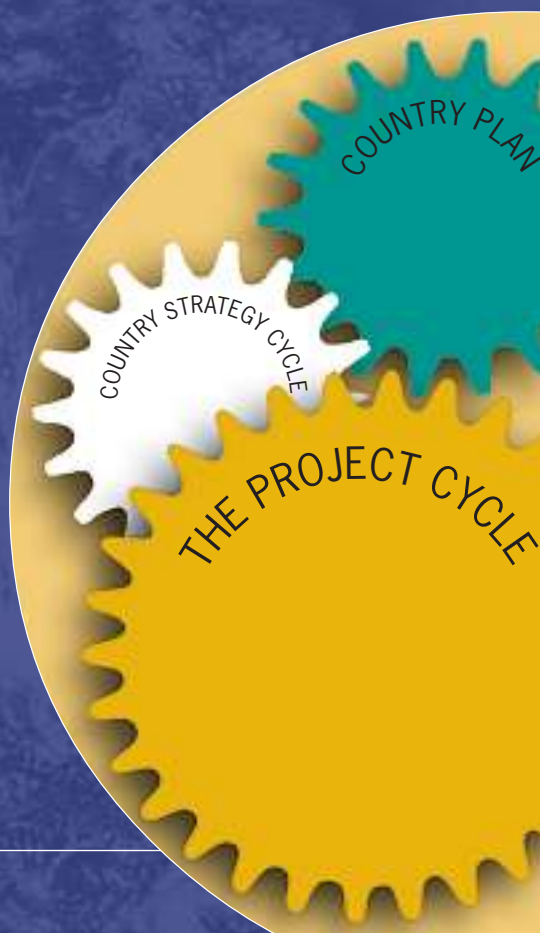


# Mind the Middle

Country Plans: The Missing Middle of Sida's Country Strategy Process

Samuel Egerö  
Göran Schill  
Dan Vadjal



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# Preface

This report focuses on the role of annual country plans in Sida's country strategy process. It argues that the country plans need to be developed in order to complement the five-year country strategy paper, and thereby provide key steering power during strategy implementation.

The report is a special offshoot from two evaluations of the implementation of the country strategies for Vietnam and Laos (Sida Evaluation Reports 02/35 and 02/36). At the same time, it is a stand-alone report that addresses issues of general concern regarding the way Sida manages country strategy processes.

The report was produced by Samuel Egerö (Sida's Asia Department) and Göran Schill (Sida's Department for Evaluation and Internal Audit), with external inputs from Dan Vadjal (SPM Consultants London Ltd) based on his involvement in the mentioned country strategy evaluations. To some extent, the report is based on inside experience from Sida's country strategy processes that cannot be verified through references to documented information.

To ensure accuracy and some measure of quality control the report has been reviewed by Per Lundell (formerly with the Swedish Embassy in Hanoi), Christer Holtsberg (the Swedish Embassy in Vientiane), Daniel Asplund (Sida's Unit for Methodological Development), Wiveca Holmgren (Sida's Department for Evaluation and Internal Audit) and Ari Kokko (Sida's Board of Directors).

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# Executive Summary

Sida's country strategy model builds on a complementary package of general and specific strategic choices for the allocation of Sida resources. The long term country strategy paper (CSP), with its five-year time horizon, outlines the general approach for such allocation. It is clear about choices of sectors, sub-sectors and main forms of co-operation, but vague and therefore flexible in relation to strategic specifics. The annual country plans (CPs) supply the strategic detail that the CSP lacks.

In current practice, however, insufficient attention is given to documentation of specific and operationally oriented strategic choices in the CPs. The typical CP today consists of three to five pages, mainly with figures on planned and actual disbursements, but little information that provides strategic detail and steering power to the implementation of the country strategy. The result is a strategic vacuum that is filled with extensive negotiation and sometimes conflict between the key players involved: the regional departments, the sector departments and the embassies.

The report takes a close look at this vacuum, labelled the missing middle of the country strategy process. Missing because the specific and short-term orientation of the strategy process is not recorded in the CPs or elsewhere. Middle because it is after the approval of the CSP, but before the implementation of the country programme, that such orientation is decided on but not documented. The main point of the report is that developed CPs can help fill this middle in a way that charges the strategy process with steering power, and that helps ensure a rational allocation of agency resources. Perhaps most important, developed CPs would help reduce the vagueness that currently distinguishes Sida's country strategy process, and thereby set a common agency agenda that decreases the costs of transaction between the variety of stakeholders involved.

Developed CPs would not only be the extended arm of the CSP, but also a necessary instrument for strategic project cycle management, defining the scope and direction of planning, implementation and follow-up of Sida's financial contributions, of its dialogue activities as well as of the allocation of Sida's staff resources.

The report concludes that developed CPs are flexible instruments for strategic management, not straightjackets that leave no room for adaptation to changing circumstances. They provide an annual opportunity to consider the contextual changes that do occur each year of the strategy period but that cannot be foreseen at the time when the CSPs are prepared. Also, developed CPs build on, rather than precede, Sida's ongoing consultations with partner organisations.





# Chapter 1

## Introduction

A repeated criticism against Sida's country strategies is that they do not provide concrete guidance for the selection and orientation of co-operation activities. This critique is usually directed at the country strategy paper (CSP), often found to be a document so vague and void of steering power that it cannot be translated by Sida staff into a common agency approach during the strategy period. The result is a strategic vacuum that is filled with extensive negotiation and sometimes conflict between the key players involved: the regional departments, the sector departments and the embassies.

The main point of this report is to argue for some developed thinking about Sida's country strategies. While it is true that the typical CSP is vague, that agency staff find it difficult to act in concert during strategy implementation, and that protracted negotiation of strategic specifics hardly represents a first-class management style, these problems cannot be solved primarily by the formulation of more concrete and detailed CSPs.

Sida's country strategy model builds on a complementary package of general and specific strategic choices for the allocation of Sida resources. The long term CSP, with its five-year time horizon, outlines the general



*Photo: IFAD/  
Robert Grossman*

approach for such allocation. It is clear about choices of sectors, sub-sectors and main forms of co-operation, but vague and therefore flexible in relation to strategic specifics. The annual country plans (CPs) supply the strategic detail that the CSP lacks.

In practice, however, Sida spends disproportionate amounts of time on the formulation of CSPs. In fact so much that this formulation has become *the* country strategy process, and the CSP *the* document of strategic interest. Far less importance is attached to documentation of specific and operationally oriented strategic choices in the CPs. The typical CP today consists of three to five pages, mainly with figures on planned and actual disbursements, also for annual country programmes of MSEK 300 or more. But little that specifies and complements the CSP, and that provides concrete guidance and crucial steering power for the allocation of agency resources.

Agency staff of course makes specific strategic choices for the country programme during the strategy periods, but they are not recorded in the CPs, nor are they recorded in other documents with adequate status and periodicity. Non-documented, these choices are open to different interpretation by different Sida departments, they imply unnecessary and sometimes considerable transaction costs when co-operation activities are planned and implemented, they involve multi-tongued and ambiguous dialogue approaches, and they risk making less development sense.

This report makes a case for developed CPs that provide strategic detail and steering power to Sida's country strategy process. It treats the CSP and CP as complementary steering documents, in line with Sida's country strategy model, but in contrast to current agency practice.

The report comprises three sections. Section two takes a closer look at what we have labelled the missing middle of the strategy process. Missing because the specific and short-term strategy orientation of the process is not recorded in the CPs or elsewhere. Middle because it is after the approval of the CSP, but before the implementation of the country programme, that such a strategy orientation is decided on but not documented. The point is to shed light on a blind spot in Sida's country strategy process that to date has never been subject to systematic analysis.<sup>1</sup>

Section three concludes that Sida should develop its CPs in a way that charges the strategic middle with steering power, that helps ensure a rational allocation of agency resources, and that saves rather than expends the time of agency staff.

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<sup>1</sup> In the country strategy evaluations of the co-operation with Vietnam and Laos, on which the present report partly builds, this middle is called elusive instead of missing. Elusive because the evaluators found it difficult to discern the strategy choices made but not recorded by Sida. For the special purpose of this report, however, the term missing (i.e. missing in key strategy documents) is more to the point.

# Chapter 2

## The Missing Middle

There are three kinds of resources that should be allocated in a rational way through Sida's country strategy process: financial resources for projects and programmes, resources for dialogue with partners, and staff resources. Sida's dialogue activities are of course carried out by agency staff, and staff resources are used for both dialogue and the planning and follow up of financial contributions. Still, both dialogue capacity and staffing need to be treated as distinct resource categories in the strategy process.

The main purpose of the strategy process is to provide strategic orientation for how these three kinds of resources should be allocated in order make most development sense. The CSP provides general and long-term orientation, but since current CPs fail to provide specific and short-term guidance, the complementary detail is largely lost in the middle of the strategy process.

The problem of the missing strategic middle cannot be reduced simply to insufficient detail in the CP documents. The real problems of underdeveloped CPs are instead the consequences that involve an unhealthy chain of strategic vagueness, different interpretations among different stakeholders, unnecessary transaction costs in stakeholder relations, a less focused dialogue and inconsistent agency messages, and risks associated with sub-optimal resource allocation and reduced country programme relevance. Examples of such consequences are provided in boxed summaries in the report.

Neither is the problem of the missing middle simple and straightforward. There are at least three types of country strategy processes, three types of embassies, and a varying degree of specificity in individual CSPs. As described in sections 2.1–2.3, this means that the character of the middle varies from case to case.

### 2.1 Three types of strategy processes

Sida has three main types of country strategy processes. The *comprehensive* process applies to full-scale co-operation that engages several sectors, most forms of co-operation and close consultations with partner govern-

ments based on trust and dialogue. The *simplified* process applies to co-operation restricted to a limited number of sectors and co-operation forms. It also involves limited consultations with partner governments. Then there are the *regional* strategies for South and Central America, complemented by particular country sections, or by separate country programme documents, that both serve as third type of country strategies with a five-year time horizon.

### The comprehensive strategy process

As compared to the simplified variant, the comprehensive process takes longer time, involves extensive stakeholder consultations, is more oriented towards policy dialogue, and often includes bilateral country co-operation agreements. Most important, however, is that its broader scope implies that the specific strategy for sub-sectors, forms of co-operation and bilateral policy dialogue is generally non-existent in the CSP. With little specification in the CPs, the strategic middle gets lost at the expense of the steering power and team spirit of the comprehensive process as a whole.

### The simplified strategy process

In the simplified process, the specific strategy tends to be already outlined in the CSPs. An example is the CSP for the Philippines, which exclusively focuses on support for democratic and environmental developments through NGOs, credits and contact-financed technical co-operation. The simplified CSPs provide much of the steering power needed for selection and orientation of co-operation activities during the strategy period. Therefore, the present form of CPs, with descriptions of ongoing and planned activities, and little in the way of strategic orientation, is generally not a major problem from a steering perspective.

### The regional strategy process

The strategies for Bolivia and Colombia that are part of the 2003-2007 regional strategy for South America do not differ drastically from the strategies typical of the comprehensive process. Neither do the country programme documents for Guatemala, Honduras and Nicaragua that complement the current regional strategy for Central America and the Caribbean. These are however special country strategy varieties that are somewhat less specific with respect to sectors, sub-sectors and co-operation forms. With no or little complementary detail in the CPs, they also involve missing strategic middles.

## 2.2 Three types of embassies

Sida works through three distinct types of embassies, with *full*, *partial* or *no* delegation of decision making power from Sida HQ. Full delegation has been tried on a pilot basis over the past years for the three embassies in Nicaragua, Tanzania and Vietnam, but several more embassies will be given this status in line with Sida's vision for a strengthened field representation.

### Special note

This report contains boxes that provide cases of negative consequences of the missing middle. The intention is not to tell the full story of how Sida's resources have been allocated in the individual cases, but to give the reader a rough indication of how things can go wrong. The authors have tried to give an impartial interpretation of these cases, but it is not easy to strike a neutral balance between Sida HQ's and the concerned embassies' opinions on why or even if there are negative consequences of the missing middle. Consensus building between Stockholm and the field is not just problematic during strategy implementation, but also in report writing of this kind.

### Full delegation

An embassy with full delegation has taken over most decision-making powers from Sida HQ. The powers retained by the HQ are restricted to the approval of projects with a total budget of SEK 50 million or more, and the regional departments' strategic orientation of the country programme through CPs during the strategy period. In most other respects, Sida HQ serves as an advisory body to the fully delegated embassy, called in for assistance when necessary.

Full delegation requires developed CPs. Without such development, Sida HQ will in effect delegate also the responsibility for the strategic allocation of most of its financial and dialogue resources, but not of administrative and staffing resources. The strategic middle will be not only missing, and the idea of Sida HQ's strategic management largely fictitious. There is also a risk for a mismatch to arise between embassy activities and the staff resources to perform such activities.

## Mismatch between the allocation of different resources

CSPs are by definition vague with respect to the allocation of administrative, including staffing, resources, mainly because such allocation is particularly difficult to plan for with a five-year perspective. If the CPs do not provide a common agency agenda for the use of administrative resources during the strategy period, the fully delegated embassy will find it difficult to match its ambitions for development finance and dialogue with its administrative capacity.

The situation of the Swedish embassy in Hanoi is a case in point. The instructions and format for first CPs for Vietnam that Sida's Asia department decided on for the present strategy period did not allow for a detailed year-by-year matching of ambitions for development finance and dialogue in relation to available staffing resources. During the early strategy period, the embassy developed a serious approach to project cycle management and policy dialogue, to a large extent based on the orientation of the previous strategy period, but also on the contextual changes in Vietnam that were not foreseen in the CSP. To be able to realise its ambitions, for example with respect to participation in various dialogue and co-ordination groups, the embassy needed staffing resources that the Asia department was not in a position to provide. At the same time, the overall changes of the project portfolio envisaged in the CSP were delayed due to the disbursement ceiling set by the Swedish Ministry of Finance. Preparations of new projects for poverty reduction and governance, as well as the phase out of the energy programme, were stalled.

In 2000, the situation became strained. There was considerable stress and frustration at the embassy, also due to long discussions between the embassy, the Asia department and the sector departments about lowered ambitions and concentration of the project portfolio in line with the CSP. The result of these protracted and resource-demanding discussions was a decision to finally phase-out the energy support and an overall halt to the inclusion of new projects in the country programme. In particular, this had effects on project planning in the areas of urban and industrial environment and democratic governance.

Had such provisions been made successively in the CPs during the strategy period, including clear parameters for the allocation of staff, the embassy would have been in a better position to match activities with administrative capacity already from the beginning of the period. Considerable transaction costs, incurred in the process of the embassy conducting its relations with Sida HQ, would have been avoided as a result.

## Partial delegation

An embassy with partial delegation, for example the embassy in Laos, typically shares the responsibility for project preparation with Sida HQ in the following way. The embassy carries out the preparatory assessment; the regional department gives mandates to the concerned sector department for full assessment; the sector department carries out the full assessment and approves the project.<sup>2</sup> As in the case of fully delegated embas-

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<sup>2</sup> The routines for mandate giving vary a lot however. Different Sida departments and units have developed their own style of giving mandates. This is an area that falls outside the scope of this report, but still something that Sida is recommended to analyse carefully.

sies, the regional departments have the decision making power over the strategic orientation of the country programme, not only through the mentioned mandates but also through the formulation of CPs.

Partial delegation also requires developed CPs, but for different reasons than in the case of full delegation. The CPs' lack of specific strategic orientation is to an extent compensated for by the mandates given by the regional departments. These mandates tend not to have the same status as the CPs however, and they are usually not followed up systematically. Also, the embassies normally carry out preparatory assessments of project proposals before the mandates are given. In the absence of a specific strategic orientation in that early planning stage, there is a risk that proposals which undergo preliminary but often far-reaching assessment will in the end not receive go-ahead from Sida HQ. Planning resources will thus be wasted.

### **Two years of planning but no programme implementation**

The Upland Development and Poverty Alleviation Programme (UDPAP) in Laos is a programme that was thoroughly planned in early 2001 to mid 2002. The planning including heavy involvement of the Lao Ministry for Agriculture and the Swedish Embassy, a range of seminars and workshops at central and local levels in Laos, and a number of special consultancy studies carried out to assist the planning exercise. Still, when a high level Lao delegation was in Stockholm in June 2002 to present a well-developed programme proposal, Sida HQ raised critical views regarding the proposed approach, halted the planning process, and decided to carry out an independent and unprejudiced reassessment of the whole initiative.

The background to Sida HQ's halting the process was that the programme, at least according to the Department for Natural Resources, built on an approach to agricultural extension services that did not fully appreciate the multidimensional poverty of target groups. In other words, exactly the kind of strategic reflection that could have been documented and communicated in the CPs. If Sida HQ's position had been clearly stated in the CPs while the programme was prepared, it is likely that the waste of planning time and resources would have been far less than it actually was.

In this particular case, the Asia Department, in contrast to standard Sida procedures, gave mandates to the embassy also for the preliminary assessment, outlining to some extent Sida HQ's intentions for the orientation of the programme. An example good as any of the fact that mandates do not always have sufficient clarity and steering power, and that they need to be complemented by developed CPs which have status as key strategy documents.



## No delegation

Finally, there are embassies with no special Sida representation at all, nor any delegated powers from Sida HQ. The embassy in the Philippines is an example. The strategy process for such countries is usually simplified, and the country programme limited in terms of sectors and co-operation forms. The CSP is mainly intended to orient the sector departments responsible for the full assessment and follow-up of individual co-operation activities.

Simplified processes in combination with non-delegated embassies usually do not imply problems of steering power and missing middles. In some cases, however, this combination creates friction due to competing priorities between Sida and the embassy. During the strategy period, countries may develop in ways that cause the embassy to call for co-operation and a Swedish role also in areas not covered by the CSP. If so, Sida's capacity to take on new areas of support with short notice is likely to be limited, in particular if the agency has no field representation. In such cases, developed CPs would help reinforce the strategic orientation of the CSP, including the priorities set for the allocation of staff resources at Sida HQ, or adapt it in a way that corresponds also to Sida's priorities.

### Conflicts in both the Philippines and the Swedish administration

In 1998, when the Mindanao conflict in the Philippines appeared ready for resolution, the embassy in Manila and the Swedish Ministry for Foreign Affairs argued for Sida-financed support to a new peace initiative. While certainly relevant to the country, such support was not given priority by the CSP, partly because there were several other donors with local presence in the Philippines that contributed to the peace initiative, partly because Sida was unable to allocate the required capacity for managing the support.

In spite of this, a decision was taken to fund an earmarked component of a major peace programme co-ordinated by the UNDP. Hardly surprising, no local presence and insufficient management capacity are risky business. UNDP never submitted any reports of any kind, and Sida still has little idea of how its contribution of SEK 1,6 million was spent.

## 2.3 Varying degrees of CSP specificity

Sida does not need yet another review of CSP contents. But it is important for the purpose of this report to note that the specificity of individual CSPs indeed is a factor that defines the missing middle, and that there is a varying degree of strategic specificity in past and present CSPs, also within the different categories of comprehensive, simplified and regional CSPs. All things considered, more specificity in the CSP implies less of a missing middle. Inversely, less specificity means that more is missing in the middle and that developed CPs become even more necessary. In this sense, CSPs and CPs are interdependent.

Still, equally important to note is that the CSP has a long-term planning horizon. It needs to allow for flexibility during strategy implementation, and it cannot be expected to be much more detailed than it already is. While there is a certain scope for more specificity in the average CSP, it is primarily the CPs that should be developed to cover specific strategic choices, not the CSPs.

## 2.4 What is missing in the middle?

The main point so far is that the missing middle depends on whether the strategy process is comprehensive, simplified or regional; whether the field office is fully, partially or not at all delegated; whether the CSP is more or less specific. Comprehensive and regional processes provide the most acute cases of missing middles. But what is actually missing, or at least not documented in the CPs?

### A coherent hierarchy of goals

An important role of the strategy process is to outline a coherent and LFA-oriented hierarchy of goals for the country programme, from the overall goal of poverty reduction, to goals for priority sectors and sub-sectors, down to goals for individual co-operation activities. This hierarchy provides strategic orientation for Sida's assessment of project proposals. It guides the agency's dialogue with partners about ongoing projects and sector, macro and other kinds of policies. It also serves as a basis for the allocation of staff and other administrative resources. The hierarchy sets a common agency agenda with steering power if it indicates what kind of projects should be financed, what kind of dialogue issues should be discussed, and what kind of staff resources are needed during the strategy period.

In this respect, there is an important division of labour between comprehensive CSPs, including those that are parts of regional strategies, and the CPs. The comprehensive CSP defines the poverty reduction goal in a way that is relevant for the country in question, and that helps set general priorities for allocation of financial, dialogue and staffing resources in certain priority areas.

Here is the important interface between comprehensive CSPs and their complementary CPs. The CSPs make general strategic choices for co-operation in certain priority areas. The CPs should, but do not, continue this strategy formulation. They should outline the short-term, specific and operational strategy for the allocation of financial, dialogue and staffing resources during each year of the strategy period.

Such developed CPs would not only be the extended arm of the CSP, but also the key instrument for strategic project cycle management, defining the scope and direction of planning, implementation and follow-up of individual co-operation activities. In other words, such CPs would fill the missing strategic middle between the CSP and the project cycle, charge it with steering power, and set a common agency agenda.

**Dialogue disharmony in Ethiopia**

The Amhara programme in Ethiopia is an area development programme with local ownership as a main underlying theme. Or is it? When Sida and its Ethiopian partners met for annual consultations in 1998, the orientation of a special component for budget support to a local political authority was discussed. During the consultation it became clear, also to the Ethiopian partners, that Sida HQ's Department for Natural Resources (Natur) and the Swedish Embassy had conflicting positions for how to support the programme.

Natur argued for the programme component to be earmarked primarily for agricultural development, whereas the embassy maintained that it was up to the Amhara Regional Government to decide on how to use the financial resources provided by Sida within its broader regional development plan. In the end, the latter position prevailed, resulting in temporary friction between Natur and the embassy. Had there been CPs for the co-operation with Ethiopia at the time, they could have set a common agency agenda in this respect, and thereby helped avoid this particular case of disharmony in the dialogue with partners.

Periodic follow up of the CSP

Another important role of CPs is to serve as instruments for periodic follow up of the CSP. Such follow-up would normally include a summary of how the CSP has been revised (if revised) due to circumstances not foreseen at the time of its formulation, a short review of overall trends in project implementation as compared to the intentions of the CSP, and a brief assessment of sector policy developments that are relevant to the CSP and the country programme.

An important role of the CPs is, also, to specify strategies for the phase out of larger projects and sectors, to set strategic priorities for how to open up for new sectors and co-operation forms, as well as to indicate what staffing and dialogue campaigns that are necessary to succeed in these respects. If such stop and go strategies are not documented in the CPs, unnecessary costs in the relations between different stakeholders within Sida are likely to continue.

## 2.5 Consequences for partner organisations

This report focuses on Sida's internal division of responsibilities for strategy formulation, and the negative consequences for the agency. But it should be noted that there are negative consequences also for Sida's partner organisations. Their time and resources are also wasted in terms of unnecessary costs due to Sida's strategic vagueness, mainly in relation to project preparation and approval which may be drawn out for weeks, months and sometimes even years with discussions and non-decisions while Sida finds its positions.

### **A school for accountants or a policy for income generation?**

In the late 1990's, the Lao Ministry of Finance was encouraged by Sida to develop a request for support within the area of taxes and customs. The contacts gradually developed with a delegation visiting Sweden in 1999. However, it took up to 2001 until a project request was submitted to the embassy in Vientiane. The Lao Ministry gave priority to institution building of a finance school for the training of accountants. The problem was that the Asia Department and the Unit for Democratic Governance (DESA) at Sida HQ had expected and welcomed a Lao initiative in the area of policy development for income generation through taxes and customs. The request was therefore not accepted.

After prolonged discussions between the Asia Department, DESA and the embassy, a two step approach was agreed upon. First, a sector study would be carried out. Based on the findings a new approach would be proposed. The long and cumbersome planning process involved ambiguous messages where the Lao partners repeatedly received different signals from Sida. This problem could have been solved through CPs with clear policy instructions for Sida's support in the new area of taxes and customs in Laos.



*Photo:  
Global Reporting/  
Victor Brott*

# Chapter 3

## Conclusion and Recommendations

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Country strategy implementation is not the world's easiest task, especially not when it requires that a regional department, an embassy and most of Sida's sector departments communicate and agree about how to allocate and spend financial, dialogue and administrative resources. Still, each time one of the main actors involved play out of tune, unnecessary costs of the kind presented in the previous section are incurred. The more there is a missing middle in the strategy process, the bigger the risk for such disharmony and unwanted costs.

This section concludes that Sida should develop its CPs to substantiate the middle and narrow the gap between the strategy cycle and the project cycle. The conclusion is not that problems of negotiation and conflict between key stakeholders will suddenly vanish with developed CPs. Rather, the conclusion is that developed CPs will help reduce the vagueness that currently distinguishes Sida's country strategy process, and provide the kind of transparency that is needed for a common agency agenda and a rational allocation of financial, dialogue and administrative resources.

Developed CPs are flexible instruments for strategic management, not straightjackets that leave no room for adaptation to changing circumstances. They provide an annual opportunity to consider the contextual changes that do occur each year of the strategy period but that could not have been predicted when the CSP was prepared. It is also important to note that developed CPs should build on, rather than precede, Sida's ongoing consultations with partner organisations. As such, they will avoid reflecting an exclusive Sida strategy orientation developed in isolation to partner interests.

*Recommendation #1: Provide instructions for how to develop CPs that complement CSPs with a specific strategy orientation and key steering power for the allocation of Sida's financial, dialogue and staffing resources*

Developed CPs should complement the general strategy orientation of the CSP with specific and coherent strategy choices for the allocation of Sida's three main resources of development finance, dialogue and

staffing. They should also be used as instruments for recurrent follow up of the CSP. Instructions for such specification and follow up need to be elaborated by Sida.

In response to the draft version of this report, the reference group provided detailed suggestions for the contents of developed CPs.<sup>3</sup> Sida is recommended to consider the following suggestions particularly:

- Shift the focus of the current CPs, away from the current and very detailed and technical project presentation to a much more strategic analysis that links activities and choices with consequences and resources.
- Include in the CPs a brief section on the strategic why's and why not's for each major sector, area or theme included in the CSP. This section should be included in the CP for the first year of the strategy period, and only referred to (or adjusted if the country programme itself needs to be adjusted) in the CPs for years two and three. A substantive follow-up of the operationalisation of the CSP made in the CP for year one (and any subsequent adjustments), should be made in the CPs for years four and five of the strategy period.
- Widen the CPs to reflect also other than project related activities which tend to increasingly demand embassy resources, such as dialogue, partnership groups, consultative group processes, etc. These activities should be dealt with and planned for in the same way as project related activities.
- Strengthen the linkages between, on the one hand, strategic and operational planning, and on the other the required financial and staffing resources (in both quantitative and qualitative terms) that are required.

*Recommendation #2: Provide instructions for developed CPs based on existing initiatives, for example those taken by the embassies in Vietnam and Laos*

Most of the problems discussed in this report are well known to Sida staff. Not least to embassy staff who are particularly vulnerable to the strategic vagueness implied by the missing middle. Both the embassies in Vietnam and Laos have suffered during the present strategy periods from endless discussions, ad hoc decision making, and vague strategy orientation from Sida HQ. They have also tried to do something about

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<sup>3</sup> The full comments provided by the reference group can be requested from Samuel Egerö of Sida's Asia Department ([samuel.egero@sida.se](mailto:samuel.egero@sida.se)).

it, by outlining the kind of strategic considerations that are necessary for documentation in the CPs.<sup>4</sup>

These initiatives have been oriented both to strategy specification and recurrent follow up of CSP in the way outlined in this report, but they have so far not had any particular impacts in terms of CP development.

In this respect, the embassies' problem has not been to find time and capacity to put on paper such strategy specification and follow up, but to find support from Sida HQ to accept developed, and necessarily more extensive, CPs. Sida HQ has so far opted for a light CP process, with streamlined and short documents. One important reason is that it is difficult to find time and capacity at the regional and sector departments to assess and accept CPs that have the right kind of steering power.

*Recommendation #3: Consider the option of developing CPs on a pilot basis, for example in relation to the co-operation with Vietnam and Laos*

CPs are a relatively new phenomenon (2002 was the third year they were used in the strategy process) and they are still very much work in progress. Providing instructions for developed CPs is something that probably needs to be done on a pilot basis for the co-operation with a few countries. The co-operation with Vietnam and Laos, managed through fully and partially delegated embassies, could be useful and instructive cases for such pilot activity.

*Recommendation #4: Develop CPs for comprehensive and regional strategy processes, but not for simplified processes*

Underdeveloped CPs are most problematic in relation to comprehensive and regional strategy processes. Simplified processes generally do not require developed CPs.

*Recommendation #5: Release strategic capacity for developed CPs, partly through a focused process for formulating CSPs*

Developed CPs are largely self-sufficient in the sense that they will release capacity that Sida today, with underdeveloped CPs, uses for protracted internal communication and negotiation. Investing capacity in developed CPs is likely to save more capacity than needed for such development, at least in the long term.

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<sup>4</sup> Two cases in point are the proposed but not included *Annex 4 to Country Plan Vietnam 2002*, and *Resurser och Ambitioner i Landprogrammet i Laos – Går Ekvationen Ihop?*, a memo prepared by the embassy in Vientiane upon a special request by the Asia department in the country plan for 2002. These and other relevant documents can also be requested from Samuel Egerö (see footnote 3). The Country Operational Plans (distinct from the CPs) developed by the embassy in Dar es Salaam represent another initiative taken to fill the missing middle. However, additional steering documents are hardly the way forward for an agency strained by almost an overkill of policy and strategy papers. Also, there appears to be no reason why the substance of the Country Operational Plans could not be included in the already existing CPs.



*Photo:*  
*Global Reporting /*  
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In the more immediate perspective, Sida could also release strategic capacity for developed CPs by a sharper focus when formulating CSPs. If the division of labour between CSPs and CPs (see section 2.4) is accepted and recognised, the CSP would “only” deal with general strategy choices, mainly choices for what sectors to support and what forms of co-operation to employ. Further, if the CSP focused more on the uncommitted margin of the upcoming country programme, and less on the already agreed part of the programme, fewer strategy choices would need to be made.<sup>5</sup> With such focus also for the country and results analyses of the CSP, considerable time and capacity could be reallocated to develop CPs.

Note that there are five CPs for the typical country strategy period, and that they rarely need to undergo drastic changes from year to year. In other words, the CP for year three of the strategy period will to a large extent repeat the specific strategy orientation of the CPs for years one and two.

*Recommendation #6: Reinforce and develop the existing agency routines for preparing CPs: who is to do what, when and how?*

The preparation of CPs cannot involve the resources and stakeholder consultations that normally are put into the CSP process. Sida simply does not have the capacity to develop CPs that are annual mini-versions of the CSP.

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<sup>5</sup> See Sida Evaluation Report 01/07 (chapter 4) for a discussion about this margin in relation to the country strategy process for the co-operation with Mozambique in 1996–2001.



According to the current guidelines for the process of preparing CPs, as stipulated in Sida's Regelverk, CPs are drafted by the embassies and approved by the regional departments. This report has no reason to question this overall division of responsibility. Still, the embassies in Hanoi and Vientiane have, in response to earlier versions of this report, indicated that it has been somewhat unclear who is actually responsible for the contents of the CPs: Stockholm or the field? Sida's position on the division of responsibility between Sida HQ and the embassies for drafting and approving CPs apparently needs to be revisited, or at least more clearly communicated to those involved.

Sida is also recommended to develop its position on the role of partner organisations and Sida's sectoral departments in the process of drafting and approving CPs, also something that has caused uncertainty. As already indicated, this report recommends that partner organisations should have only an indirect role in the sense that the embassies should draft the CPs based on their ongoing consultations with partners. A more direct involvement of partner organisations is not feasible, nor really necessary.

The role of Sida's sectoral departments is perhaps less obvious. Clearly, the sectoral departments should play a role in the process, but whose position should prevail when the embassy and the sectoral departments have different views and opinions with respect to certain strategic choices?

These are some, but surely not all, issues that need to be addressed in order to provide clear, simple and feasible Sida guidelines for the process of preparing developed CPs.

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## Mind the Middle – Country Plans: The Missing Middle of Sida's Country Strategy Process

A repeated criticism against Sida's country strategies is that they do not provide concrete guidance for the selection and orientation of co-operation activities. This critique is usually directed at the country strategy paper, often found to be a document so vague and void of steering power that it cannot be translated by Sida staff into a common agency approach during the strategy period.

The main point of this report is to argue for some developed thinking about Sida's country strategies. While it is true that the typical country strategy paper is vague, it is rather the annual country plans that can provide the specificity that the country strategy papers normally lack.

The report makes a case for developed country plans that provide strategic detail and steering power to country strategy implementation. It treats the country strategy paper and the country plans as complementary steering documents, in line with Sida's country strategy model, but in contrast to current agency practice.



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