

Sida at Work

– A Guide to Principles, Procedures
and Working Methods



Published by Sida 2005

Illustrations: Gaute Hansen

Layout: Edita Communication

Printed by Edita Communication AB, 2005

Articlenumber: SIDA2861en

ISBN 91-586-8321-6

This publication can be downloaded/ordered from www.sida.se/publications

Sida at work

– A guide to Principles, Procedures and
Working Methods

NOVEMBER 2005

Table of Contents

Introduction to the reader	6
 General framework and goals	10
Towards a global development agenda	11
The international scene	11
A global development agenda	11
Sweden in the global development effort	13
Sweden's Policy for Global Development	13
Poverty reduction as central to Sida's work	14
The cooperation partner in focus	
– implications on partner selection and roles	16
Ownership	18
Partnerships	20
Aid modalities and cooperation forms	21
Sida's cooperation partners	22
The legal and institutional framework	26
Key actors in development cooperation	26
Resources for development cooperation	27
The administrative and legal framework	27
Sida's regulations	29
Sida's policies	29
Sida's organisation	30
Sida's internal planning process	34
References	35
 Basic roles and approaches	36
Implications of the Aid Effectiveness Agenda	37
International trends in the Policy for Global Development	37
Poverty Reduction Strategies	38
The role as analyst	42
Complexity and interdependence – the call for analysis	42
Guiding principles for Sida's work with poverty analysis	43
The role as dialogue partner	47
Dialogue in Sweden's development cooperation	47
Sida as an active partner in the dialogue	48
Sida as promoter of strategic communication as a tool in programmes and projects	49
The role as financier/intermediator of resources	
– Sida's raison d'être	50
Determining how Swedish resources should be used under conditions of diversity and complexity	50
Good governance and anticorruption measures	51
Capacity development	52
References	53

■ Steering and decision-making	54
An overview of roles and tasks	55
Increasing impact through result-based management	57
Key considerations to help determine Swedish support	58
Strategic considerations	59
Cooperation strategies	59
Strategic considerations for multilateral cooperation	62
From strategies to contributions	63
Country and regional plans	63
Contribution management	64
Roles and phases in contribution management	64
Introduction	64
Programmes/projects versus contributions	65
Requests for support from Sida	66
Initial preparations	66
In-depth preparations	67
The agreement phase	68
Retrospective follow-up	69
References	69
■ Quality Assurance within Swedish Development Cooperation	70
Quality assurance in relation to cooperation partners	71
Quality assurance in Sida's own work	71
Dynamism and risk	72
The Logical Framework Approach	73
The role of agreements	73
Monitoring and evaluation	74
References	75
Annex I: Central concepts	76
Acronyms	85

Foreword

This updated edition of Sida at Work – one of our principal documents – is valid from November 2005. It aims to provide a guide for Sida's staff on working methods and procedures to use in order to achieve the Swedish development cooperation goal, viz... *to help create conditions that will enable poor people to improve their quality of life*. The purpose is to give all Sida staff, at Headquarters and in the field, a common view on Sida's general principles and approaches so that everyone uses uniform processes and working methods. It is also intended to provide Sida's cooperation partners and other stakeholders with an understanding of the way Sida thinks and works. While flexibility is essential, it is also crucial for Sida's partners to know that all Swedish representatives interpret Swedish policy in the same way and that this interpretation does not change from one day to the next.

The main text outlines principles and concepts. It relates to two manuals; one concerning the cooperation strategy process and the other concerning Sida's management of contributions to programmes and projects. Sida at Work is available both in printed and electronic form. Through electronic links, the latter gives access to other relevant policy documents and analytical tools.

This edition is published at a time of rapid change following the formulation of a new Swedish Policy for Global Development. It also coincides with intensified international cooperation aiming at increased harmonisation of approach and procedure. Sida is a committed partner in all these efforts.

Sida at Work places the cooperation partner at the centre. This principle should guide our partnerships as well as our analyses and decision-making.

Stockholm 15th November 2005

A handwritten signature in black ink, reading 'Maria Norrfalk'. The signature is fluid and cursive, with the first name 'Maria' and last name 'Norrfalk' clearly distinguishable.

Maria Norrfalk
Director General

Introduction to the reader

The role and structure of Sida at Work

Together with *Perspectives on Poverty* and its complement *Goal, perspectives and central component elements*, *Sida at Work* provide the policy and methods framework for Sida. These documents express Sida's fundamental principles and values. They are supplemented by a variety of other documents, from agency-wide and generally applicable policies for the development cooperation process to thematic and specific sector policies, position papers and practical manuals, all aimed at guiding and supporting Sida officials in their daily work. The formal rules of Sida are codified in Sida's regulations.

Two manuals form part of Sida at Work, viz. Sida's '*Manual for the preparation, implementation and follow-up of cooperation strategies*' and Sida's '*Manual on contribution management*'. The Manual for cooperation strategies provides practical advice on the preparation, implementation and follow-up of cooperation strategies, which are approved by the Swedish Government on the basis of proposals prepared by Sida. The Manual on contribution management provides practical guidance in Sida's preparation, implementation and follow-up of Swedish support to specific development activities.

Sida at Work consists of four parts:

- A. General framework and goals for Swedish development cooperation, which describes the overall setting and goals that apply to Sida, including institutional aspects and Sida's organisation;
- B. Basic roles and approaches in Swedish development cooperation, which describes Sida's main roles and provides guidance in the interaction between Sida and its partners;
- C. Steering and decision making in Swedish development cooperation, which describes result-orientation, assessment criteria, strategic planning and contribution management; and
- D. Quality assurance in Swedish development cooperation, which describes various forms of quality assurance in relation to cooperation partners, as well as in Sida's own work.

References in Sida at Work are provided in several ways:

- Key documents are listed at the end of the relevant section. In the electronic version, these references are accessible through electronic links.
- Key concepts are listed and explained in Annex 1.

Sida at Work in electronic form will be found on:

www.sida.se/sidaatwork. Sida staff will also find Sida at Work including electronic links to key documents on Sida's Intranet.

A note on terminology

Throughout Sida at Work, a distinction is made between development activities that are owned and undertaken by Sida's cooperation partners, on the one hand, and support that is provided by Sida on the other hand. The former are called *programmes/projects* and the latter are referred to as *contributions*. The distinction is made to clarify roles and responsibilities. The importance of the distinction is reinforced by current trends in development cooperation, in particular the trends towards multidimensional solutions, frequently based on collaboration between several partners.

Programmes/projects, which previously would have been referred to as *projects*, could be regarded as development-oriented extensions of core activities that are always undertaken by the cooperation partner. If for example the partner is a government, core activities would relate to areas such as education, health and infrastructure.

Based on identified development needs, the cooperation partner formulates a *programme/project* to implement necessary improvements or reforms. The partner will seek support from development partners if the improvements cannot be financed from their own resources. This external support could be directed towards qualitative reform of core activities, e.g. reform of the primary education system. It could also involve financing for quantitative improvements of core activities, e.g. the general intake to primary education – or be a combination of the two. A *programme/project* proposal could be presented to Sida and/or other development partners as a request for funding. Upon receiving such a request, Sida will, on its part, assess it and in the case of a positive assessment, prepare a *Swedish contribution* in support of the *programme/project*.

In this process, the delineation of responsibilities is distinct. The cooperation partner bears full responsibility for the planning and implementation of the *programme/project*, whereas Sida and other development partners have the responsibility of preparing and providing their *contributions* to the *programme/*

project. Still, these separate responsibilities cannot be handled in isolation, but there should be close cooperation and dialogue between the cooperation partner and its development partner(s), since cooperation and dialogue are needed in order to ensure that identified needs are matched with well-suited contributions. If Sida approves support to the programme/project, a *specific agreement* is concluded between the cooperation partner and Sida, in which the signatory partners' undertakings in relation to the contribution are specified. In cases of contributions from several development partners, a supplementary *joint financing arrangement (JFA)* will frequently be signed to regulate the undertakings and contributions of all parties that are involved in the arrangement.

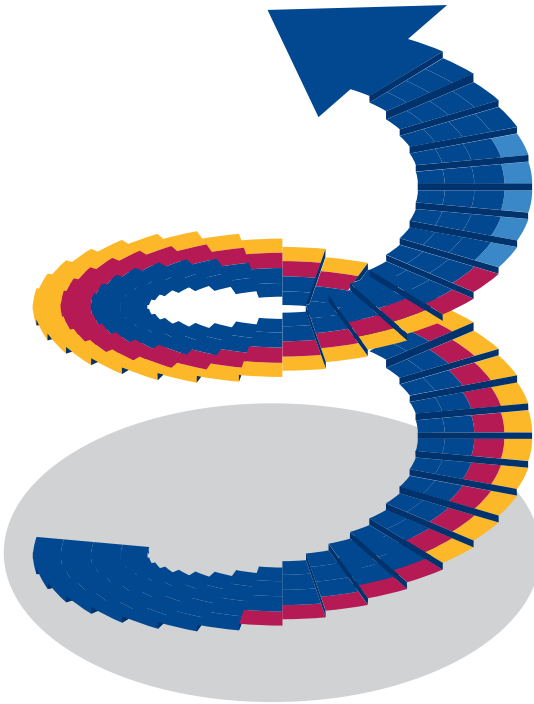
Cooperation partner activities in relation to external contributions

The figure below illustrates the relationship between *the cooperation partner's core activities* (the dark and unbroken segment of the arrow), the *programme/project* (the centre segment) and *external contributions* (the segment that appears at the edge of the spiral).

References

- Perspectives on Poverty (Sida, 2002)
- Goal, perspectives and central component elements – Complement to Perspectives on Poverty (Sida, 2005)
- Manual for the preparation, implementation and follow-up of cooperation strategies (Sida, 2005)
- Sida's manual on contribution management (Sida, 2005)

- Cooperation partner's core activity
- Cooperation partner's programme/project
- Swedish contribution



Impact

Implementation

Preparation

Idea

General framework and goals

The chapter 'General Framework and Goals' aims to capture the global development agenda and Sweden's goals for international development and development cooperation, as well as implications for issues such as ownership, partnership, aid modalities and cooperation partners. It also outlines the legal and institutional framework for Swedish development cooperation in general, and for Sida in particular.

The international scene

In many parts of the world, people have been able to improve their situation substantially in the last few decades, and more people than ever before have food for the day, a roof over their heads and are in good health. Still, more than one billion people have not benefited from these developments and live in extreme poverty. They do not have enough to eat, they lack access to power and have very limited choices, they lack access to clean drinking water, health care and education. They suffer from diseases, many of which are preventable or curable. Insecurity, environmental degradation, human rights abuses and armed conflicts add to their burden.

Social and geographical disparities are huge. The challenges of our time concern all the people and all the countries. These challenges need to be addressed at all levels, i.e. locally, nationally, regionally and internationally. They need to be addressed with the understanding that poverty must be tackled from several different angles if poor people are to strengthen their ability to improve their lives. Peace, democracy and fair distribution of wealth within and between nations are fundamental to sustainable development.

A global development agenda

As a response to the international challenges, a global development agenda, agreed by all the nations of the world, has taken form. It is based on cumulative experience of poverty reduction and global development. The agenda is set out in particular in the 2000 UN Millennium Declaration. It includes commitments to peace, security and disarmament, development and poverty reduction, environmental concerns, human rights, democracy and good governance, protection of the most vulnerable groups, as well as consideration of Africa's special needs. Specific goals – the Millennium Development Goals (MDGs) – have been set on the basis of the Declaration.

The Millennium Development Goals (MDGs)

Eight time-bound, mutually reinforcing and interrelated goals. The first, overriding, is to eradicate extreme poverty and hunger and halve, between 1990 and 2015, the proportion of people who live in extreme poverty. The other goals refer to:

- Universal primary education;
- Gender equality and the empowerment of women;
- Maternal and child mortality;
- HIV/AIDS, malaria and other diseases;
- Environmental sustainability; and
- Development cooperation.

The Millennium Declaration provides a consensus on goals and indicators for poverty reduction. It has been followed by other international arrangements to facilitate implementation. Combined, these commitments are frequently referred to as the Aid Effectiveness Agenda.

In addition to the Millennium Declaration, a number of other international arrangements have been made. Combined, these commitments now constitute an international agreement not only on *what* is to be done in order to combat worldwide poverty and promote global development, but also *how* it should be done. Other international arrangements include:

- The 2002 Johannesburg Summit
- The 2002 Monterrey Consensus
- The 2003 Rome Forum of Harmonisation
- The 2004 Marrakech Memorandum on Management for Development Results
- The 2005 Paris High Level Forum on Aid Effectiveness, resulting in the Paris Declaration

The Aid Effectiveness Agenda, as interpreted in the Paris Declaration, involves multilateral development institutions, as well as developing and developed countries. It identifies goals and targets for the reduction of poverty and inequality, based on increased growth, capacity development and achievement of the MDGs. Targets have been scaled up in relation to previous levels of ambition. Significantly, these goals and targets are based on *mutual* undertakings by partner countries and development partners, respectively.

The Aid Effectiveness Agenda assigns clear responsibilities and challenges to partner countries and development partners. Ownership of development efforts is squarely assigned to the partner countries and other actors are required to pay due respect to this state of affairs.

The Agenda requires partner countries to uphold transparency and accountability towards their own citizens, as well as towards development partners. For example, partner countries undertake to put structures in place that will ensure good governance, including anti corruption measures and effective management of all internal and external resources. These undertakings include capacity development and other measures to strengthen the regulatory and institutional framework.

The Agenda requires development partners, including multilateral institutions, to increase their allocations and make their contributions predictable. Furthermore, development partners have undertaken to harmonise their contributions and align activities and procedures with those of the partner country, foregoing individual agendas and policies.

The Agenda gives all stakeholders an unprecedented opportunity and obligation to combine efforts, work in partnerships and use their combined experience to produce lasting and sustainable results.

The recently developed global development agenda falls back on long-standing *international conventions*. These are legally binding undertakings by the countries that have ratified them. A signatory country is expected to use the convention as a basis for formulating its development objectives in the area of the convention. Thus, a convention that has been ratified by both Sweden and the cooperation country provides a common value reference and constitutes a basis for Sida's interaction with the country in that area. Conventions on civil, political, economic, social and cultural rights, on elimination of discrimination of women, on the rights of the child and on the sustainable use of natural resources and the environment, as well as International Labour Organisation core conventions, are of particular relevance.

There are additional international arrangements that contribute to a common approach to poverty reduction. The *OECD/DAC Guidelines for Poverty Reduction* is an example, where the guiding principles are the promotion of holistic development, national ownership, country-led partnership and policy coherence.

Sweden in the global development effort

Sweden's Policy for Global Development

Sweden is a strong supporter of the international development agenda for poverty reduction. In fact, poverty reduction ('raising the standards of poor people') was established as the overall goal of Swedish development cooperation as early as 1962. Sweden's role in global development has recently been reviewed. In 2003, the Government Bill 2002/03:122 'Shared Responsibility: Sweden's Policy for Global Development' was enacted by Parliament.

The goal of the policy for global development is: *To contribute to equitable and sustainable global development.*

A rights perspective permeates the policy, which means that the measures taken towards equitable and sustainable development must be based on respect for human rights, the rights of the child, gender equality and democracy. The policy is also based on the perspectives of the poor, which means that poor people's needs, interests, capacity and conditions should be a point of departure for efforts to achieve equitable and sustainable development.

Development cooperation is an integral part of the overall policy. The goal of Sweden's development cooperation is: *To help create conditions that will enable poor people to improve their quality of life.*

This goal applies to all aspects of Swedish international development cooperation. The emphasis on a rights perspective and the perspectives of the poor is significant. The policy underlines the perception of poor women and men, girls and boys as active stakeholders rather than passive bystanders, or recipients of aid. It places a clear focus on enabling poor people to improve their quality of life, either individually or jointly as members of the collective. Thus, the policy recognises that poor individuals, given the opportunity, will free themselves from poverty and be active in building wealth, freedom and dignity within a democratic, equal and secure society. Sweden's partner countries and other cooperation partners bear the overall responsibility for creating the conditions that will enable such change. The role of Swedish development cooperation is to contribute, as effectively and efficiently as possible, to its partners' efforts in this direction.

The emphasis on poverty reduction, based on a view of poverty as holistic and multidimensional, combined with a rights perspective and the perspectives of the poor, poses new challenges to those involved in Swedish development cooperation. What is required of a programme/project, as defined by the cooperation partner, for it to qualify for Swedish support? What does a rights perspective and the perspectives of the poor mean in practice? These issues will be further developed below, but it is fair to state that there is no standard answer to the questions. Every case has its own characteristics.

Sweden's Policy for Global Development recognises that Swedish policy needs to be adapted to the new context and conditions that follow from globalisation and the global agenda on sustainable development and poverty reduction. In addition, it is noted that the concept of development needs to be broadened and that a new framework should be created for a more coherent policy. It is foreseen that the new policy will involve all policy areas and will require coordination of activities in a number of areas of state and government affairs and policy. Trade, agriculture, environment, security, migration, and economic policy are examples of areas in which it is anticipated that special measures will promote global development. Sweden will also promote policy coherence in these areas internationally, for example within the European Union.

Poverty reduction as central to Sida's work

Sida's understanding of poverty and poverty reduction is expressed in *'Perspectives on Poverty' (PoP)* which was published in 2002. Sida's approach is well in line with the objectives and basic vision of the Swedish Policy for Global Development, as expressed in 'Shared Responsibility'. The core of poverty is that

poor people lack power, choice and access to material resources. This deprives them of the freedom to decide over their own lives. The combination of powerlessness and material shortage can be found at all levels of society. It affects nations, groups and individuals and gives rise to insecurity in all aspects of life.

Development cooperation must contribute to the abolition of poverty and must therefore also contribute to poverty prevention. Thus poverty reduction not only concerns economic growth and fair distribution of wealth. It also involves such aspects as voice and influence, equality in dignity and rights, conflict prevention and management, environmental protection and management, and HIV/AIDS alleviation and prevention. These preventive aspects must always be observed in the planning and management of Swedish development cooperation.

Poverty is context specific – its causes and expressions vary over time and place. This makes it necessary to adapt development cooperation to the specific context. The fact that poverty has many dimensions does not mean that all dimensions in all situations are of the same importance and relevance. A good understanding of the manifestations and causes of poverty is essential in the formulation of programmes/projects, as well as in Sida's assessment of requests for support. It becomes necessary to identify the *key dimensions of poverty* in each particular case. The cooperation partner's interpretation of poverty, as expressed in the partner's own strategies and priorities, is an important point of departure.

The application of the rights perspective and the perspectives of the poor imply an increased focus on individuals, their roles and responsibilities and the objective that the development should benefit everyone. The individual behind collective concepts is made visible. The perspectives complement and reinforce each other and are to a certain extent overlapping. Participation in decisionmaking by those affected is a fundamental principle and a human right in itself. The two perspectives are approaches and points of departure in the achievement of the Swedish development cooperation objective and fundamental in the application of an increased poverty focus.

The internationally accepted framework of human rights forms the base for the rights perspective which is built on the right of all human beings to a life free from poverty and discrimination. Democracy, equality between women and men and the rights of the child form part of the perspective. However, the rights perspective is wider than a strict application of different international conventions. It forms the foundation of Sida's work in its different roles.

The perspectives of the poor mean an expansion of the global agreement to fight poverty. The needs, interest and con-

ditions of the poor – women, men, girls and boys – are made visible and are taken as a point of departure for poverty eradication. The perspectives of the poor emphasize the multitude of experiences of poverty but also the opportunities to combat it. However even if the individual is at the centre, the perspectives of the poor need to be dealt with at more aggregated levels of society (groups or categories of human beings such as poor children, poor peasants, sometimes even a poor nation or even poor nations as a group). But even so and even if considerations other than the need of poor individuals often guide political decisions, the meaning of the two perspectives must be considered before each concrete decision. Four principles should be guiding Sida's work, i. e. non-discrimination, participation, transparency and accountability. Those principles also enforce the struggle against corruption.

In addition to goals and perspectives, the Policy for Global Development identifies *eight central component elements* (in the remainder of the text they will be referred to as central elements for poverty reduction). They are:

- Respect for human rights;
- Democracy and good governance;
- Gender equality;
- Sustainable use of natural resources and protection of the environment;
- Economic growth;
- Social development and social security;
- Conflict management and human security;
- Global public goods.

All the central elements for poverty reduction have equal priority. They are *not to be regarded as new sub-goals but as necessary building blocks* for developing a society without poverty. The poverty analysis should be holistic and consider the different dimensions of poverty in an integrated manner rather than in a sequence. This implies, among other things, that there should not be any separate mainstreaming of issues that have been disengaged from the poverty issue. For example, issues such as gender and environmental concerns, should not be addressed separately but as how they relate to poverty reduction in the specific case.

The cooperation partner in focus **– implications on partner selection and roles**

Swedish development cooperation is based on the fundamental assumption that Sweden can contribute to changes that will allow the poor to work themselves out of poverty through their own efforts. The poor are the real stakeholders in development processes supported by Sida.

Still, it is rarely Sida's role to work directly with poor women and men. Instead, Sweden contributes to poverty reduction by supporting the goals, plans and activities of its formal cooperation partners. These partners own and implement policies and programmes that aim to reduce poverty and open opportunities for poor people. Partners are frequently governments or government institutions, but could also be multilateral organisations, non-governmental organisations or private entities. Sida's accentuated ownership concept, strengthens the role of the cooperation partner and reduces the scope of direct Sida interaction with the poor. These developments do not mean that Sida has reduced its ambitions concerning poverty reduction but they do result in changes in the format of interaction.

Thus, Sida needs to cooperate with partners with whom it agrees on the causes of poverty and the measures that are required for sustainable poverty reduction. The partner's view on poverty reduction and how poverty relates to the environment, human rights/democracy, peace and conflict management, gender equality and policies for economic growth and social development are major considerations when Sweden decides whether to cooperate with a partner or not. This applies when the Swedish Government selects countries for long-term cooperation, as well as in Sida's selection of partners at the programme/project level.

Still, there may be discrepancies in opinion between Sweden and its partners. Time and effort must be spent on establishing forms of collaboration that are acceptable to all parties. If dialogue is successful, the parties will deepen their cooperation and move towards partnerships in areas of shared values and mutual trust.

There will also be cases when the dialogue is not successful. In serious cases of disagreement, a discontinuation of cooperation might be considered. Such considerations fall to the Swedish Government when it comes to country-to-country cooperation, but similar cases could appear at the sector or programme/project level, which is Sida's responsibility. There is no simple model for deciding when cooperation should be maintained or when it should be discontinued. Swedish development cooperation is long-term in character and there are few cases where cooperation has been discontinued due to lack of agreement on fundamental principles. In most cases of differing views, Sweden endeavours to continue, but restructure, cooperation with the aim of supporting developments that are likely to improve future conditions of cooperation. For example, Sweden could terminate its direct cooperation with a certain government and redirect its support to civil society or other partners who are committed to poverty reduction, democracy, human rights and good governance. The delegation of the right to determine

detailed budget allocations to Sida's Director General allows for swift increases – or reductions – of individual allocations, as and when dictated by circumstances.

Even in cases where there are no differences of opinion, it must be recognised that all development cooperation aims to achieve impacts that render further support unnecessary. It is harmful to both parties, and wasteful in terms of resources, if cooperation continues just because 'it has been there for a long time'. Thus, it is important to agree on *exit strategies* that identify when cooperation in a certain field should be phased out and terminated. The discussion on exit strategies applies both to the country and the contribution level.

With increased budget and sector programme support, a different type of 'exit' is likely to occur. In cases where Sweden shifted to support through *delegated cooperation* ('silent partnership') in a certain country and sector, Sida would disengage itself from the detailed aspects of contribution management in the sector. In a longer perspective, Sida may also discontinue its financial support to the sector, in order to concentrate on sectors where Sida has comparative advantages in terms of knowledge and/or experience.

Thus, there are three types of exits: (a) exits due to lack of shared values and approaches; (b) exits due to 'graduation' – when the purposes of the activity have been achieved; and (c) exits due to changes in the format of development cooperation.

Ownership

Genuine ownership by the cooperation partner is recognised as one of the key conditions for sustainable development. Experience shows that progress and impact will be limited if ownership is not there, almost no matter what resources are made available.

The point of departure in ownership considerations should be the *core activities of the cooperation partner*. These activities form part of the *raison d'être* of the partner and are undertaken whether there is external support or not. Health activities for a health-oriented non-governmental organisation illustrate the point. For countries, the same applies to public activities such as health, education, law and order, infrastructure and other areas that form part of the basic tasks of a government. An organisation, or a government, may decide to turn to external parties to enhance aspects of their core activities. This could be done for two purposes, which are frequently combined. The first purpose would be to improve, or reform, a core activity in one way or another, for example by developing the curriculum and introducing new teaching methods in primary education. The second purpose could be to obtain additional resources, frequently over a long period, to expand the

activity beyond what could be financed with existing resources, for example in order to increase the overall enrolment of children in primary schools. Earlier development cooperation would primarily aim at the former purpose, the introduction of new methods and concepts, while recent developments towards budget and sector programme support could be seen as manifestations of the latter. In this document, both purposes are covered by the term programme/project.

Whereas there should be little doubt about the ownership of the core activities, there is reason to pay attention to ownership aspects of the programme/project. In its assessment of ownership, Sida distinguishes three levels:

- The policy level, which concerns the identification and formulation of the development issues that are to be addressed by the programme/project. The need to address these particular issues should be defined in a participatory process involving the poor. A well-conducted PRS process could be seen as an example. When needs have been identified, analytical capacity at policy level is required to translate the needs into programmes/projects for action. The top management of an organisation or the political and/or administrative leadership of a country must own the programme/project at this level;
- The implementation level, which concerns the actual realisation of the programme/project. For implementation to be successful the middle management, as well as the rank and file, of the organisation/administration must be committed to the programme/project. However, they must also have the competence and resources to implement it. Experience shows that the implementation level tends to be weak, as captured in the phrase “the missing middle”. Special efforts should be made to ensure that there is sufficient capacity at the implementation level, not least due to the fact that measures at this level are the ones that most directly open opportunities for poor people to become actively involved in the development process.
- The impact level, which concerns long-term effects, in particular contributions to poverty reduction for ordinary people. This level relates to what the public, especially the poor, actually gain from the organisation’s, or government’s, provision of services. Democratic structures to effectively exert influence, combined with public awareness, become key assessment factors, where changes in service levels are indicators of performance in terms of outcome and impact. In process terms, the impact level should provide new inputs that feed into the policy level at the next loop of the development process.

In all three cases, ownership refers to the exercise of control over development activities. Poor people, an organisation or a government can be said to ‘own’ a development initiative when they take control of its design, implementation and monitoring. Ownership is also a question of resources: the owner and other stakeholders must have both competence and resources required at the different levels. Thus, apart from assessing the degree of ownership, one of Sida’s most important tasks is to strengthen its cooperation partner’s capacity to exercise ownership. Particular attention should be paid to ownership, capacity and the involvement of the poor at the implementation level.

Sida’s approach to ownership, as outlined above, is far-reaching.

- Firstly, it contributes to a shift in balance in the partnership relation, where the “power of the purse” tends to be reduced in favour of the “power of the owner”. This means, among other things, that the cooperation partner should play a determining role in consultative arrangements and should lead consultations with development partners and other stakeholders. In policy-based dialogue, there should be a presumption of the owner’s “preferential right of interpretation”.

The respect of the cooperation partner’s ownership to policy does not exclude Swedish representatives from promoting diverging views that stem from Swedish values or analyses of the subject matter. Neither does it exclude Sida from requesting legitimate audits or controls, even if they contradict the owner’s wish to exercise control. In cases that are covered by agreements, the provisions of the agreement will always take precedence;

- Secondly, it places ownership considerations at the centre of attention in preparations and continuous assessments;
- Thirdly, it requires Sida and its partners to systematically consider efforts towards capacity development for strengthened ownership at all levels.

Partnerships

Sida strives to establish partnerships with its cooperation partners. This partnership arrangement defines the tasks, roles and commitments of the parties. Partnerships should be based on shared values and well defined roles, including ownership structures. They should be distinguished by equality and mutual trust. There should be mechanisms to facilitate exchange of information and joint decision-making, as well as established procedures to allow smooth adjustments as development conditions change. In cases where there is little consensus on common values, Sida will not aim at establishing partnerships.

Cooperation might still continue, but in different forms and at lower levels of ambition.

Experience shows that it takes time and considerable effort to build strong partnerships. Still, even firm partnerships may sooner or later be exposed to strain, which could threaten their continued existence. Many factors, from major societal shifts such as a change of political power to disagreement on the roles of the partners, can affect the partnership. The parties should consider carrying out opportunity and risk analyses at an early stage in order to increase their capacity to handle unexpected events. Such analyses should include the role and goal expectations of the partners. In solving conflicts, the causes of the problem should first be jointly identified by the parties as a basis for reconciliation.

Aid modalities and cooperation forms

As noted in previous sections, major changes are taking place as a result of international developments and the framework provided by Sweden's Policy for Global Development. One of these is a transition from project support to budget support and sector programme support. This development is a result of current thinking on the importance of national strategies for poverty reduction. The emphasis on national strategies, political will, national ownership and capacity to implement them, makes it necessary for Sida to constantly adjust its thinking, role and modalities of support.

One important strand of the international agenda on aid effectiveness is the shift towards *programme based approaches*. The term programme based approaches is used internationally to mean either or all of the following three things.

- It is an approach to national planning and implementation, where partner countries take a coherent approach to planning at the national level or for broad policy areas or sectors.
- "Approach" also refers to the way all partners cooperate in planning and implementation of national or sector strategies. Government, civil society and external agencies work together and within an agreed framework. This is usually codified in a Joint Assistance Strategy that may include a Code of Conduct, a Memorandum of Understanding and/or a Joint Financing Arrangement.
- For the external agencies a programme based approach also means developing joint modalities for funding.

The modalities of external financing have different names within different agencies, but fall broadly into two categories, *general budget support* and programme support targeted towards a sector or policy area. The latter is referred to as *sector programme support* within Sida.

Experience shows that there is a common set of issues that arise in working with budget support and sector programme support.

- The political dimension comes to the fore.
- The process of cooperation is the key to success. The approach builds on a notion of consensus building through dialogue and communication throughout the process.
- The quality of the financial management system is crucial.
- Joint action to strengthen capacity for planning and implementation is another key issue.
- Results should be outcome and process based rather than be described in terms of inputs. For example: “This number of boys and girls have learnt to read and write as a result of the cooperation and joint contribution of xxxx” rather than “Sida has financed production and distribution of yyyy number of textbooks”.
- The division of work and complementarity between the external agencies should be part of the process.

In addition Sida uses a number of other cooperation forms which may all be classified as projects or programmes, but which differ in profile, purpose, decision-making and/or conditions of financing. The variety of forms allows Sida to tailor contributions to specific situations. These cooperation forms cannot easily be categorised in a uniform way, since they have developed over time to address topical development challenges. They do not necessarily fall into categories that are mutually exclusive and are frequently used side by side.

In some cooperation forms Sida channels funds through intermediary organisations to utilize their comparative advantages under certain circumstances. Examples are support via Swedish non-governmental organisations and multi-bilateral cooperation with organisations in the UN system.

Other cooperation forms with special characteristics concerning purpose and/or decisions making include: humanitarian assistance, research cooperation, contract-financed technical cooperation (KTS) and international training programmes.

Some cooperation forms are not based on grant contributions. They are:

- Concessionary credits;
- Soft loans; and
- Guarantees.

Sida's cooperation partners

Sida's formal cooperation partners, as described below, are partners with which Sida concludes agreements for the purpose of providing Swedish support. It should be noted that Sida, in addition to formal partner relationships, maintains a multiplicity

Support via Swedish non-governmental organisations

Under a special budget line, Sida supports development cooperation activities undertaken by Swedish non-governmental organisations. The aim of this support is to strengthen the development of a sustainable and democratic civil society, i.e. through capacity development of partner organisations. Sida's support is provided on a co-financing basis in order to secure a genuine commitment and close ties to Swedish grassroots organisations. The programmes carried out by the Swedish organisations must be in line with the objectives of Sweden's Policy for Global Development, but are not governed by Sweden's cooperation strategies. Hence the programmes are the expression of the cooperating organisations' own priorities.

Humanitarian assistance

Humanitarian assistance deals with situations caused by natural disasters and man-made crises. While development cooperation focus on the causes of the disaster, humanitarian action deals with its effects. It is based on the notion of a 'humanitarian imperative'. The four basic principles that govern humanitarian action are: humanity, impartiality, neutrality and independence. These are based on international humanitarian law, most importantly, the Geneva Convention. The choice of recipients is solely based on the need for humanitarian support and does not involve political considerations.

of networks and relationships with people and institutions that are not formal partners in the sense that they are signatories to agreements with Sida.

Sida's partners are of different categories:

- In *country-to-country cooperation*, Sweden's formal partners are government agencies in cooperation countries. Ministries of finance, or similar, are signatories to specific agreements and also sign overall agreements on development cooperation, in cases where such agreements are used. In addition, ministries of finance are Sweden's dialogue partners on macro-economic issues, development strategies, in the interpretation of agreements and in overall decisions on resource utilisation within the cooperation programme. When Sweden and a partner country have concluded a specific agreement on support to a certain programme/project, Sida's partners in implementation will normally be the ministry or authority under which the programme/project falls. For example, support to a health programme would be signed with the ministry of finance, but day-to-day consultations and decisions on the use of the resources would normally be based on direct contacts between the

Research cooperation

Under a special budget line, Sida supports research cooperation. The bilateral research support is part of the country plan. It aims to enhance domestic research capacity strengthening through collaborative research, research training and research structures that help to create enabling research environments. A joint proposal is presented by the applying and collaborative institutions, which is peer reviewed and feedback on the proposal is given in the form of an assessment. The proposal plus the assessment are considered the research project document.

A main part of Sida's research funding goes to regional networks and international organisations for the purpose of producing new knowledge in areas of importance to low income countries. Here Sida evaluates the capacity of the supported organisation for scientific assessment and peer review. Sida also acts as a research council for development oriented research in Sweden. Annual calls are advertised and proposals are funded based on peer reviews.

Cooperation for mutual development – 'broad cooperation'

The term 'broad cooperation' frequently appears in texts on Swedish development cooperation, not least in the Policy on Global Development. According to this Policy, the Government would like to see broad cooperation established between Swedish, national and international organisations for the purpose of poverty reduction. 'Broad cooperation' is not a defined cooperation form as such, but rather relates to a stage in the cooperation process, where traditional development cooperation is gradually phased out and replaced by independent cooperation by partners who find mutual benefit in their collaboration and are willing to co-finance joint activities. Sida's contribution to 'broad cooperation' consists of limited financial contributions to facilitate for the partners to meet.

ministry of health and the Swedish embassy. In other cases, which are more rare, the implementation partner could be a non-governmental entity, even though the main agreement would be with the government. This could be the case when stakeholders in civil society or private institutions are the ones best placed to implement the activities supported. The actual delegation of authority must be reflected in the agreement;

- Multilateral organisations interact with Sida in several ways, one of these ways being as cooperation partners in financing arrangements at regional and country levels. This is generally called a co-financing arrangement (or 'multibi'), which means that one or two development partners finance a programme/project by channelling funds through a multilateral organisation. The latter organisation, e.g. a UN

International partners

Sida at Work focuses on Sida's interaction with its cooperation partners, i.e. those responsible for carrying out programmes/projects that Sweden supports through Sida. In addition, Sida interacts with other international actors that work with the same cooperation partners. Examples are other bilateral aid organisations, United Nations bodies, the World Bank and the International Monetary Fund. Furthermore, Sweden interacts with a number of regional and sub-regional bodies, such as regional development banks and regional institutions for economic and/or political cooperation.

Since Sweden joined the European Community (EC) in 1995 (now the European Union, EU), cooperation with the European Commission has become prominent. Sida also interacts with the Development Assistance Committee (DAC) under the Organisation for Economic Cooperation and Development (OECD). DAC plays a central role in efforts to harmonise conditions and procedures for development cooperation. In addition, DAC compiles statistics on Official Development Aid (ODA).

Some of the international partners, in particular the World Bank and the UNDP, arrange regular consultative sessions for all development partners. At the national level, such consultations are often held once a month. The World Bank also organises high-level Consultative Group meetings (CG meetings), which provide dialogue opportunities between cooperation and development partners on policy and macro-economic issues.

The member states of the European Union hold internal meetings both on political issues and on issues relating to development cooperation. Efforts are made to strengthen the coordination of contributions made by the European Commission and the member states. Another form of cooperation takes place in broader groups of "like-minded" countries. Such groups are often formed on a case-by-case basis to facilitate the implementation of specific programmes/projects. Gradually, formal consultative arrangements, led by the cooperation partner, are expected to take over the role of informal "like-minded" groups of development partners.

- body or the World Bank, will sign an agreement with the implementing national or regional partner and will administer and monitor the support on behalf of the financiers. If Swedish allocations for a partner country are to be used, the partner country presents its proposal to Sida. If approved, an additional agreement will be signed between the partner country and Sida to regulate the channelling of funds through the multilateral organisation. There are standard agreement texts that should be used for multibilateral financing. Formal arrangements between Sida and a UN body may vary, e.g. depending on the extent to which the UN body in question has delegated powers to its field organisation;
- Sida also works with *actors in civil society*, for example in the areas of democracy, human rights, gender equality, culture, and peace and security. Direct support is also provided to pilot environmental activities and a number of regional projects in various sectors;

- *Research* programmes are sometimes financed through direct agreements between Sida/Stockholm and a national research institution – the research institution becomes Sida’s cooperation partner;
- *In regional programmes/projects*, formal regional institutions frequently serve as coordinating umbrella organisations but are normally not the cooperation partner in charge of implementation. Instead, a national or sub-regional institution would be Sida’s direct cooperation partner. This is a result of the subsidiarity principle, according to which the responsibility for implementation should be at the lowest practical level. Support to the Lake Victoria region is a case in point. A strategic partnership to support the region has been set up by the East African Community and a number of development partners. The partnership provides a cooperation framework but support to specific activities is to be arranged directly with the regional or national institution benefiting, or through networks of Lake Victoria-based and external institutions and non-governmental organisations;
- In certain of the Swedish cooperation forms, support is provided via *Swedish institutions or non-governmental organisations*. In such cases, the Swedish organisation with which Sida concludes an agreement would be Sida’s cooperation partner, even if the organisation relies on local organisations to implement the activities on the ground.

In a different capacity, as purchaser directly or on behalf of its partners, Sida maintains relations with a great number of institutions and companies that supply services and goods within Swedish development cooperation.

The legal and institutional framework

This section describes the formal framework within which Sida works. Furthermore, it identifies key relationships within Swedish development cooperation and provides an overview of Sida’s regulations and policies as well as its organisation and internal planning process.

Key actors in development cooperation

The Ministry for Foreign Affairs and Sida provide policy guidelines as well as resources for development purposes. Sweden’s cooperation partners influence the utilisation of the resources through policy dialogue and by requesting support for specific programmes/projects. Frequently, Sida’s field organisation plays

a central role in the interaction between Sweden's cooperation partners and Sida/Ministry for Foreign Affairs. In certain situations and cooperation forms, communication between Sida and its cooperation partners is, however, direct.

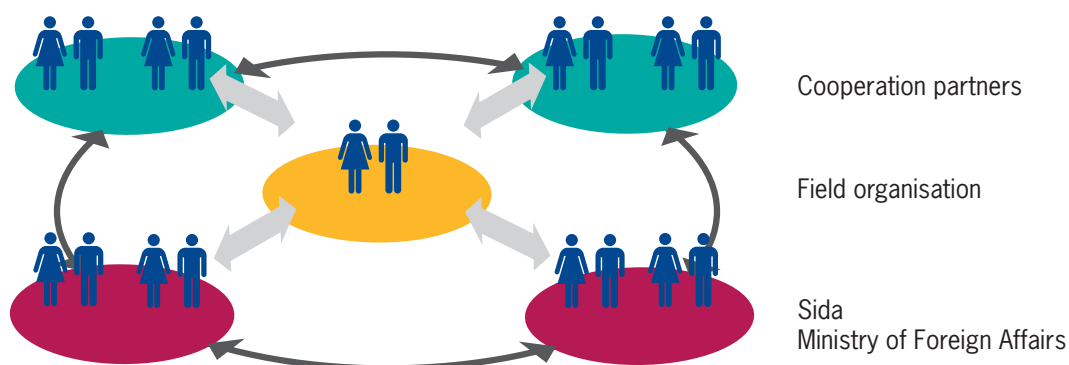
Resources for development cooperation

The Swedish Parliament annually allocates resources for development cooperation. In addition to the following year's allocation, Parliament's decision includes the right to make additional commitments for development cooperation purposes. This system allows continuity and a long-term approach in Sweden's relationship with its cooperation partners. Parliament's allocation decisions determine allocations for major regions, e.g. Africa but do not specify allocations at the sub-regional or country level. The right to decide on such allocations is delegated to Sida's Director General, within the framework provided by the Government in approved cooperation strategies and other strategic directives. This budget allocation system allows for swift increases – or reductions – in individual allocations as required by circumstance.

Sida handles approximately 60% of Sweden's total appropriations for development cooperation. Other Government bodies manage the remainder. For example, the Ministry for Foreign Affairs (Utrikesdepartementet, UD), in addition to its policy-formulating role, takes responsibility for transfers of appropriations to a number of UN bodies, the European Commission and other international organisations.

The administrative and legal framework

The Swedish International Development Cooperation Agency (Sida) is a government agency under the Swedish Government. It is linked to the Government through the Ministry for Foreign Affairs. Like all Swedish Government agencies, Sida enjoys considerable independence in its executive role. The Government



issues instructions to its agencies, specifying their mandates. The instructions are provided in two forms:

- a) long-term ordinances that establish the basic framework;
- b) annual appropriation directives.

While the ordinances provide a general long-term framework, the appropriation directives specify what applies for the agency over the following financial year. This includes financial allocations, goal and purpose of allocations, and directives for reporting back to Government. In addition, the Government may issue specific instructions, for example Guidelines for Cooperation Strategies, in the form of policy documents or decisions on country and regional strategies. Within the framework provided by their specific instructions, agencies bear full responsibility for achieving stipulated objectives and targets. Decisions taken by the head of the agency, the Director General, can only be overruled through a formal Government decision. Individual ministers, or ministries, are not allowed to challenge decisions that an agency has taken in the execution of its mandate.

As an administrative agency under Swedish law, considerable demands are placed on Sida and its staff in terms of their objectivity, impartiality and transparency. Three aspects relating to this legal framework deserve special attention:

- Swedish constitutional law states the principle of public access to official documents. Government agencies and institutions are obliged to make such documents available on request from both Swedish and non-Swedish members of the public. Certain restrictions apply regarding confidentiality, for example in the field of foreign relations. However, documents relating to development cooperation are very rarely considered confidential;
- Documentation of procedures and decision-making is essential to ensure objectivity, impartiality and transparency in public administration. The documentation requirement applies to all aspects of Sida's work;
- Sida exercises public authority in its decisions. Normally such decisions can be appealed, but the right of appeal does not apply to Sida's decisions on contributions. Some decisions may, however, be appealed for example when Sida exercises its public authority by taking decisions on personnel issues (employment, termination) or when it decides not to release information.

Sweden is a member of the European Union and follows the EU legal system, which is primarily stated in European Community law (EC law). Rulings based on EC law are binding on member states,

and EC laws take precedence over national laws. Thus, Sweden and Sida must always take into consideration what is stipulated in EC law. Key legal principles in EC law include non-discrimination, equality and transparency. Procurement is an area where these principles are of particular significance to Sida.

Sida's regulations

Within the framework of its instruction and the general legal framework, Sida has formulated regulations which are binding instructions and govern the way Sida works. Sida's internal regulations consist of the following main sections.

- Sida's organisation, including procedures for work and decision-making; (Sidas arbets- och beslutsordning)
- The development cooperation process, which provides the rules on which Sida at Work is based;
- The communication process, including contacts with the media;
- Procurement;
- Financial management;
- Human resources;
- Other administration.

These regulations are updated continuously. Each regulation has an "owner" within the Sida structure. The "owner" is responsible for the monitoring and updating of the regulation in question. It is the responsibility of every Sida employee to ensure that all measures and decisions comply with these regulations.

Sida's policies

Within the framework established by Government and Parliament, Sida prepares policy documents for Sida's work.

Sida has established the following policy structure:

- *Sida's fundamental principles and values* are expressed in Sida's policy on poverty reduction, 'Perspectives on Poverty', and this publication on principles, procedures and working methods, 'Sida at Work'. These documents have the entire organisation as their target group. All members of staff must be familiar with them and observe them in their work.
- *Overarching policies for the development cooperation process* also have the entire agency as their target group and all members of staff should be familiar with them and comply with them in their work. Overarching policies must fulfil certain criteria. They must relate clearly to the goal of poverty reduction, be of relevance to most of Sida's work and be linked to one or more of the central component elements. They must also have been approved or confirmed after the publication of

‘Perspectives on Poverty’. Finally, they must be brief, i.e. not more than five pages.

- *Thematic and specific sector policies* can be produced for major areas of work, where a policy document is in demand internally and/or externally. They do not have the entire agency as their target group, but will be applied in the areas of work affected by the policy.
- *Position papers* provide Sida’s position in important, but more limited areas. They do not have the entire agency as their target group, but provide guidance on activities in the areas concerned.

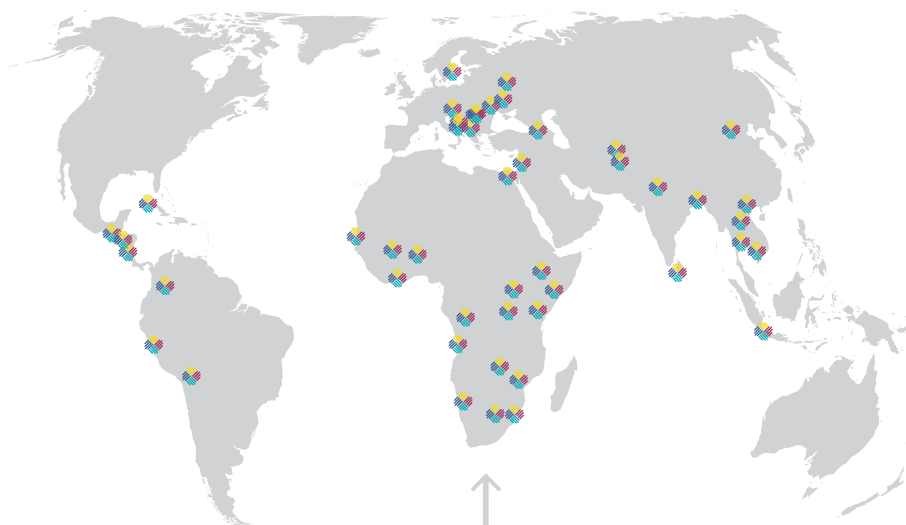
Sida's organisation

Sida’s Board exercises overall guidance and supervision of Sida’s activities. The Board decides on Sida’s annual report, interim reports and budget proposal. Furthermore, it determines a number of other plans and actions relating to evaluations, guidelines and audit reports. The Board consists of eleven members, including the Director General, who is the Chair of the Board.

The Director General is the head of Sida and holds executive power in areas where decision-making is delegated to Sida and not reserved for the Board or Sida’s two Special Decision Forums, the Research Committee and the Personnel Committee. For example, the Director General’s decision-making power includes financial allocations between countries; direction of operations in a number of areas; delegation of authority over financial mandates within Sida; and decisions on overall issues regarding Sida’s organisation, including appointments of Sida’s managers and development cooperation counsellors at embassies.

Sida has nine Advisory Bodies with consultative and advisory functions. They are the Management Committee, the Regional Forum (RegF), the Sector Forum (ÅF), the Council for Organisational and Corporate Development (ROV), the Project Committee (PK), the Peer Review Group for Cooperation Strategies, the Humanitarian Assistance Consultative Group and the Security Group. The Project Committee advises the Director General prior to decisions on most types of contributions over SEK 50 million. As part of Sida’s quality assurance work, lower-level project committees have also been established within other Sida units.

Sida is currently (2005) organised into 13 departments, an Office of the Director General and a Secretariat for Evaluation and Internal Audit (UTV), of which the latter is directly answerable to the Board. The departments are divided into divisions. Sida is a flat organisation: apart from the Director General,



REGIONAL DEPARTMENTS

Asia (ASIEN)
 Africa (AFRA)
 Europe (EUROPE)
 Latin America (RELA)

SUPPORT DEPARTMENTS

Finance and corporate development (EVU)
 Information (INFO)
 Human resources (PEO)
 Policy and methodology (POM)

SECTOR DEPARTMENTS

Democracy and social development (DESO)
 Infrastructure and economic co-operation (INEC)
 Natural resources and environment (NATUR)
 Research cooperation (SAREC)
 Co-operation with non-governmental organisations,
 humanitarian assistance and conflict management (SEKA)

SECRETARIAT FOR EVALUATION AND INTERNAL AUDIT (UTV)

**DIRECTOR GENERAL
SIDA'S BOARD**

there are only two managerial layers, viz. heads of departments and heads of divisions.

There are four regional departments: the Department for Africa (*AFRA*); Asia (*ASIEN*); Latin America (*RELA*); and Europe (*EUROPE*). The regional departments are responsible for:

- Monitoring and analysing development in sub-regions and cooperating countries;
- Overall development, planning, coordination, implementation and monitoring of Swedish bilateral cooperation in the region(s);
- Development and coordination of Sida's contacts with international organisations and development banks;
- Development and coordination of field operations in the region(s);
- Information/communication within the department's area of operation.

There are five sector departments: the Department for Democracy and Social Development (*DESO*); Infrastructure and Economic Co-operation (*INEC*), Natural Resources and Environment (*NATUR*); Research Cooperation (*SAREC*); and Co-operation with Non-Governmental Organisations, Humanitarian Assistance and Conflict Management (*SEKA*). The sector departments are responsible for:

- Monitoring development in Sweden or internationally within the area of interest to development cooperation;
- Development of policy, methods and Swedish competence in development cooperation within the area;
- Advice and support within the area of operation
- Development cooperation within area falling within the authority of the Director General, regional department or Swedish mission abroad;
- Development and coordination of Sida's contacts with international organisations as specified for each department;
- Planning and implementation of information/communication activities within the area of operation.

In addition, there are departments for Policy and Methodology (*POM*), Information (*INFO*), Human Resources (*PEO*) and Finance and Corporate Development (*EVU*).

Sida's *field organisation* plays an increasingly important role. It consists of field offices as part of Swedish embassies and delegations/representations at international organisations (missions abroad). The missions abroad are agencies under the Ministry for Foreign Affairs but receive instructions from Sida on matters relating to development cooperation. Sida stations staff at missions abroad and also finances national staff in professional as

well as support functions. Sida's field staff, whether national or not, forms an integrated part of the mission and reports to the ambassador/head of mission. In some countries, Sida is represented by stand-alone Sections for Development Cooperation (SDP), which are formally placed under a neighbouring Swedish mission.

Sida has enhanced the role of its field organisation. This has been done for three major reasons. Firstly, it has been determined that Sida needs a strong field organisation to provide a holistic perspective and cross-disciplinary knowledge about the poverty context in each country. Secondly, there is a growing need for Sweden to take part in advanced dialogues at the field level. Thirdly, the field organisation has been strengthened in response to a need to shorten decision-making processes. Professional capacity at the embassies has been increased through the stationing of additional Swedish staff, as well as increased recruitment of professional national staff. A strong field orientation is a corner stone of Swedish development cooperation.

Extended ("full") delegation has been granted to many, but not all, field offices. Delegation to a field office is based on the country plan and is approved annually by the head of the respective regional department. Within the framework of the country plan, a field office with extended delegation is responsible for and coordinates the country programme. The field office is responsible for the entire contribution management cycle. A field office may delegate its authority back to Stockholm, but the presumption is that field offices with full delegation will be restrictive in doing so, especially when it comes to delegating back *full* authority for a contribution. Thus, field offices with full delegation are expected to shoulder the overall responsibility for all contributions, even though they may delegate back authority to handle *parts of* a contribution.

When appropriate, the field offices should draw on headquarters' advice and expertise by consulting with relevant departments in Stockholm. They may also cooperate with and seek advice from other field offices. The field office will seek guidance from headquarters to ensure that corporate policies, regulations, experience, etc are taken into consideration during dialogue and contribution management. At least one formal consultation between the field office and the relevant sector department is mandatory during the preparation of major and/or complex contributions. This consultation should preferably take place in the initial preparation phase. The consultation should ensure that the contribution is in line with the relevant sector policies and also clarify roles and the division of work between headquarters and the field.

Furthermore, field offices with full delegation are responsible for:

- Major parts of the strategic work, for example in relationship to the cooperation strategy process.
- The annual preparation of the country plan.
- Following-up and reporting to Stockholm on results achieved.
- Quality assurance of the country programme and of other programmes that have been delegated to the field office.
- Financial, personnel and other administrative matters as delegated from Stockholm.

Sida's internal planning process

The *operational planning and monitoring process* (verksamhetsplanering) is Sida's instrument used to guide internal work and to transform Government and management directives into concrete activities. The planning is annual, but with a long-term perspective. The main focus is on combining Sida's external objectives and internal change process, with the allocation of financial and personnel resources.

The main inputs to the operational planning process are the Government's annual appropriation directives and budget bill, Government decided cooperation strategies, Sida's strategic priorities and budget proposals, annual country reports and recurrent financial reporting.

The starting point of the process is that Sida's management formulates guidelines for overall objectives in the form of strategic priorities and resource allocation. This is followed by a process where each department develops sub-goals for their work and budget proposals for financial and personnel resources. Country plans and detailed activity plans are worked out in close cooperation between the field offices and the regional and sector departments. Monitoring of the implementation of country plans are documented in Sida Country reports.

In January of the activity year, the Director General takes a final decision on objectives and direction for Sida's work during that year, including financial budgets and allocation of personnel for all departments and field offices. This is supplemented by decisions by heads of departments and field offices regarding work plans for each unit.

The work of the field offices is included in the operational planning which the embassies deliver to the Ministry for Foreign Affairs.

References

- The Millennium Declaration and the Millennium Development Goals (available on www.un.org)
- The 2005 Paris High Level Forum on Aid Effectiveness (available on www.devaid.org/index.cfm)
- International Conventions (available on www.un.org)
- The OECD/DAC Guidelines for Poverty Reduction (available on www.oecd.org)
- Shared Responsibility: Sweden's Policy for Global Development (Government Bill 2002/03:122)
- Perspectives on Poverty (Sida, 2002)
- Goal, perspectives and central component elements – Complement to Perspectives on Poverty (Sida, 2005)
- Sida's Policy for Environmentally Sustainable Development (Sida, 2004)
- Promoting Gender Equality in Development Cooperation (Sida, 2005)
- Promoting Peace and Security through Development Cooperation (Sida, 2005)
- Policy Guidelines for Sida's Support to Private Sector Development (Sida, 2003)
- Sida's Policy for Sector Programme Support and Provisional Guidelines (Sida, 2000)
- Sida's regulations
- Sida's policies

Basic roles and approaches

This part of Sida at Work deals with the basic roles and approaches that apply in Sida's interaction with partners and other actors. In this context two factors have become increasingly important in the daily work of Sida staff:

- The increased focus on poverty reduction; and
- The new international development agenda.

The increased focus on poverty reduction as spelled out in *Sweden's Policy for Global Development* and *Sida's Perspectives on Poverty* were summarised in the chapter on "Sweden in the global development effort". The implications of the aid effectiveness agenda will be dealt with in the following section.

Against this background of the increased focus on poverty reduction and the new international development agenda, the three major roles that characterise Sida's way of working will be presented. The roles are:

- The role of an *analyst*, which relates to Sida's understanding of, and relation to, a working environment characterised by complexity, interdependence and dynamism;
- The role of a *dialogue partner*, which relates to Sida's interaction with its partners, particularly with regard to dialogue, ownership and partnership;
- The role of a *financier/intermediator* of resources, which relates to Sida's performance in its core task, i.e. to transform available resources for development cooperation into effective support to poverty reduction.

Implications of the Aid Effectiveness Agenda

As noted in the chapter on General framework and goals, the Paris Declaration contains a number of mutual commitments by partner countries and development partners. The aim is to:

- strengthen partner country ownership,
- strengthen the transparency and accountability of partner countries in relationship to their citizens, as well as development partners,
- align development cooperation to partner country priorities and systems,
- coordinate and simplify procedures used by development partners,
- promote better reporting, analysis and use of results.

In this section it is noted that implementation of the commitments in the Paris Declaration implies more stringent demands on both development partners and partner countries. Also, implications at the PRS level are noted, as well as those relating to the format and direction of Sida's work.

International trends in the Policy for Global Development

The foundation of Sweden's attitude to the international development agenda is stated in Sweden's Policy for Global Development (*Government Bill 2002/03:122, p 63-64*):

Results can only be achieved through collaboration and coordination with others. The conditions for collaboration between countries, organizations and other actors have improved in the last few years. The Millennium Declaration and other agreements have established a platform and firm foundation for international consensus and a common global development agenda. The increasing international focus on the developing countries' own strategies offers a point of departure for a new approach and opens up opportunities for enhanced coordination. Multilateral cooperation arrangements are becoming more important, for example when it comes to implementing measures with respect to global public goods. An intense international debate is in progress on the global system and the division of roles and responsibilities between various actors. Collaboration, effectiveness and harmonization are high up on the agenda. There are good prospects of making further progress towards increased effectiveness overall.

As a result of the new situation, especially the emphasis on the perspective of the developing countries, the demarcation lines between various forms of cooperation – bilateral and multilateral – are disap-

pearing. It makes little difference to a developing country whether the programmes and resources are delivered by Sweden, other countries, the EU, the UN or financial institutions. The important thing is that they are well-coordinated, based on a common, coherent approach and a well developed dialogue, and that they effectively support the countries' strategies.

This means that Sweden's development cooperation as a whole is now broader and more flexible. More programmes and projects are implemented jointly with other actors, and are of a complementary nature. Owing to such collaboration, Sweden's programmes in a particular developing country can be concentrated on fewer areas and sectors. Close cooperation with other actors also increases our understanding and prospects of making an impact on aggregate development activities in the country.

Poverty Reduction Strategies

Through the 2005 Paris Declaration on Aid Effectiveness, development partners have agreed to aim at aligning their support to the partner countries' national strategies, which normally take the form of Poverty Reduction Strategies (PRS). The objective of this alignment is to strengthen the PRS process as the basic framework for poverty reduction. Furthermore, the partner countries committed themselves to taking the lead in the PRS process and in coordinating external support to the PRS.

A PRS is primarily assessed as part of the preparation of a cooperation strategy for a country. Sweden's position towards the PRS should be reflected in the cooperation strategy and should include conclusions regarding the size and format of Sweden's forthcoming support. Sida's processes and reviews should be coordinated with the national processes and cycles. Sweden/Sida should as much as possible carry out reviews jointly with other donors. In cases where a government-led Joint Assistance Strategy (JAS) has been established, Sida should adjust its own cooperation strategy to the JAS. This could, among other things, mean that the partner country and development partners would agree on redistributing their support among sectors and programme/projects. For example, Sweden could concentrate on a limited number of sectors or programmes and cease supporting others. This is referred to as the principle of *complementarity*, which means a joint effort to improve aid effectiveness by reducing the number of actors in each sector. This concentration on fewer sectors and programmes/projects also means that Sweden will be able to set aside more resources for qualified dialogue in the remaining areas.

Sida's position concerning a PRS will be reflected in the selection of areas for cooperation and dialogue as well as in the selection of aid modalities. In the long run, budget support is the

preferred form of cooperation, since it is channelled through the country's own financial management system. However, Sector Wide Approaches (swaps) and other Sida contributions should also be seen as part of the PRS framework.

Sweden determines the composition of its support programme after assessing the process of preparation and the contents of the PRS. A key assessment criterion is whether the government is accountable to the citizens for the PRS. Was it prepared in democratic processes or in other processes that allowed poor people to genuinely influence the outcome? Are there monitoring and follow up mechanisms that allow poor people to influence implementation? Another assessment criterion relates to the social and economic dimensions of the PRS. Is it of such a character that it will promote the respect of human rights and allow equitable development, so that poor people will find opportunities to improve their situation? If a PRS lacks in participation and/or quality, a first step would be for Sweden and other development partners to offer support to overcome any deficiencies.

If the assessment shows that the PRS has been prepared in a participatory way and that its approach is relevant from a poverty reduction point of view, future Swedish support will be based on the PRS. In such a situation, the composition of Sweden's support programme will be adjusted to the goals and framework of the PRS. Furthermore, there should be a gradual move towards an increasing share of budget support and support through swap arrangements, matched by decreasing support to stand-alone projects. Similarly, the budgeting, reporting and monitoring systems will be aligned with those of the partner country. Throughout this process, measures will be taken to safeguard the efficient use of Swedish resources through dialogue on aspects of the planning, implementation and follow-up of the sectors/activities supported by Sweden. If requested by the partner country, Sida will provide support to strengthen the partner's capacity to analyse, implement and follow-up the PRS.

A shift towards support to a PRS will affect Sida's way of working. Typically, Sweden will be one among several development partners who support the whole or parts of the PRS. Consultative arrangements, led by the partner country, will be required in the planning, implementation and follow-up of the PRS. Within this framework, Sweden will remain an active dialogue partner. The dialogue will increasingly relate to the performance of the PRS as an instrument for poverty reduction. For example, the dialogue could deal with the identification of indicators and benchmarks that will allow efficient monitoring of joint contributions to various sectors. Still, issues relating to implementation capacity, institutional development and good

governance will remain important elements in the dialogue while the partner country's capacity for effective and efficient implementation is being built.

Efforts towards increased aid effectiveness should characterise Sida's interaction with all its partners and the various international arrangements that have been described in the previous section should be incorporated into Sida's way of working. The indicators agreed in the Paris Declaration and more ambitious targets agreed by the EU, will guide Sida's work and be continuously followed up in Sida's own processes (for example in Sida's country plans). These developments will strengthen the role of the cooperation partner and should result in a more rational division of tasks and responsibilities among various actors. Some implications are listed below.

Implications of the Paris Declaration on Sida's work

1. Sida funds should always be integrated with, and reflected in, the planning and budgeting process of the partner country. In order to achieve this Sida should provide timely, transparent and comprehensive information on resource flows.
2. Sida should support the strengthening of partner countries' capacities for, and use of, results based management and as much as possible use partner country assessment frameworks for its own monitoring.
3. Sida should increase the share of programme-based support (general budget support and sector programme support) whenever conditions allow.
4. Sida should reduce the number of sectors and/or programmes/projects that it supports in order to concentrate on areas where Sweden has comparative advantages in terms of knowledge and/or experience. Alternatively, Sweden could reduce its involvement by increasingly using *delegated cooperation* as a preferred cooperation form.
5. Sida should always promote harmonisation, not least in fragile states.
6. Sida should support capacity development in partner countries through coordinated programmes consistent with partners' national development strategies.
7. As far as possible, Sida should use the public financial management systems of its partner countries for channelling its funds. Channelling funds through the partner's systems will normally contribute to strengthening the systems, however Sida must be prepared to support capacity building in public financial management in order to ensure accountability in the use of *all* resources, domestic as well as external.

8. Likewise Sida should as far as possible use procurement systems in partner countries for procurement connected to Sida contributions, and will be prepared to finance capacity development relating to procurement.
9. Sida should not establish separate Project Implementation Units for its contributions.
10. Sida should share its analytical work with partner countries and other development partners.
11. Sida's planning processes should be long-term and transparent. For example, disbursements should be made according to agreed schedules if conditions are met.
12. Sida should reduce the number of missions to partner countries that include a request to meet with officials from the country. Sida should instead be part of joint missions with other donors.
13. Sida should push for further harmonisation efforts on cross cutting issues such as sustainable use of natural resources and protection of the environment, gender equality and other thematic issues, such as the remaining central elements for poverty reduction.

Delegated cooperation (previously known as 'silent partnership')

The Aid Effectiveness Agenda means increased interaction and cooperation with international partners. In addition to coordination and harmonisation, this also includes increased use of delegated cooperation, which occurs when one development partner acts with authority on behalf of one or more other partners. This is part of a wider development towards complementarity and harmonisation between donors.

Delegated cooperation according to this definition can take many forms. 'Multibi' cooperation is perhaps the most common example. A new form of delegated cooperation is primarily aimed at reducing the transaction costs for the partner country. This form occurs when the partner country requests a group of development partners to jointly support a reform effort, with one of the development partners taking a lead role on behalf of the other partners. The lead partner should have comparative advantages in terms of knowledge and experience of working in the area under reform. Sida may be the silent partner in one situation in return for being an active partner in another. It should be a relationship based on trust. It is particularly important that the integrity and ownership of the cooperation partner is not compromised by the arrangement. So far (2005), Sida's experience of this type of delegated cooperation has been limited to arrangements with individual like-minded bilateral donors.

The role as analyst

This section deals with the increased call for thorough analysis in development work in general and outlines the guiding principles for Sida's work with poverty analysis in particular.

Complexity and interdependence – the call for analysis

Development cooperation interacts with many other factors that determine development processes. Examples are political and social processes, trade and environmental developments. The dependence on these factors necessitates a broad scope of analysis and consideration in the planning and implementation of support. A broad analytical approach is needed at all levels, from international normative work to contributions to specific programmes/projects. Furthermore, the dynamic aspect of development, i.e. that conditions change over time must also be appreciated. Thus, development should be seen as broad processes of change. As a result, focus in development cooperation has shifted from efforts to remedy isolated phenomena towards identifying comprehensive and dynamic solutions to complex problems. This has implications for Sweden's cooperation strategies, as well as for Sida's contribution management. It becomes more important to assess how changes over time, as well as changes in political and socio-economic power structures, affect the ability of poor people to *'improve their quality of life.'*

The dynamism and unpredictability of development processes should be reflected in programmes/projects, as well as in Sida's contributions to programmes/projects. It is not sufficient to identify a fixed route from a given starting point to a well-defined target. Instead, the development process should be seen in a context of many – and frequently conflicting – processes. As a consequence, programmes/projects should be designed to allow reorientation while underway, as conditions change. Even goals may need to be adjusted.

Successful adjustments to changing conditions fall back on two important factors:

- a) an analytical framework that captures as much as possible of the complexities; and
- b) an implementing framework that allows the partners to discuss, agree on and implement necessary changes. This presupposes well-established partnership relations, as well as consultative mechanisms that allow constructive dialogue.

In programme support, comprehensive approaches and elaborate consultation mechanisms are part of the basic design. But

the quest for broader approaches is not limited to programme support. Also in cases when cooperation is geared to specific activities, such as in project support, there is a need to go beyond the narrow aspects of the project and consider the project in a wider context. The shift could be illustrated by changes in the approach to reducing poverty among small-scale farmers. Originally, solutions were sought in improved soil management and cultivation techniques. With time, focus shifted to include aspects relating to the farmer's access to the market and, most recently, the extent to which the country's legal and policy framework is conducive to poverty reduction among small-scale farmers. Gradually, a technical approach has given way to a more comprehensive approach involving socio-economic and legal structures.

Guiding principles for Sida's work with poverty analysis

The importance of poverty analyses has become increasingly more obvious as consensus has grown internationally around the view that poverty has many dimensions, not merely economic. With the view of poverty as multidimensional, context specific and dynamic, each situation becomes unique and its particular characteristics must be understood. High-quality poverty analyses are thus of crucial importance for Sida's capacity to work strategically at different levels and to enter into constructive dialogue with development partners.

A good poverty analysis must distinguish between symptoms and causes of poverty. While a poverty mapping of the extent, consequences and dynamics of poverty are necessary, it must be supplemented by the identification and analysis of the causes of poverty, as remedies must address the causes in order to be effective.

The primary responsibility for ensuring that good poverty analyses are carried out rests with the partner countries. In most countries there is a diverse and comprehensive agenda of ongoing and more or less continuous analytical work with a poverty focus. Much, but far from all, of this work is linked to PRS processes. The actors involved are diverse, ranging from academic institutions, think tanks, NGO:s and government agencies in the partner country, to multilateral and bilateral development agencies. Sida allocates special resources for the build up of domestic capacity for qualified analysis. Research cooperation can usually only indirectly assist the poor themselves, but it can directly assist a country to build up the foundations for knowledge that create enabling conditions to combat poverty.

Accordingly, Sida's work in connection with poverty analysis does not start from scratch. On the contrary, there is without exception always some material to build on, albeit of widely dif-

fering quantity and quality. The main thrust of Sida's analytical work should in the long term consist of a strong support to the in-country poverty analyses and to the national PRS processes. Sida's own analytical work should, as far as possible, be carried out in cooperation with partners in the country concerned as well as with other donors and should feed into the development debate and PRS process in the partner country.

However, a focus on supporting analytical capacity and work in partner countries, does not exempt Sida from the obligation of ensuring that there is sufficient in-house knowledge to be able to enter into productive policy dialogue with development partners and make well-informed choices about activities.

With this approach the first step in Sida's work with poverty analyses, be it on country, sector or programme/project level, will always be a compilation, review and assessment of available analyses. The extent to which this is sufficient to meet Sida's needs will obviously vary. In some instances a synthesizing of the available analyses and drawing conclusions from these may be enough. In other cases considerable in-house analysis may be required.

Sida's work with poverty analysis takes its most comprehensive form at country level. This is where Sida must be able to make fundamental, strategic choices. In order to enhance the relevance of such choices, it is necessary to understand how the various dimensions of poverty (central elements) are inter-related, and how this affects different population categories in the partner country.

The role of poverty analysis at the country level is to provide Sida with an adequate knowledge basis for deciding in what manner development cooperation best can contribute to poverty reduction in a specific situation and for determining the types and combinations of activities that offer the most effective and efficient means to this end. It is an essential input to the development cooperation strategy and for decisions on the orientation and nature of the development cooperation with the country in question and on the design and portfolio of contributions, as well as for the dialogue with the partner country. It should serve as framework and a basis for more specific analyses at the sector or programme/project level.

As noticed above, Sida's involvement in poverty analyses should be regarded as cooperative as well as a more or less continuous work. With such an approach, the country level poverty analysis carried out as an input to the cooperation strategy process, does not become an isolated exercise undertaken more or less afresh every three to five years. Instead it becomes a synthesis of analyses already pursued by Sida and others in the country in question. Assumptions and conclusions in the cooperation strategy must be continuously re-examined.

Poverty mapping is an essential first step in any poverty analysis. It provides information on who the poor are, where they are found and what the key characteristics of poverty are. It can also cast light on the multidimensional nature of poverty in the particular context. Age, gender, ethnicity and disabilities should always be paid specific attention in the identification of the poor and the mapping of poverty.

An analysis of the causes of poverty is made difficult by the fact that they are both complex and context specific. It is the interaction of different factors that combine to create vicious circles that push people (and societies) into poverty and that prevent people from escaping poverty. Thus, the identification of remedies has to focus on breaking these vicious circles and of triggering positive development processes. The central elements for poverty reduction along with other crucial dimensions such as HIV/AIDS, provide entry points for identifying these factors, while the perspectives of the poor and the rights perspective provide guidance for how this should be done. Initially identified causes of poverty are usually in their turn the result of other underlying causes and factors. This makes it necessary to analyse and deconstruct chains of causes of poverty. Again, exploring causal chains requires a broad multi-dimensional approach.

As poor people are part of the societies in which they live, an analysis focussing specifically on the situation of the poor needs to be complemented by a broader analysis of development challenges and opportunities at the country level. Such an analysis not only provides the necessary context, but also facilitates an important distinction between developmental and structural causes of poverty. Developmental causes result from a general low level of development. Structural causes have to do with inequality and unequal access to the fruits of development. Poverty is almost invariably due to both developmental and structural causes. Developmental causes call for general indirect interventions aimed at raising the level of development. Structural causes necessitate interventions focussing specifically on the poor. The combination of these two broad types of interventions will obviously vary depending on the context. The perspectives of the poor and the rights perspective should be applied as guiding principles in determining the importance and weight attached to the two categories. The central elements of poverty reduction provide a useful basis for macro level analysis of developmental and structural causes of poverty. In order to arrive at an overall comprehensive picture the assessment could be made along two axes; (i) level of availability and (ii) access or distribution.

The road from poverty analysis to decisions on Swedish development cooperation has three stages, all to be conducted in close dialogue with the partner country.

- Identifying in broad terms the remedies needed to foster sustainable poverty reduction and overall development.
- Determining how development cooperation best can contribute to these processes.
- Determining how Swedish development cooperation should best feed into the country's own efforts and complement what other development partners are doing.

It is at the country level that strategic choices are made, implying that Sweden will focus on some of the main causes of poverty in the partner country. This does not mean that other important areas will be ignored, but that the prioritised dimensions of poverty will constitute entry points for further considerations of Swedish support.

Comprehensive guidelines for Sida's work with poverty analysis at the macro level is given in *"Country level analysis for poverty reduction"*.

There is a long tradition of sector analyses within public sectors and these are increasingly complemented by poverty and distributional assessments with a focus on how poor women and men benefit from goods and services within the sector, e.g. geographical accessibility, fees, quality of services etc. Within the area of private sector development there are attempts to identify different types of obstacles that prevent poor people from benefiting from market forces. Analyses and strategies for different sectors play an important role in decisions on specific contributions. It is thus a primary Sida task to assess the relevance and quality of these analyses and how specific contributions relate to them.

When it comes to specific contributions it is not mandatory that Sida carry out a special poverty study or contextual analysis for each and every contribution. What is always needed, however, is an assessment of its relevance and effectiveness for poverty reduction. In order to be able to make such assessments, it is evident that Sida must possess a good understanding of the context, manifestations and causes of poverty. This takes its starting point, whenever applicable, in the analyses and strategies on the country and sector levels as outlined above. The strategic choices between the various dimensions of poverty made in the country poverty analysis should constitute entry points for the continued analysis at programme/project level. If analyses of the poverty situation at the national and sector levels are lacking or insufficiently detailed, Sida must compensate for this in the preparation process by supporting complementary studies.

For each programme/project the analyses at country and sector levels must always be supplemented by a context-specific assessment, which shows how the particular programme/project

link in a logical and credible fashion to the general assumptions about the importance of this particular sector for poverty reduction in the country in question. The expected positive effect on the preconditions for poverty reduction in the particular programme/project shall be explicitly stated in decision documents. The scope of the analysis should be adapted to the size and complexity of the proposed contribution.

Further guidance for the poverty assessment at the contribution level, including minimum requirements, is given in Sida at Work's Manual for contribution management.

The role as dialogue partner

This section deals with Sida's role as a dialogue partner. The emerging new framework for development cooperation with many actors involved has made planned and strategic communication an important tool in all processes of cooperation. Some of these usually involve Sida as an active partner in the dialogue. In other cases it is important for Sida to strengthen the capacity of partners in programmes and projects to improve the quality of their strategic communication.

Hence, three typical situations and tasks for Sida can be identified.

- Sweden/Sida takes part in a dialogue which aims at putting forward important Swedish positions.
- Sida participates in an ongoing dialogue with many partners which aims at improving the process of cooperation in line with the principles of the international agenda for aid effectiveness.
- Sida strengthens the capacity of the partners in a programme or project to include Strategic Communication as a tool in their cooperation aimed at the achievement of the objectives of the programme/project.

Dialogue in Sweden's development cooperation

Human interaction is impossible without dialogue and communication. Dialogue implies mutual listening and learning but also an ability to put a message across. A common obstacle is that participating partners have insufficient understanding of each other's background and frame of reference. In most situations the dialogue is informal and unplanned. There are situations, however, in which the partners make a deliberate and planned effort at using the dialogue strategically.

As part of the international agenda for aid effectiveness, the dialogue has become more essential, intense and complex. This

agenda builds on the assumption that many parties should work together within broad frameworks and strategies in support of national strategies for poverty reduction. A well-structured dialogue and plan for communication is a key to the success of these efforts.

Consequently, the dialogue has an important role to play in Sweden's development cooperation. It should be open and transparent. It should be based on mutual trust and respect and include all important stakeholders such as representatives of government, beneficiaries, civil society, the private sector and development partners. The parties involved need to acknowledge that the dialogue is an opportunity for mutual learning and that it could be used as a basis to re-examine positions. For the dialogue to be constructive, the parties need to accept that sensitive issues could be included and discussed in a frank and open manner.

Sida as an active partner in the dialogue

Part of the purpose of Sida's participation in the dialogue is to present the Swedish positions that are within Sida's mandate and area of competence. It is important to identify a few issues and to develop a strategy of communication for them. This should and is being done both within the framework of country strategies and within programmes and projects.

An important part of the international agenda for aid effectiveness is to build consensus and to create a platform for joint action. An ongoing dialogue based on agreed international principles is part of the process. Sida should make its contribution to this process by becoming an active dialogue partner.

Experience shows that it is helpful to formulate concrete goals for each dialogue session. Such *dialogue sessions* are important elements in all Sida's work. They are sensitive, not least when issues of ownership and responsibilities are discussed. They require solid knowledge of the subject area, as well as of Swedish principles and approaches. Preparations before dialogue should involve the formulation of a Swedish position, even in the case of open-ended dialogue, since the formulation of a position normally sharpens analysis and knowledge.

The character of the dialogue may change over time depending on the context and specific situation in which it takes place. The following features can be observed in many situations.

Dialogue in a quest for a common platform is an open-ended exercise, where the participants interact without having defined the problems beforehand and without ready-made answers. Such dialogue is unprejudiced. Its main purpose is to identify common ground and potential starting points for further interaction. At later stages, this type of dialogue could be deepened in areas

where the parties share values and see opportunities for concrete cooperation.

On other occasions, the dialogue *is part of a process of negotiations*. It serves to facilitate planned or on-going cooperation between stakeholders. It provides opportunities to determine the way forward and decide about the delineation of responsibilities. This type of dialogue should be result-oriented and well planned. It should be transparent and care should be taken to include all relevant actors. Specific targets should be identified for each dialogue session. When the parties differ in their views, the dialogue serves to identify the differences and arrive at concrete solutions that the parties commit themselves to. In most cases, results need to be documented and reflected in formal minutes or agreements.

The learning and information aspect of dialogue appears straightforward but calls for consideration of some of the basic principles and approaches in development cooperation. It is necessary to ask questions such as who should inform whom and who should learn what from whom? Sida has accumulated valuable experience and has contributed to knowledge creation in certain areas but has also realised that the knowledge and experience of the cooperation partner are fundamental to the success of any development effort. The process of learning needs to be based on the realisation that no party can claim superior knowledge that should be superimposed on other parties.

In a role similar to that of dialogue partner, Sida may act as a facilitator in order to initiate and promote dialogue between key stakeholders. In such cases, Sida uses its good offices and broad experience to set up contacts, forge alliances and facilitate interaction between participants in the development process.

Sida as promoter of strategic communication as a tool in programmes and projects

The analytical work and dialogue that relates to programmes/projects typically reach few of the stakeholders, even when efforts are made to broaden participation. The direct involvement of stakeholders, in particular the poor, should take place at an early stage, e.g. at the PRS stage, when development priorities and policies are defined. When these priorities and policies have been established, the analysis and dialogue shift to the formulation of activities for implementation.

In line with democratisation and increased confidence in poor people's ability to guide the development process, many countries have introduced broad consultative processes to tap the views and experiences of the stakeholders before actual implementation is started. In this way, aspects that had been overlooked at the planning stage could be captured before

implementation starts, which is far more cost-effective than making changes once implementation has started. This consultative process could be regarded as an extended dialogue, which will allow the immediate stakeholders to influence the final design of the intended development effort.

Public communication with large numbers of people is a difficult undertaking, especially if the subject of change is controversial or sensitive. There is therefore an increasing realisation that analyses and dialogues should include communication strategies – or planned communication – to facilitate the dissemination of information and to help create forums for public debate. Apart from influencing the design of the development activities, these communication efforts aim to enhance ownership; improve the coordination of development activities; and increase transparency in order to facilitate for stakeholders to monitor and control development activities.

In Sida's own dialogue with cooperation partners, the issue of planned communication should be a standard agenda item. Sida should take a positive view on financing planned communication efforts from the Swedish contribution. Sida should also be prepared to strengthen the capacity of the different stakeholders within projects and programmes to use strategic communication as a tool during planning and implementation of the project or programme.

The role as financier/intermediator of resources – Sida's raison d'être

This section deals with Sida's role as a financier. It gives an outline of the two-tier process of determining how Swedish resources should be used, namely strategic considerations to establish the scope of cooperation and a process to define and formalise specific contributions to programmes and projects.

This is followed by a discussion of two factors which are vital for the effective utilization of Swedish resources, namely good governance, including anticorruption measures, and capacity development.

Determining how Swedish resources should be used under conditions of diversity and complexity

There are two main processes to guide how Swedish development cooperation is to be adapted to the diverse, interdependent and complex conditions that characterise development work.

1. A process to formulate strategies for the utilisation of development cooperation resources;

2. A process to define and formalise specific Swedish support to allow transfers of resources for development purposes.

These processes are closely interrelated: the strategy process determines the broad objectives and direction of the cooperation and the second process determines its specific contents. As will be further elaborated below, Swedish development cooperation consists of a number of cooperation forms that are distinguished by varying objectives, procedures and decision-making processes. The precise contents of the two processes vary between different cooperation forms but the ambition to distinguish strategic considerations and contribution management is always there.

The overall complexities and interdependencies in the development situation are considered at the strategy level. This is done both in the cooperation strategies and guidelines that emanate from Government and in the operational plans, such as country plans, that are prepared within Sida. Considerations at the strategic level are based on assessments of the cooperation partner's own analyses and strategies, at times supplemented by corresponding information collected through Swedish initiatives.

Strategies and operational plans are not sufficient for actual resource transfers. Transfers can only take place when Sweden/Sida and a cooperation partner have agreed on specific purposes for which the resources are to be used. In Sida terminology, the development purposes that Sweden supports are referred to as *programmes/projects*. The support that Sweden agrees to provide is referred to as the *Swedish contribution* and the agreement between the parties as a *specific agreement*. The resources provided by Sida are frequently both financial and professional and may, exceptionally, be in kind.

The transfer of resources is a formal and strict process with precise rules for physical and financial follow-up, as specified in Sida's regulations.

Good governance and anticorruption measures

Good governance is a precondition for relevant and effective resource utilisation and tangible poverty reduction. It is characterised by rule of law, openness and transparency in resource management. It reduces the threats to development that are posed by corruption and mismanagement. The cooperation partner has the overall responsibility to ensure good governance, but Sida closely monitors performance in order to ensure that Swedish funds are used effectively.

Good governance and anti-corruption measures should be raised consistently in Sida's dialogue with cooperation partners. Dialogue should be based on Sida's view that corruption should be addressed through institutional and structural reform, but

also need to be tackled on the political level. Sida provides special support for this purpose, for example support to strengthen financial management systems, supervisory institutions, watchdog groups, free and independent media, and the legal framework. Support could also be provided to promote public awareness and win broad public support for good governance and anti-corruption measures.

Suitable measures to promote good governance should be included at the programme/project level and reflected in the specific agreement. Such measures include capacity development in resource management/monitoring; as well as formal independent auditing of financial management and performance. Other preventive measures include the formulation of clear-cut responsibilities and well-defined, measurable targets for the cooperation. Further prevention can be achieved through frequent exchange of information through dialogue and partnership arrangements, as well as the publication of plans and available resources to make the beneficiaries and other stakeholders aware of what should be achieved.

In dialogue and contribution management, Sida is a flexible and listening partner, but in resource management Sida requires strict adherence to agreed-upon rules and procedures. The difference of approach in these areas may not be self-evident to the cooperation partner, and it is of great importance for Sida to make its approach to resource management clear to the cooperation partner from the very start. Furthermore, it is essential for Sida to ensure that agreed-upon audits and follow-ups of procurement and other aspects of resource management are undertaken as per schedule.

Capacity development

For cooperation partners to exercise ownership and lead broad processes of change, they must have the capability to do so. "Capacity development" means efforts to facilitate for individuals, groups or organisations to better identify and deal with development challenges. Capacity development takes different forms. It could aim at improving professional knowledge among individuals, which has been the preferred approach for some time. It could also mean efforts to refine and strengthen organisational structures and promote cooperation between organisations. Furthermore, capacity development could aim to improve institutional frameworks, for example legal systems and policies. The fostering of analytical capacity through research and research training is crucial for domestic capacity to formulate and monitor PRs.

In line with its overall task of creating conditions for development, Sida has identified capacity development as a strategic

approach in development cooperation. There should be a continuous dialogue with the cooperation partner on these issues. Does the necessary capacity exist? If not, can it be developed or strengthened? Should capacity development be concentrated to the implementation of a specific task or should it aim at strengthening the organisational structures or institutional frameworks under which the task is to be undertaken? Finally, should efforts be directed at domestic training institutions capable of providing the required competencies? How should the measures be monitored and evaluated?

One implication of the Paris Declaration on Aid Effectiveness is that Sida should promote and support capacity development in partner countries through coordinated programmes consistent with partners' national development strategies.

References

- The 2005 Paris High Level Forum on Aid Effectiveness (available on www.devaid.org/index.cfm)
- Position paper on Poverty Reduction Strategies (Sida, 2005)
- Country Level Analysis for Poverty Reduction (Sida, 2005)
- Sida's Anticorruption Regulation (Sida, 2005)
- Sida's Policy for Capacity Development (Sida, 2001)

Steering and decision-making

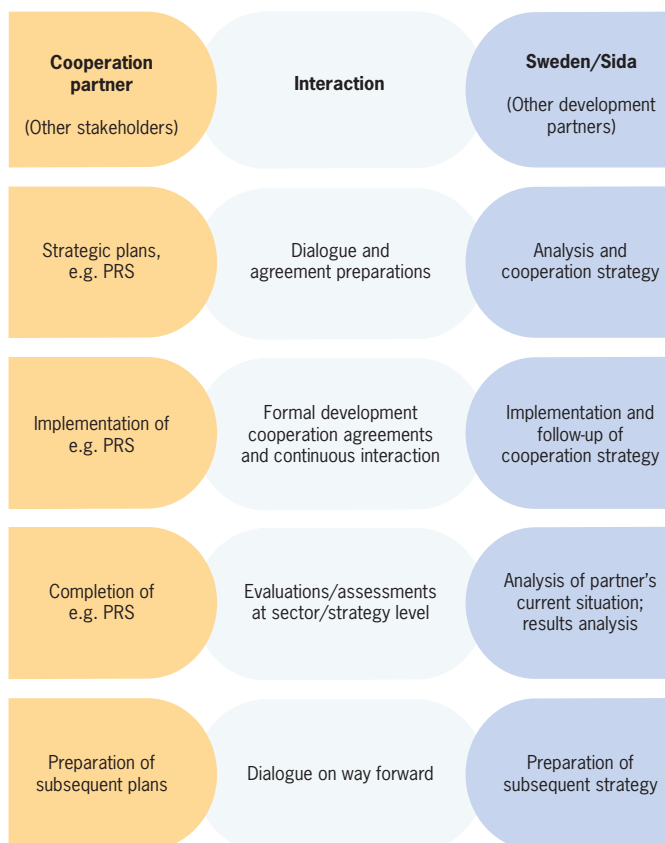
This section starts with an overview of the major roles and tasks that apply to Swedish development cooperation at the strategic and programme/project/contribution levels, respectively. It also provides a discussion on the various measures that Sida takes to increase the impact and effectiveness of development cooperation. A presentation of Sida's assessment criteria, which are applicable to all work undertaken by Sida, is also provided.

The section also includes a presentation of the long-term strategies and central guidelines that govern Swedish development cooperation, the most important being Cooperation Strategies and UN Strategy Frameworks. This is followed by an outline of how strategies are interpreted and operationalised via country plans and other work plans. Finally, the contribution management cycle is presented, which describes the interaction between programmes/projects and Swedish contributions during initial preparations, in-depth preparations, the agreement phase and retrospective follow-up.

An overview of roles and tasks

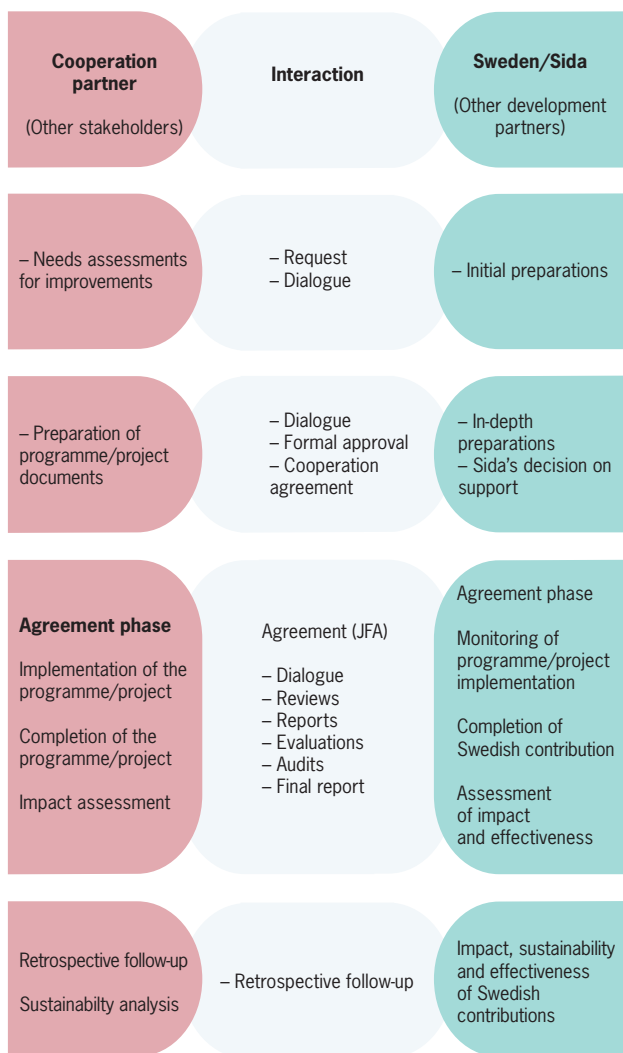
The figures below illustrate how Sweden/Sida interacts with its cooperation partners at various stages of the cooperation.

The strategic level



Interaction at a strategic level results in an overall framework for cooperation between the parties. Major issues of common interest, or concern, are identified. Arrangements for regular consultations and decision-making are made.

The programme/project and contribution level



Preparations at programme/project level normally result in agreements on specific Swedish contributions to the cooperation partner's programmes/projects. If several development partners are involved, the preparations may also result in a Joint Financing Arrangement (JFA), which regulates the contributions and interaction (including consultative arrangements) between the signatories to the JFA. Normally, a JFA is not legally binding, but is supplemented by bilateral and legally binding specific agreements that regulate the transfer of resources from development partners to the cooperation partner.

Swedish contributions are prepared in two phases, viz. initial and in-depth preparations. The subsequent agreement period covers start-up, implementation as well as completion. Consultations and dialogue between the parties are frequent during preparations as well as during the agreement period. At times, the parties agree to undertake a retrospective follow-up after the agreement period. The latter follow-up would mainly deal with the long-term impact and sustainability of the development efforts supported through the contribution.

Increasing impact through result-based management

Global poverty remains widespread in spite of substantial global economic growth and long-standing development cooperation between poor and rich countries. While it is increasingly recognised that several policy areas, including trade and migration patterns, are of at least the same significance as development cooperation, there is also a growing concern about measures that could be taken to strengthen the impact of development cooperation itself. Many of the trends and processes described in Sida at Work relate to efforts of this type.

At a macroeconomic level, experience of structural adjustment reforms gave rise to a debate on conditions for pro-poor growth, societal change and sustainable development. Stakeholder ownership and commitment were identified as key preconditions to development, and new procedures were elaborated with the aim of increasing popular participation and broadening the scope of poverty reduction programmes. The introduction of poverty reduction strategies and development programmes linked to them are examples. A parallel development was the recognition of the complexity of the development process, including the realisation that a multifaceted context must be considered in all interventions, including apparently straightforward and simple ones. This is exemplified by the development of Sida's view on poverty as holistic and multidimensional. There was also a realisation that more could be done to assess the effects of development cooperation, not least as a way of improving its functions and increasing its impact.

These developments resulted in increased interest in the relationship between resources and outcomes/impact, both at the strategic level and the programme/project level. At the same time it became more and more difficult to trace direct linkages between causes and effects due to the fact that support had become increasingly process and context oriented.

As a result of these developments, efforts are ongoing to refine existing analytical models. Poverty strategy analyses provide major challenges, not least when it comes to the transformation of overall strategies into concrete programmes/projects

to effectively combat poverty. Challenges include the introduction of result-oriented budgeting and management, as well as the development of methods to measure outcomes and impacts. Refined baseline analyses, improved monitoring and follow-up mechanisms and the identification of measurable and relevant performance indicators become essential.

In line with general policies, the main responsibility for improving the planning, implementation and follow-up aspects of programmes/projects rests with the cooperation partner, whenever necessary with support from external partners. Sida supports the development and utilisation of refined analytical and implementation mechanisms wherever practical.

Presentations of technical methods for planning and follow-up, such as the Logical Framework Approach (LFA), as well as Sida's approach to monitoring and evaluation will be found in the next major section, Quality Assurance in Swedish Development Cooperation

Key considerations to help determine Swedish support

Sida uses a number of assessment criteria to facilitate its decision-making. The criteria relate to the LFA methodology.

The assessment criteria are:

1. *Relevance*, which assesses how appropriate a development strategy, or a specific programme/project, is in relation to the cooperation partner's and the primary stakeholders' priorities and existing needs, as well as to poverty reduction as the objective of Swedish development cooperation;
2. *Effectiveness and cost efficiency*, which assesses
 - a) whether the set objectives are likely to be achieved; and
 - b) whether the implementation strategy is an appropriate and cost-effective way of achieving the objectives under the prevailing circumstances and given possible alternatives.

At the strategic level, the effectiveness criterion includes considerations of the most effective utilisation of Swedish resources, e.g. in terms of prioritised areas of cooperation and the composition of the overall contribution portfolio;

3. *Feasibility*, which assesses if the practical conditions exist for successful implementation of the programme/project and the Swedish contribution, respectively. Do the implementing parties have the required capacity, resources and will for successful implementation? Apart from these ownership aspects, assessments of the institutional environment for implementation come to the fore;
4. *Sustainability*, which assesses if a supported development effort maintains its effects at a reasonable level after the cessation of external support (or the completion of the programme/project), in terms of impact on human, environmental, institu-

- tional and financial resources. Ownership issues at an impact level are addressed, including the influence that poor people exert during planning, implementation and follow-up;
5. *Coordination and consultations*, which assesses strengths and weaknesses in the interaction between the cooperation partner, its national stakeholders and development partners, including Sida. Particular attention should be given to issues of ownership and control, for example how to arrange consultations without hampering the cooperation partner's internal management structures. Assessments of this type are essential both at the strategic and project/programme level;
 6. *Risks and risk management*, which assesses internal and/or external risks and proposes measures to avoid or reduce such risks.

Applying Sida's assessment criteria in certain cooperation forms

In certain cooperation forms, Sida primarily assesses the cooperation partner and its capacity and ability to implement projects in line with the goals and strategies of Swedish development cooperation, rather than assessing the projects implemented by the partner (or the partner's associates) on a project-by-project basis. For example, this situation applies in the case of support via Swedish NGOs, where Sida assesses the capacity of the Swedish organisation, not individual projects or programmes. These are projects where Swedish NGOs contribute to the project by providing their own resources (currently – 2005 – 10% of the total project cost).

Strategic considerations

The Swedish Government uses a mix of long-term strategies, specific policies and guidelines in the annual appropriation directives to guide Sida's work in various areas of development cooperation. Long-term cooperation strategies, policies and guidelines, approved by Government, govern Sweden's interaction with individual countries and regions as well as with UN organisations. On the basis of these policies and guidelines, Sida develops country/regional plans and other plans of operation for its short to medium term planning. These plans are subsequently transformed into contributions, based on specific agreements with cooperation partners, which form the basis for actual resource transfers from Sida to the cooperation partner.

Cooperation strategies

Cooperation strategies are the most important instruments governing Swedish development cooperation with individual

countries and regions. The strategies not only refer to development cooperation but also reflect Sweden's involvement in other policy areas. Thus, they provide presentations of activities undertaken in the partner country by Swedish government institutions, private sector, non-governmental organisations and other actors in Swedish society. Finally, they include accounts of cooperation programmes that are financed by other development partners. Any conflicts of interest are to be made clear.

Cooperation strategies are developed for poor countries or regions with which Sweden has, or is planning, development cooperation programmes or other financial commitments. The strategies are commissioned and approved by the Swedish Government. They are normally of 3–5 years' duration.

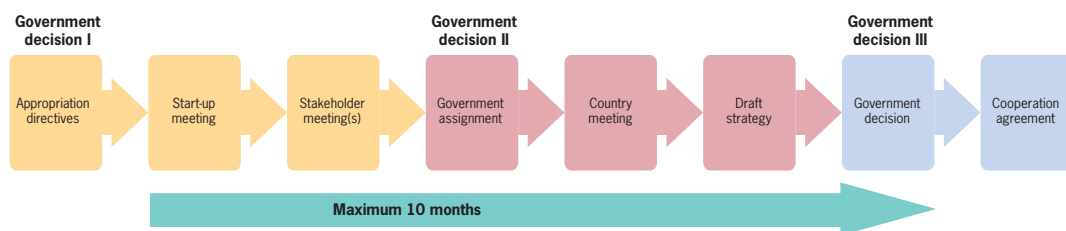
Directives for the preparation of strategies are provided in *Guidelines for cooperation strategies*. They were approved by the Swedish Government in April 2005 and reflect Sweden's new approach to development cooperation. This implies that Sweden's development cooperation, as far as possible, should conform to the requirements and criteria laid down in the partner country's poverty reduction strategies (PRS) or equivalent development strategies. Bilateral and multilateral cooperation should be viewed as a whole. Various initiatives should increasingly be implemented in collaboration with the EU, other development partners and multilateral actors. Simplification and harmonisation of cooperation procedures must be sought, leading to a gradual transition to using the partner countries' own systems. Swedish support must focus more extensively on programme-based support, and in individual partner countries confine itself to a limited number of sectors and areas. Greater weight is to be attached to management by objectives and results.

A cooperation strategy must include analyses of, and conclusions regarding, the basic conditions prevailing in the country, the results of previous cooperation efforts, the country's needs and priorities, Swedish and EU policies, Sweden's comparative advantages, division of responsibilities vis-à-vis other development partners and ongoing international processes as exemplified by the Paris Declaration. Assessments must be based on the framework for poverty reduction, as presented in the Policy on Global Development. They should always take their starting point in the partner country's own analyses, combined with analyses by other development partners and multilateral organisations.

The process of developing a cooperation strategy must be tailored to the country and its specific situation. Increasingly, strategy work is expected to become a joint effort by a number of development partners under the leadership of the partner country. In such cases, the end result might be a government-led

Joint Assistance Strategy (JAS), where Sida would have to adjust its own cooperation strategy to the JAS.

Features common to all strategy processes are an ongoing dialogue with the partner country and coordination of efforts with other development partners. The various steps in the process also follow a common pattern, but may vary substantially in time and effort, depending on the scope and complexity of Swedish development cooperation.



The various steps in the process are outlined in greater detail in Sida's internal *Manual for the preparation, implementation and follow-up of cooperation strategies*. Guidance for the analytical work in the strategy process is given in *Position paper for national strategies for poverty reduction (PRS)* and *Country level analysis for poverty reduction*.

The preparation of a cooperation strategy is based on continuous dialogue with the partner country, as well as on assessments of available analyses of the development process. Sometimes, such analyses may be supplemented by analyses initiated by Sida and/or other development partners. The analyses and the dialogue process should lead to conclusions regarding:

- main objective(s),
- sub-goals for main areas of cooperation,
- channels and forms of cooperation including share for programme support,
- expected results, and
- issues for dialogue.

The Swedish Government approves the final cooperation strategy. Normally an *agreement on development cooperation* is concluded between Sweden and the partner country. The government decision on a cooperation strategy normally includes a decision to delegate to Sida the right to implement the strategy, to decide on contributions and other issues that fall within the framework of the strategy.

During the implementation and follow-up stage, the cooperation strategies provide the framework for identifying an optimal portfolio of Swedish contributions, which is carried out in dialogue with the cooperation partner and subsequently documented by Sida in country and regional plans. The strategies do not, however, include detailed lists of contributions. Instead, specific contributions are determined in an ongoing process of dialogue based on the priorities and conclusions given in the strategy.

Cooperation strategies also serve as references for Sida's monitoring of general developments in the country/region, documented in country reports as well as in its follow-up of programmes/projects that receive Swedish support. Furthermore, strategies should be consulted during regular reviews, such as annual reviews, to assess progress, review the adherence to agreements and determine the way forward. Throughout the strategy period, the continued relevance and feasibility of the strategy should be assessed in conjunction with the cooperation partner and other stakeholders.

Strategic considerations for multilateral cooperation

Sweden pursues an active multilateral development policy and is a major donor to several multilateral organisations. The Policy for Global Development requires enhanced cooperation with multilateral development organisations, as well as an increased integration between Sweden's bilateral and multilateral development cooperation. The European Commission, the UN System, the World Bank, IMF and the regional development banks play important roles in the international policy debate and in supporting the development efforts of partner countries. They are important policy dialogue partners in Swedish development cooperation. Furthermore Sida increasingly collaborates with them in analytical work, dialogue and joint financing. Cooperation within OECD's Development Assistance Committee, DAC, is central to policy debate and harmonisation efforts.

Sida channels a significant part of its funds through UN organisations and the World Bank (co-financing). Sida's dialogue with multilateral organisations takes place both at headquarters and country level. In order to promote a coherent and coordinated Swedish approach, Strategy Framework Papers for UN organisations have been developed by Sida and later formally adopted by the Government. The aim of the Strategy Framework Papers is to provide guidance and support to officers at Sida, the Ministry for Foreign Affairs, other ministries and Swedish embassies.

Strategy Framework Papers are in place for:

UN Development Programme, UNDP.
UN Population Fund, UNFPA.
UN Children's Fund, UNICEF.
World Health Organisation, WHO.
UN Educational, Scientific and Cultural Organisation, UNESCO.
UN Office for Drugs and Crimes, UNODC.
International Labour Organisation, ILO.
Joint UN Programme on HIV/AIDS, UNAIDS.

In addition, Strategy Frameworks for the UN Housing and Settlement Programme, UN Habitat, and the Food and Agriculture Organization, FAO, are being prepared (2005).

Most UN Strategy Framework Papers follow the same pattern. The first chapter gives a factual description of the organisation's mandate, structure, goals, priorities and resources. The second chapter contains Sweden's assessment of the organisation, its strengths and weaknesses, and challenges. The third and last chapter is the strategy proper. It states the motives for Sweden's support to the organisation, Swedish positions on important recurrent issues, specific objectives of Swedish support and the instruments to be used to achieve these objectives.

From strategies to contributions

The Swedish Government's intentions and guidelines, as expressed in cooperation strategies, are operationalised and interpreted by Sida in country plans and regional plans.

Country and regional plans

Sida's country plans and regional plans serve to transform strategic guidelines into contribution portfolios that will ensure effective overall utilisation of Swedish resources. The country/regional plans present a 3-year perspective and contain conclusions and directives regarding various aspects of cooperation, such as:

- Strategic considerations and priorities in a 3-year perspective, including the overall aim, emphases and size of Swedish contributions;
- Major tasks relating to dialogue and coordination;
- The planning of country strategy preparations, if applicable;
- An evaluation plan;
- Delineation of responsibilities between headquarters and the embassy; and
- Resources.

The country/regional plans are the major documents governing development cooperation work at an embassy. Country plans are drafted by Sida's field offices and prepared in consultation with sector and regional departments. The field offices initiate the consultations, which do not follow any standard format. The regional departments prepare regional plans and decide on both country and regional plans. Monitoring of country and regional plans are documented through Sida Country reports.

As part of its planning process, Sida prepares work plans for cooperation that is not covered by country and regional plans.

Contribution management

Roles and phases in contribution management

Contribution management is central to Sida's work, since it is only formally agreed contributions that allow Sida to release resources for concrete development purposes. In line with Swedish policies, contributions should be made to programmes/projects that are owned and implemented by committed cooperation partners. Consequently, these contributions must be well adapted to the needs and plans of the cooperation partner. In addition, the contribution must fall within the normative framework that applies on the Swedish side. Contribution management consists of three phases:

- a) initial preparations;
- b) in-depth preparations; and
- c) the agreement phase.

In addition Sida sometimes undertakes various forms of retrospective follow-up, which provides learning opportunities as well as information about long-term impact and sustainability.

Introduction

Extensive coverage of aspects relating to contribution management will be found in *Sida's Manual on Contribution Management*. The text below highlights aspects that are general to all types of Sida support but distinct to various stages of contribution management. It should be noted that contribution management is integrated in Sida's overall policies, approaches and formal frameworks, even though these are not necessarily repeated below. Major frameworks in this respect are:

- The strategic framework, for example in cooperation strategies and country plans;
- The policy and methods framework, as presented in Sida at Work and other policy documents; and

- The formal framework, as represented by Swedish legislation and Sida's regulations.

In addition to Swedish frameworks, Sida's work needs to be adapted to the cooperation partner's procedures and regulations for planning, implementation, monitoring and reporting. This is in line with Sida's policy to strengthen the role of the cooperation partner, among other things by supporting and participating in efforts towards alignment and harmonisation. Sida actively discourages solutions that require special arrangements to handle external support, in particular so called by-pass solutions that are based on special project organisations.

The fact that Sweden endeavours to use the cooperation partner's procedures and regulations does not mean that Sweden is restricted in requesting information or changes that are essential to efficient support. Sweden/Sida must always be able to satisfy the necessary requirements for its own decision-making. These matters are handled in consultations with the cooperation partner, aimed at solutions that are acceptable to both parties.

Programmes/projects versus contributions

Sida's distinction between programmes/projects on the one hand and Sida's contributions on the other hand is essential in all aspects of contribution management.

The decision to undertake a programme/project is taken by the cooperation partner. The cooperation partner is fully responsible for the planning and implementation of the programme/project, including the management of resources from development partners.

Normally, the Swedish Government delegates the right to take decisions on Swedish contributions within the framework of a cooperation strategy to Sida. The responsibility to plan, monitor and provide the contribution lies with Sida, even though there are normally continuous consultations with the partner. A contribution normally consists of both financial and professional resources, but could also be in kind. The provision of professional resources includes Sida's participation as a concerned dialogue partner. A request from the cooperation partner is normally required to trigger the release of Swedish resources.

The main emphasis in preparations, implementation and completion should be on the programme/project, since the programme/project is the critical entity in terms of development impact. With regard to the Swedish contribution, the emphasis should be on its appropriateness in contributing to poverty reduction, as well as on efficient, correct and transparent utilisation of Swedish resources. In brief, it could be said that the assessment of, and dialogue on, the programme/project

presented provides the information required for decisions on the size and format of the Swedish contribution.

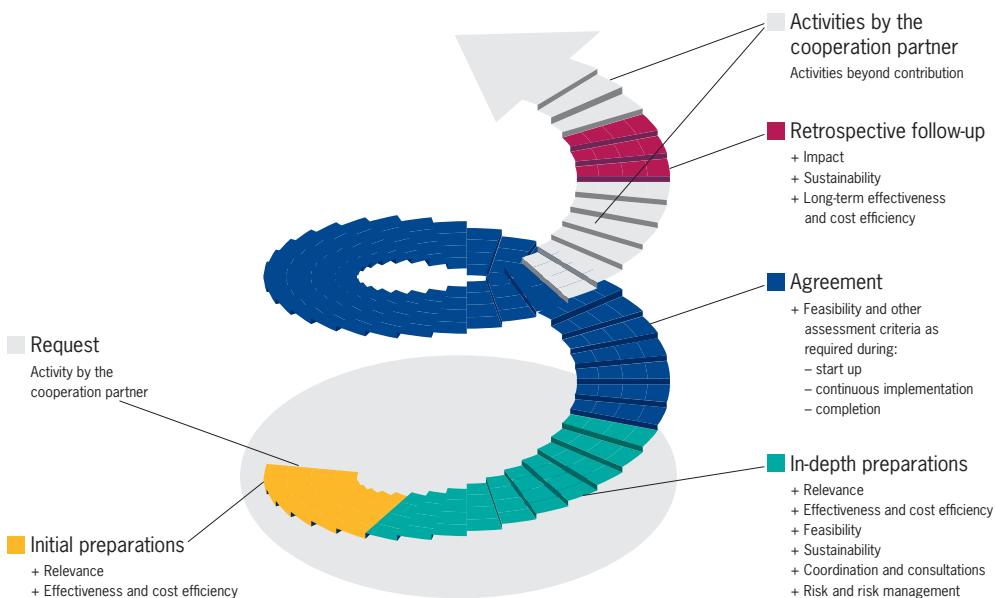
Requests for support from Sida

Sida support presupposes a *request* or a *programme/project proposal* from an external entity, which could be a government, an institution/organisation or an individual. The request could be formal or informal. For certain cooperation forms, formal request requirements have been established.

When responding to a request, Sida uses assessment criteria and procedures that require specific information of different types, although requirements will vary considerably depending on the size, character and complexity of the support requested. In most cases the applicant is asked to provide additional information. In cases of major support or complex considerations, there is normally an extensive preparation period during which the design of the programme/project is refined and an appropriate Swedish contribution identified. Dialogue between the parties is an important element in the preparation process.

Initial preparations

Initial preparations serve as a first opportunity to assess a request from a cooperation partner. A first assessment results either in a decision to reject the request or continue with initial preparations. Requests are rejected if they do not fit into the approved



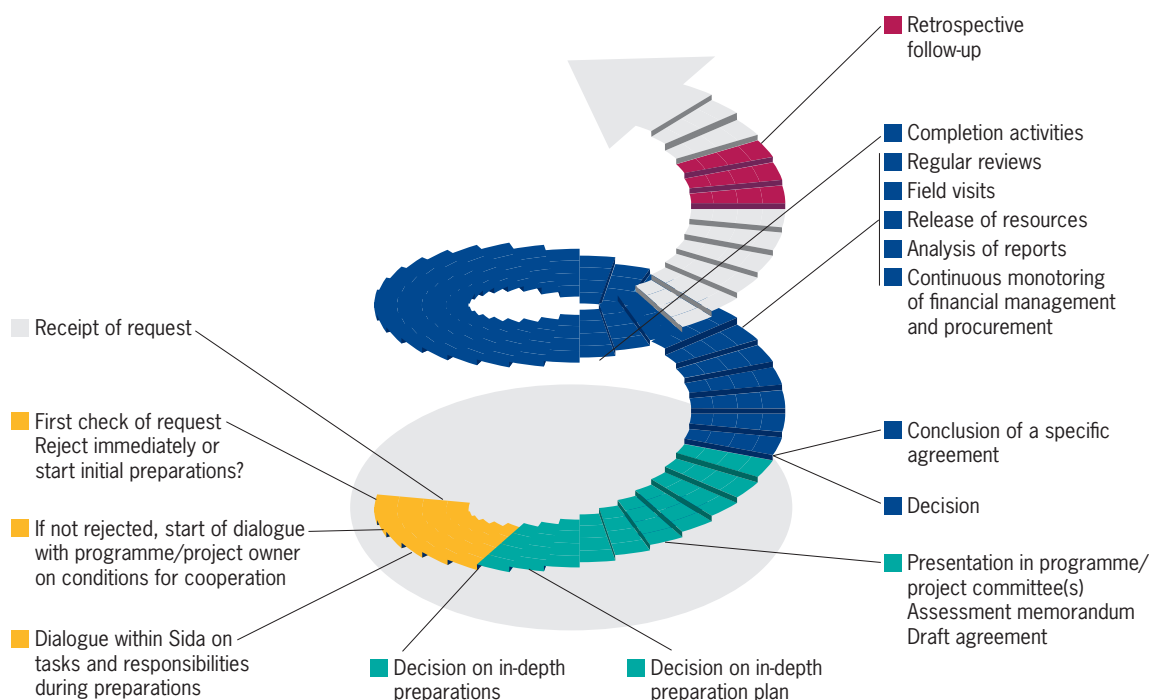
framework of Swedish support in a country or a thematic area. If Sida decides to start initial preparations, emphasis will be given to the relevance of the proposal to poverty reduction, as well as effectiveness and cost efficiency. In addition, considerations regarding aid modality and cooperation form, including the choice between grant and non-grant financing, should be made during initial preparations.

In-depth preparations

In-depth preparations serve to:

- a) assess a number of aspects of the proposal, according to Sida's assessment criteria; and
- b) jointly with the cooperation partner identify the character and size of the Swedish contribution. In-depth preparations vary in time and ambition depending on the size and character of the request. During preparations, a number of factors relating to later phases need to be addressed and agreed upon, for example issues concerning baseline studies and systems for monitoring and evaluation. Similarly, the overall delineation of responsibilities and formats for dialogue and consultations should be agreed upon.

At the end of in-depth preparations, Sida prepares an Assessment Memo, which forms the basis for Sida's decision whether to provide support or not. The parties jointly draft a specific agree-



ment to regulate their cooperation if support is approved. The agreement should be accompanied by a Plan of Operations or similar management tool to guide implementation.

The agreement phase

The agreement phase consists of three sub-phases; start-up, implementation and completion.

During the *start-up sub-phase*, the practical implications of the recently signed agreement should be reviewed by the responsible Sida entity and the cooperation partner. In large or complex cases, an implementation plan, covering both routine management and the handling of strategic issues, should be prepared. The plan should include the delineation of responsibilities for various activities between the parties.

The following main activities are undertaken *during the implementation sub-phase*:

- Result-oriented monitoring, based on agreed objectives, targets, costs and progress indicators;
- Continuous monitoring of conditions (e.g. environmental, social and financial) that affect the implementation of the programme/project or the Swedish contribution;
- Established procedures for dialogue and reaction to developments during implementation. These procedures, which vary with the type of support, should include measures to make formal adjustments of the cooperation, when required;
- Financial follow-up, follow-up of procurement and of the adherence to other conditions of the specific agreement.

During implementation, adherence to agreements and other formal arrangements must be given prominence, as well as issues relating to good governance and anti-corruption measures.

Apart from agreed-upon reports and consultative arrangements, *Sida's Rating System*, *SiRS* and its system for financial management, the *PLUS system*, provide essential inputs to Sida's monitoring. Sida may also initiate special studies or field visits to obtain supplementary information. Process-oriented *interim evaluations*, which should be joint undertakings with the partner, could be carried out if it is necessary to make an in-depth assessment of progress as a basis for possible adjustments. Interim evaluations should be based on the logical framework that was worked out for the programme/project during preparations.

The *completion sub-phase* serves to assess and summarise experiences. Basic assumptions and exit strategies made during preparations should be re-examined and lessons learned should be incorporated into any considerations of continued cooperation. The cooperation partner is normally obliged to prepare a *results analysis* report. Sida will undertake a *completion rating*. If ordinary

monitoring does not provide sufficient information on outcomes and impact, an *end of agreement evaluation* should be carried out.

Retrospective follow-up

Retrospective follow-up is undertaken some time after the agreement period. It is not a phase in the proper sense but should be seen as a reflection of the preparation phase. This is a main opportunity for long-term follow-up and learning. A *retrospective evaluation*, which should preferably be undertaken jointly with the partner, could be carried out to measure impact, sustainability and long-term effectiveness of the intervention. Retrospective follow-up will not be undertaken in all cases but should be reserved for cases where the parties jointly, or Sida alone, have identified issues of special interest or concern. In this sense, retrospective follow-up differs from completion sub-phase activities, which are compulsory. Please, also refer to the Sida Evaluation Manual, “*Looking Back, Moving Forward*”.

References

- Guidelines for Cooperation Strategies (Ministry for Foreign Affairs, 2005)
- Manual for the preparation, implementation and follow-up of cooperation Strategies (Sida, 2005)
- Sida at Work – A Manual on Contribution Management (Sida, 2005)
- Position paper on poverty reduction strategies (Sida, 2005)
- Country level analysis for poverty reduction (Sida, 2005)
- Looking Back, Moving Forward – Sida Evaluation Manual (Sida, 2004)

Quality Assurance within Swedish Development Cooperation

Quality Assurance is a matter of ensuring that the right things are being done and being done well. It is built on a general attitude and culture in the organization that every part of a process, whether it is decision-making, implementation, administration or something else, is performed in accordance with the best available tools and practice and that the action is managed and recorded in a way that permits adequate control and avoids unnecessary work.

Sida has a responsibility to the Swedish Parliament and Government to apply its financial and professional resources effectively and responsibly. The taxpaying public in Sweden, as well as beneficiaries in partner countries, also deserve insight into how resources are used. Sida uses a number of instruments to assure quality in its work.

Quality assurance in relation to cooperation partners

Normally the cooperation partner, not Sida, is responsible for the implementation of programmes and projects that Sida supports. High levels of quality in implementation will strengthen the quality of Sida's contributions and vice versa. Thus, the quality of Sida's contributions will largely depend on the quality of the cooperation partner's work.

Thus, quality assurance needs to be considered from two different, but interdependent, perspectives. One relates to the quality of measures that are implemented by the cooperation partner. The other relates to the quality of Sida's contributions to the work of the cooperation partner.

The quality of the cooperation partner's work should be judged from its contributions to the overall goal of poverty reduction. Does the programme or project tally with overarching poverty reduction strategies? Does it genuinely promote the interests of the poor and their human rights? Is it well defined in terms of objectives, targets and organisational structure? How are the poor represented in decision-making relating to the programme/project? What measures have been taken to ensure good governance, efficiency and transparency in resource management, e.g. in terms of structures for financial management, procurement, audits and information?

Frequently, the cooperation partner would use analytical tools, such as the Logical Framework Approach (LFA) to illuminate these aspects of the programmes/projects. Benchmarks and progress indicators should be identified early at the preparatory stage and used as a basis for monitoring, follow-up and evaluations.

Even though implementation responsibility rests with the cooperation partner, Sida contributes to quality assurance of programmes and projects through consultations and dialogue with the partner, as well as through Sida management responses to major studies. Issues relating to resource management, not least Sida's *Anticorruption regulation*, are essential in this respect.

Quality assurance in Sida's own work

Although the main analytical emphasis is at the strategy level, considerations of multi-dimensional challenges and constraints are also made at the contribution level. There, the focus is on assessing how the programme or project, as identified by the cooperation partner, relates to the challenges and constraints that are to be addressed. The assessment of the programme or project, combined with the guidelines in strategies and other guiding documents, provides the basis for the identification and formalisation of a Swedish contribution. LFA and similar tools, e.g. tools for *capacity development and the assessment of organisations*

and institutions are frequently used in considerations concerning programmes/projects and contributions, respectively.

For research cooperation additional quality assessment is performed for scientific quality and relevance of the proposal presented to Sida through peer review processes typically undertaken in science, which at Sida is done through independent scientific reviewers or priority committees. The review takes into consideration if the hypothesis or research questions, methods proposed meet the internationally accepted standards of the discipline.

The quality assurance of Sida's proposals for cooperation strategies and for its own contributions to programmes and projects forms an integrated part of Sida's preparatory and implementing procedures. Careful preparations are essential, including scrutiny of proposals regarding cooperation strategies by the *Peer review group for cooperation strategies*, and scrutiny of contribution to programmes and projects by the different *project committees*. Sida's financial management system (the PLUS system), as well as Sida's statistics on the utilisation of funds, exemplify other aspects of quality assurance. SiRS, Sida Rating System, is an LFA-based monitoring instrument to improve Sida's internal assessment of progress during implementation. Furthermore, Sida has introduced a system for digital handling of documents and cases (EDOC). This integrated electronic archive system gives opportunities to search and find Sida's records over previous projects.

Sida's internal auditors provide another example of quality assurance in Sida's internal work, along with Sida's controllers. Special measures are taken to strengthen the *quality assurance mechanisms of Sida's field operations*. These measures relate to embassies with extended authority and aim to incorporate quality assurance mechanisms into field activities. They concentrate on compliance with policy documents, regulations and instructions but also include factual scrutiny of the contents of the support provided through the embassy.

Dynamism and risk

Development processes are associated with uncertainty and consequently with risk. A degree of risk-taking must be accepted by the owner of the programme/project, as well as by development partners. Risk assessments and risk management become vital. Risk assessments are integrated parts of instruments such as the LFA. For example, baseline studies should be carried out and benchmarks and indicators should be developed at the preparatory stage to be used as references in subsequent stages. Continuous dialogue and an open exchange of information are prerequisites for an early understanding of – and reaction to – any risks that may occur.

Economic and social crises, political antagonism and armed conflicts are examples of disruptions that threaten development efforts and, on most occasions, lead to increased poverty in the societies affected. Some enduring obstacles to development are foreseeable, such as HIV/AIDS, widespread corruption and environmental degradation. Others might be sudden, such as natural disasters, or a flare up of armed conflict as a result of submerged or rising tensions over political influence or access to resources.

Whatever the reason, Sida needs to possess the instruments to respond quickly and appropriately when disruptions occur. This could be achieved through early conflict prevention measures or other forms of conflict management aimed at finding peaceful solutions to disputes. In cases of on-going armed conflicts or higher than normal risks of armed conflicts, measures to manage and prevent the escalation of conflicts should be built into the cooperation from the start, as an integrated part of country and regional strategies. It is of particular importance that development cooperation is “conflict sensitive” in order not to negatively affect conflict dynamics, and its potential to promote peace and security should also be considered.

The Logical Framework Approach

Sida encourages the use of the *Logical Framework Approach (LFA)* or similar approaches as tools for designing change processes, monitoring progress and evaluating impact. LFA has been used and tested for a long period and has proved valuable in promoting a common approach among stakeholders. It also contributes to creating clarity in development efforts by arranging change processes in a logical structure that facilitates assessments of the relationship between inputs, outputs, outcome/impact and objectives. It provides a structure to ensure that stakeholders are consulted and relevant information made available so that stakeholders and other decision-makers can take informed decisions. Basic assumptions are regularly reviewed which frequently reveals weaknesses in the original analysis or underlines changing circumstances that should be used for adaptation and updating of the programme/project.

The logical structure of LFA makes the approach useful also in connection with other analytical models and in a broad variety of contexts. In addition, the LFA structure forms the basis of Sida's rating system, which is one of Sida's main instruments for monitoring progress within its ongoing contributions.

The role of agreements

Sida's transfers of development cooperation resources must be based on agreements with parties that are external to Sida. The

parties could be governments or governmental institutions, non governmental organisations, private companies or individuals. Sida's use of agreements is guided by Sida's regulation on agreements, Sida's standard agreement templates, and Sida's Handbook on Agreements.

Agreements are key documents and must be respected. It is a central task for Sida as financier/intermediator to monitor compliance with these agreements. Also Sida's dialogue role is relevant to agreements. Through dialogue, the parties can identify desirable changes in the emphasis and format of the cooperation, but such changes only take effect once they are confirmed through formal changes in accordance with the provisions of the agreement to which they relate.

In cooperation with governments, the formal framework for the transfer of resources is frequently defined in *Agreements on General Terms and Conditions for Development Cooperation*, which regulate the transfer of financial and professional resources, as well as resources in kind. In many cases, there is a second type of overarching agreement, *Agreements on Development Cooperation*. In the latter agreements, the overall goals of the cooperation are stated, as well as the main areas of cooperation. Usually, the overall level of Swedish support in a certain period is also indicated. The overarching agreements described above provide the framework of cooperation but are not sufficient to release resources for specific purposes. For resources to be released, *specific agreements* are required. The specific agreements regulate Sida's contributions to programmes/projects that are implemented by Sida's partners. Specific agreements frequently relate to overarching agreements, but do not have to do so. Other agreement structures apply in certain cases. For example, in Sida's support to Swedish non-governmental organisations, Sida concludes framework agreements with a limited number of key organisations that, in their turn, receive and assess applications from smaller organisations.

Contracts with suppliers, e.g. companies that supply goods or services, and employment contracts with individuals, are examples of additional formal arrangements to regulate the transfer of resources. These contracts are frequently linked to specific agreements.

Procurement issues must always be clarified in agreements. The agreements must specify who is responsible for procurement and what procurement regulations that are to apply.

Monitoring and evaluation

Monitoring and evaluation are important aspects of result-oriented management. The two aspects are complementary and mutually supportive. Monitoring provides continuous records

of programme/project progress. Monitoring of results should ideally be linked to the follow-up of internationally agreed indicators as defined in the Paris Declaration on Aid Effectiveness.

Evaluation provides in-depth analysis of issues that cannot be adequately handled by monitoring. Sida uses evaluations strategically for purposes of learning and accountability. Still, an evaluation should only be undertaken after its expected utility in relationship to costs has been considered. In some cases the monitoring system will provide all the information needed by Sida and other stakeholders. This is most likely the case if the monitoring system is designed to cover outcomes as well as inputs and outputs.

Evaluations of development cooperation activities should take place in a context of partnership and should be carried out in such a way that partnerships are strengthened rather than undermined. In evaluations initiated by Sida, the owners of the activities to be evaluated should be invited to participate from the very start. With regard to timing and organisation, as well as scope and focus, evaluations should reflect the interests and concerns of all the parties, not just those of Sida. A joint donor – recipient evaluation is often an appropriate organisational form for an evaluation of a programme/project supported by Sida.

Procedures and responsibilities relating to monitoring and evaluation should be established during preparations and should be reflected in the specific agreement, not least to provide a basis for dialogue. The possible necessity of strengthening the cooperation partner's capacity to monitor and evaluate the programme/project should be considered. Please also refer to the Sida Evaluation Manual, *"Looking Back, Moving Forward"*.

References

- The Logical Framework Approach – A summary of the theory behind the LFA method (Sida, 2004)
- Sida's Anticorruption Regulation (Sida, 2004)
- Sida's Regulation on Development Cooperation Agreements (Sida, 2004)
- Sida's Evaluation Policy (Sida, 1999)
- Looking Back, Moving Forward – Sida Evaluation Manual (Sida, 2004)
- Sida's Audit Manual

Annex I: Central concepts

Sida at Work contains several concepts that should be used in a uniform manner. Some of the concepts are Sida-specific, some are of a more general nature. In the latter case, existing international interpretations are used, although at times with some modification to make the meaning more specific to Sida conditions.

OECD's 'Glossary of Key Terms in Evaluation and Results Based Management' is a major source of reference. Explanations provided on UNDP's website have also been used.

Cross-references among listed terms are marked in italics.

ACCOUNTABILITY Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans. **A**

ACTIVITY Actions taken or work performed through which inputs, such as funds, professional inputs and other types of resources are mobilized to produce specific outputs.

AGREED MINUTES A document, signed by the parties involved, that records the discussions and decisions of a meeting, such as an annual review.

AGREEMENT ON DEVELOPMENT COOPERATION An agreement that Sweden frequently signs with countries with which it has long-term cooperation. This type of agreement provides a framework for *specific agreements*. Swedish term: "samarbetsavtal".

AGREEMENT ON GENERAL TERMS AND CONDITIONS FOR DEVELOPMENT COOPERATION An agreement that regulates the formal terms and conditions for the transfer of financial and professional resources, as well as resources in kind, from Sida. Swedish term: "proceduravtal".

AGREEMENT PHASE In contribution management, the agreement phase is the period defined in a specific agreement, in which Sida and the partner has certain stipulated responsibilities and obligations.

APPRAISAL An overall assessment of a programme/project proposal prior to a decision on funding.

A ASSESSMENT CRITERIA Sida has defined six assessment criteria that are used, directly or indirectly, in strategic analyses as well as during considerations of programmes/projects and contributions, respectively. They are: relevance, effectiveness and cost efficiency, feasibility, sustainability, coordination and consultations, and risks and risk management.

AUDIT An independent, objective assurance activity designed to add value and improve an organisation's operations.

- *Financial (regularity) auditing*: focuses on compliance with applicable statutes and regulations;
- *Performance auditing*: includes relevance, economy, efficiency and effectiveness;
- *Internal auditing*: an assessment of internal controls undertaken by a unit reporting to management;
- *External auditing*: undertaken by an external organisation.

B BASELINE STUDY An analysis describing the situation prior to a development effort, against which progress can be assessed or comparisons made.

BENCHMARK Reference or standard against which performance can be assessed.

BENEFICIARIES The individuals, groups, or organisations, whether targeted or not, that benefit directly or indirectly from the development effort.

BY-PASS SOLUTION A solution where a temporary organisation, parallel to the established structure, is set up for implementation.

BUDGET SUPPORT General budget support for poverty reduction is a non-earmarked financial contribution to the financing of a country's state budget.

C CAPACITY DEVELOPMENT The process by which individuals, groups and organisations develop their capability to identify and deal with challenges that they meet in the development process.

CENTRAL COMPONENT ELEMENTS Concept from the Swedish Policy for Global Development to illustrate the many mutually reinforcing and interdependent dimensions of poverty and the need for a holistic approach.

The eight elements are:

- Respect for human rights
- Democracy and good governance
- Gender equality

- Sustainable use of natural resources and protection of the environment
- Economic growth
- Social development and social security
- Conflict management and human security
- Global public goods

CIVIL SOCIETY An arena, separate from the state, the market and the individual household, in which people organise themselves and act together to promote their common interest.

CONCESSIONARY CREDIT Credits mainly tied to Swedish exports. Consists of funds borrowed on international capital markets, which are combined with funds from the Swedish development budget and extended on soft terms. The Swedish Export Credit Corporation (SEK) on behalf of Sida arranges the borrowing for the scheme. The aid component is provided by Sida with funds allocated from the Swedish bilateral budget (U-krediter).

CONFLICT Struggle between opposing forces, normally under peaceful conditions. If peace does not prevail, there is an armed conflict, or in extreme situations war. Conflict management is the general term used by Sida for its contributions, together with its cooperation partners, towards the resolution of armed conflicts. Three types of contributions are defined for the purpose: promotion of dialogue; promotion of security; and promotion of structural stability.

- *Conflict prevention:* Part of conflict management, but limited to activities in
 - a) the period before the outbreak of an armed conflict; or
 - b) a post-conflict situation to prevent a recurrence of the armed conflict.
- *Conflict resolution:* High-level efforts, involving several actors, to solve disputes between parties in armed conflicts. Conflict resolution goes beyond what Sida could do as an individual actor.

CONTRIBUTION Sida's financial, professional and/or material support to a project/programme, as formally defined in a *specific agreement*, or equivalent. Swedish term: "insats".

CONTRIBUTION MANAGEMENT, CONTRIBUTION CYCLE Sida's handling of Swedish contributions throughout the contribution cycle, which includes preparation, implementation and retrospective follow-up of agreements. Swedish terms: "insatshantering" and "insatscykel".

C COOPERATION PARTNER The party with which Sida concludes a *specific agreement*, or makes similar formal arrangements, on a Swedish *contribution* to a *programme/project* that is owned and implemented by the partner.

COORDINATION AND CONSULTATIONS One of Sida's assessment criteria, which assesses the strengths and weaknesses in the interaction between the cooperation partner, its national stakeholders and development partners, including Sida.

D DELEGATED COOPERATION Occurs when one donor (a “lead donor”) acts with authority on behalf of one or more other donors (the “delegating donors” or “silent partners”)

DEVELOPMENT A sustainable process of enhancing the freedom, wellbeing and dignity of people within an equitable and secure society.

DEVELOPMENT CONTRIBUTION See *Contribution*.

DEVELOPMENT COOPERATION Cooperation between development partners, such as Sida, and their *cooperation partners* with the aim of promoting development.

DEVELOPMENT EFFORT Action by a cooperation partner to bring about development, with or without support from *development partners*.

DEVELOPMENT PARTNER An external agency, such as Sida, which contributes resources to a programme/project. Direct contributions are made through the provision of financial, professional and material resources. Development partners also contribute indirectly through inputs in dialogues and negotiations. Alternative terms are “donor”, “financier”.

DIALOGUE A continuous exchange of views and information between Sida and its partners with the aim of facilitating development cooperation and increasing the impact of development efforts.

DONOR See *Development partner*.

E EFFECT Intended or unintended change due directly or indirectly to an intervention.

EFFECTIVENESS The extent to which the objectives of a development effort were achieved, or are expected to be achieved. Sida's definition of ‘effectiveness’ as one of its *assessment criteria* includes *efficiency* aspects.

EFFICIENCY A measure of how rationally resources/inputs are converted to results.

E

EVALUATION A systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. Normally takes on a broader and more societal perspective than an audit.

- *Comprehensive evaluation*: an evaluation that attempts to combine process and impact evaluation.
- *Ex-post evaluation*: an evaluation that is carried out when an activity has been completed.
- *Impact evaluation*: an evaluation concerned with the effects or impacts produced or brought about by the use of outputs. Alternative term: Summative evaluation.
- *Interim evaluation*: an evaluation of activities in progress.
- *Process, or formative, evaluation*: An evaluation that deals with the design and implementation of an activity as well as its outputs and outcomes. Interim evaluations are frequently process-oriented.
- *Retrospective evaluation*: an evaluation undertaken several years after the completion of a development effort with the aim of learning about impacts, sustainability and long-term effectiveness.

EXIT STRATEGY A strategy for designing, implementing and ending external support in a manner consistent with the objective of producing sustainable development results.

FEASIBILITY One of Sida's assessment criteria, which assesses the practical and institutional conditions for the implementation of a development effort.

F

FINANCIER See *Development partner*.

FUNGIBILITY The fact that development cooperation funds may be used as substitutes for local funds, which thereby become available for alternative uses.

GENDER EQUALITY A situation where the role of women and girls equals that of men and boys, with due consideration of the fact that women and men often are affected by and react differently to events, processes and problems.

G

GOAL The long-term objective to which a development effort is intended to contribute.

G **GUARANTEE** Sida's guarantees can be used to facilitate foreign financing or financing on local capital markets. Guarantees are intended to overcome market failures, for example when private infrastructure projects cannot mobilise local financing or foreign currency financing on reasonable terms.

H **HARMONISATION** International efforts to reconcile procedures for the planning, monitoring and reporting of development cooperation, as well as of regulations governing financial transfers, procurement and recruitment of external staff.

I **IMPACT** Positive and negative, primary and secondary long-term effects resulting from a development effort, directly or indirectly, intended or unintended.

INDICATOR Quantitative or qualitative factor or variable that provides a simple and reliable means of measuring achievement, reflecting the changes connected to a development effort, or helping assess the performance of a development actor.

INPUTS The financial, professional and material resources used to produce outputs in a programme/project.

L **LESSONS LEARNT** Generalisations based on evaluation experience from projects, programmes, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths and weaknesses in preparation, design and implementation that affect performance, outcome and impact.

LOGICAL FRAMEWORK APPROACH (LFA) Management tool used by the cooperation partner to improve the design of development activities, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impacts) and their causal relationships, and the assumptions and risks that may influence success or failure. It thus facilitates the planning, execution and evaluation of a development effort. Sida primarily uses LFA as an assessment tool.

M **MONITORING** A continuing function that uses systematic collection of data on specified indicators to provide management and stakeholders of ongoing development activities with indicators of the extent of progress and achievement of objectives and progress in the use of allocated funds.

O **OBJECTIVE**

- *Development objective:* intended impact contributing to physical, financial, institutional, social, environmental or other

benefits to a society, country or group of people via a programme/project or a set of development efforts.

- *Programme/project objective*: the intended physical, financial, institutional, environmental or other development outcomes to which a programme/project is expected to contribute.

OUTCOME The likely or achieved short-term and medium-term effects of outputs from a programme/project.

OUTPUTS The products, capital goods and services, which result from a programme/project.

OWNER The owner of a project/programme is the party, who identifies the development need, requests support, leads and directs planning and implementation. Different actors can play ownership roles at different stages of programmes/projects.

OWNERSHIP The exercise of control and command over development activities. It combines a commitment to a development effort with the mandate and capability to transform the commitment into effective action.

PARTICIPATION The possibility to make strategic, consequential choices and exercise influence over processes that will affect the participating individual's life.

PARTNERS The individuals and/or organisations that collaborate to achieve mutually agreed upon objectives.

PARTNERSHIP A set of relationships between individuals, organisations and countries with shared views and defined roles, tasks, rights and obligations.

PEER REVIEW A process usually used to assure scientific quality. Sida utilises independent scientific reviewers or priority committees to review proposals taking into consideration if the hypothesis or research questions and methods proposed meet the internationally accepted standards of the discipline.

PROGRAMME/PROJECT Development effort owned and undertaken by a cooperation partner, frequently supported through *contributions* from Sida and/or other development partners.

PROGRAMME BASED APPROACH A way of engaging in development cooperation based on the principle of coordinated support for a locally owned programme of development, such as a national poverty reduction strategy, a sector programme, a thematic programme or a programme operated by a specific organisation.

O

P

- P** **PRO-POOR DEVELOPMENT** Development effort specifically designed to empower the poor in a society.
- Q** **QUALITY ASSURANCE** Quality assurance encompasses any activity that is concerned with assessing and improving the merit or the worth of a development effort or its compliance with given standards.
- R** **RELEVANCE** One of Sida's assessment criteria, which assesses how appropriate a programme/project, or a contribution, is in relation to existing needs.
- RESULTS** The output, outcome or impact (intended or unintended, positive and/or negative) of a development effort.
- RESULT-BASED MANAGEMENT** A management strategy focusing on performance and the achievement of outputs, outcomes and impacts.
- RESULTS ANALYSIS REPORT** Analytical report to be provided by the cooperation partner at the end of a specific agreement.
- RETROSPECTIVE FOLLOW-UP** Follow-up activity several years after the completion of a development effort, primarily with the aim of learning about the impact, sustainability and long-term effectiveness of the development effort.
- REVIEW** An assessment of the performance of development activities, periodically or on an ad hoc basis.
- RISKS AND RISK MANAGEMENT** One of Sida's assessment criteria, which assesses internal and/or external risks and proposes measures to avoid or reduce such risks.
- S** **SECTOR PROGRAMME SUPPORT** A specific, time-limited and costed set of actions and activities which support a sector strategy
- SECTOR WIDE APPROACH** A programme-based approach operating at the level of an entire sector (see *Programme Based Approach*)
- SOFT LOAN** Sida's soft loans are normally untied. This type of credit is mainly intended for the poorest countries. A large proportion of the credit is provided in the form of a grant.
- SPECIFIC AGREEMENT** An agreement between Sweden and a cooperation partner that provides the formal basis for transfers of resources and regulates the parties' roles and responsibilities in relation to the contribution.

S

STAKEHOLDER The organisation and/or persons who own, participate in, finance, or in some other way have an interest in or are affected by a development effort, both in the partner and in the donor country.

SUBSIDIARITY PRINCIPLE The responsibility for implementing a certain activity should be at the lowest practical level.

SUSTAINABILITY One of Sida's assessment criteria, which measures if the effects of a project/programme are maintained at a steady level after special inputs, including contributions from development partners, have been phased out. Sustainability could be described in social, economic and environmental terms. *Environmental sustainability* refers to the extent to which an activity can be maintained at a steady level without exhausting natural resources or causing severe ecological damage.

SUSTAINABLE DEVELOPMENT reflects the extent to which the needs of the present generation can be met without compromising the ability of future generations to meet their social, economic and environmental needs.

T

TARGET GROUP The individuals who will be directly affected by, and benefit from, the programme/project.

Acronyms

General Acronyms

CG meeting	Consultative Group meeting
DAC	Development Assistance Committee
EC LAW	European Community Law
EU	European Union
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ILO	International Labour Organisation
IMF	International Monetary Fund
JFA	Joint Financing Arrangement
LFA	Logical Framework Approach
MDG	Millennium Development Goal
NGO	Non-Governmental Organisation
ODA	Official Development Aid
OECD	Organisation for Economic Co-operation and Development
PRS	Poverty Reduction Strategies
PRSP	Poverty Reduction Strategy Papers
SWAP	Sector Wide Approach
UN	United Nations
UNDP	United Nations Development Programme

Sida-related Acronyms

AFRA	Department for Africa
ASIEN	Department for Asia
DESO	Department for Democracy and Social Development
EDOC	Sida's Electronic Document Handling System
EVU	Department for Finance and Corporate Development
ICT	Secretariat for Information and Communication
INEC	Department for Infrastructure and Economic Cooperation
INFO	Information Department
KTS	Contract-Financed Technical Cooperation
NATUR	Department for Natural Resources and the Environment
PEO	Human Resources Department
PLUS	Sida's Planning System
POM	Department for Policy and Methodology
POP	Perspectives on Poverty
RELA	Department for Latin America
SAREC	Department for Research Cooperation
SEKA	Department for Cooperation with NGOs, Humanitarian Assistance and Conflict Management
EUROPE	Department for Europe
Sida	Swedish International Development Cooperation Agency
SiRS	Sida's Rating System
UTV	Secretariat for Evaluation and Internal Audit

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden
Phone: +46 (0)8 698 50 00
Fax: +46 (0)8 20 88 64
sida@sida.se, www.sida.se