

Sida Evaluations and Audits 2006

A synthesis of findings and conclusions

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SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY

Department for Evaluation and Internal Audit

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Executive Summary

As set out in the Government's Letter of Instruction for 2006¹, Sida shall submit a report regarding evaluations and audits undertaken this year. This report summarises conclusions and recommendations from 58 evaluation reports, 5 audit reports and 3 assessment memoranda as well as Sida's management response to some of these studies.²

The majority of the evaluations undertaken in 2006 concerned project support. Sida has taken part in four large joint evaluation initiatives: the evaluation of General Budget Support; the evaluation of the international response to the Indian Ocean tsunami; the evaluation of the humanitarian and reconstruction assistance to Afghanistan and the evaluation of coordination and complementarity of EU assistance to local development. There is a clear correspondence between the regional and sector allocation of funds and the distribution of evaluations over regions and sectors. Regions and sectors that receive relatively large volumes of financial support are also regions and sectors with relatively many evaluations.

Management responses have been, or are about to be, completed for approximately half the evaluations and all the audits. These responses generally agree with the suggestions made by the evaluations and audits. In some cases Sida's management response is preceded by a separate response from the organisation that is the object of evaluation. When this is the case Sida's management response is not just a response to the evaluation itself but also a response to this prior response.

Among the 58 reports reviewed here Sida's Secretariat for Evaluation and Audit (UTV) is responsible for six: an evaluation of Sida's environmental policy, a review of Sida's assistance to research cooperation (including six case studies and a synthesis report), and the four joint international evaluations mentioned above.

Sida's departments and the embassies are responsible for all the remaining evaluations. The conclusions and recommendations in the evaluations belonging to this group are usually restricted to the activities under review and have little direct relevance to development co-operation activities elsewhere. The evaluations generally refer to Sida's standard evaluation criteria: effectiveness, impact, relevance, efficiency and sustainability.

The following are key summary observations from the review:

- For a majority of the evaluations, the level of *effectiveness* of the interventions, the extent to which the interventions had achieved their stated objectives, was said to have been high. In one-third of the cases the results were more mixed.
- *Impact assessments* focussing on long-term development effects were much less common than evaluations assessing effectiveness in relation to short- and medium-term objectives. In about two-thirds of the evaluations dealing with impact, the reported results range from mixed to very positive.
- The majority of the evaluated activities were considered *relevant* in relation to the policies and development needs of the co-operation partner as well as in relation to the Swedish development objectives. Relevance in relation to actual partner country priorities or the priorities of target groups is not much discussed.

¹ Dated 20/12/2005.

² Not all evaluations commissioned by Sida are reported to UTV. The present review covers only those evaluations reported to UTV and published in the series Sida Evaluations.

- Two of three ex-post evaluations found the evaluated projects to be *sustainable*, continuing to deliver services after the secession of aid. In the remaining case, the reported results were mixed. In evaluations of on-going projects, it was often concluded that the *sustainability* of the evaluated activities would not be assured without additional measures.
- About 50 percent of the evaluations discussing *efficiency* rated the evaluated activities high or fairly high. In the remaining evaluations, the assessments of efficiency were less positive.
- In about 50 percent of the evaluations dealing directly with questions of *poverty reduction*, the conclusions are for the most part positive. Some of the reports focus mainly on income poverty, though there are also quite a few reports taking a broader view of poverty (i.e. lack of capabilities).
- More than half the reports discussing *gender issues* make a positive assessment of gender mainstreaming and/or gender impact.
- Results with regard to *democracy and human rights* range from mixed to positive for the most part. Only in a few cases are the results assessed to be poor overall.
- A common conclusion regarding *environmental impact* is that possible negative impacts have been largely avoided or mitigated. There is rarely an analysis of missed opportunities for making a positive environmental impact.
- The internal auditors found Sida's annual and biannual reports to be satisfactory. Sida's handling of entertainment costs ("representation"); Sida's framework agreements with government organisations; internal management at Sida's Information Department; and the administration at three overseas offices are, by and large, satisfactory though there are minor improvements to be made as suggested by the Internal Audit.

1 Introduction

As set out in the Government's Letter of Instruction to Sida 2006, Sida shall by April 2, 2007 submit a report regarding the evaluations and audits undertaken during 2006. The report shall include a summary of important conclusions and recommendations from the audits and evaluations as well as an account of Sida's response to them.

This report is divided into four main sections. The first section gives an overview of all the reviewed evaluations. The second and third sections present the evaluations undertaken by the Secretariat for Evaluation and Internal Audit (UTV) and joint evaluations in which Sida has participated along with other aid agencies. Management responses are also accounted for. The fourth section covers evaluations commissioned by Sida departments and embassies, and here the findings are synthesised in relation to Sida's evaluation criteria and the objectives of the Swedish development cooperation. Sida's responses to these evaluations are also commented on. Lastly, the report covers a summary of activities undertaken by the internal auditors.

2 General Overview of Evaluations Undertaken 2006

During 2006 a total of 58 evaluation reports were published, though five of these were translations of evaluations published in other languages. Eight of these concerned studies commissioned by The Department for Evaluation and Internal Audit (UTV). UTV is accountable directly to Sida's Board. Each year the Board decides on the evaluations to be commissioned by UTV. When an evaluation is completed, UTV reports back to the Board and to Sida's Director-General. The latter is responsible for deciding on a management response to the evaluation. Each Sida department and embassy may decide to commission evaluations of any part of its cooperation, over and above the evaluations commissioned by UTV. In these cases the respective department and embassy is responsible for deciding on a management response. However, UTV is responsible for publishing all Sida's evaluations in a series of publications and to make sure that they are available in hard copies as well as on Sida's home page, www.sida.se.

Among the eight UTV evaluations one deals with environmental considerations in Sida's work (06/42) and the remaining seven (one synthesis report and six case studies) were part of a review of Sida's assistance to research cooperation.

The remaining evaluations were commissioned by other Sida departments or by embassies. For a complete list please see the reference list at the end of the report. Unfortunately, not all evaluations commissioned by departments and embassies are reported to UTV and hence do not get published in the Sida Evaluation series.

The evaluations cover all the sectors and regions in which Sida is involved in development cooperation. However, evaluated activities are not necessarily a representative sample of development cooperation support through Sida. The matrix below gives the sector and regional distribution of the evaluations covered in this report.

Table 1. Regional and sector distribution of evaluations

	Other	Europe	Latin America	Asia – MENA	Africa	Number of Evaluations
Democracy, Human Rights	49	18	1,34, 45,47	30,32,33, 35,39, 50	3,25	14
Health	55			2,26	5,6,16, 20,43	8
Education, Research Cooperation	13,17,22,24, 27,40,41,46		12		23,	10
Natural Resources and Environment	42		28, 56	14	19,31,36	7
Infrastructure				38	9,53	3
Trade, Private Sector Development, Financial Systems	15,52					2
Humanitarian Assistance				TEC, Afgh.		2
Budget Support	PGBS					1
Other	21,37,MR,3C	54	8,11	44,48,51	10	11
Number of Evaluations	18	2	9	15	14	58

Notes: The evaluations are indicated by their number in the *Sida Evaluation* series. Four of the evaluations included in the table are not published in Sida Evaluations: the Joint Evaluation of Partnership General Budget Support (PGBS); the evaluation of the Humanitarian and Reconstruction Assistance to Afghanistan, 2001–05 (Afgh); the Joint Evaluation of the International Response to the Indian Ocean Tsunami by the Tsunami Evaluation Coalition (TEC); the evaluation of Sida's Management Response System (MR) and; the evaluation of coordination and complementarity of European assistance to local development (3C). See the reference list for further information.

How does the regional and sector distribution of evaluations compare with the distribution of funds? Figure 1 illustrates the regional percentage distribution of the evaluations in 2006 along with disbursed funds over the period 2001–2006. Regions that have received a relatively large proportion of the allocation of funds over the last five years are also regions that have relatively many evaluations. However, we note that the Latin American region is subject to a relatively large number of evaluations compared with the size of the contributions going to this region. This is also the case when looking at evaluations published in 2005.

Figure 1. Regional distribution of evaluations and disbursements

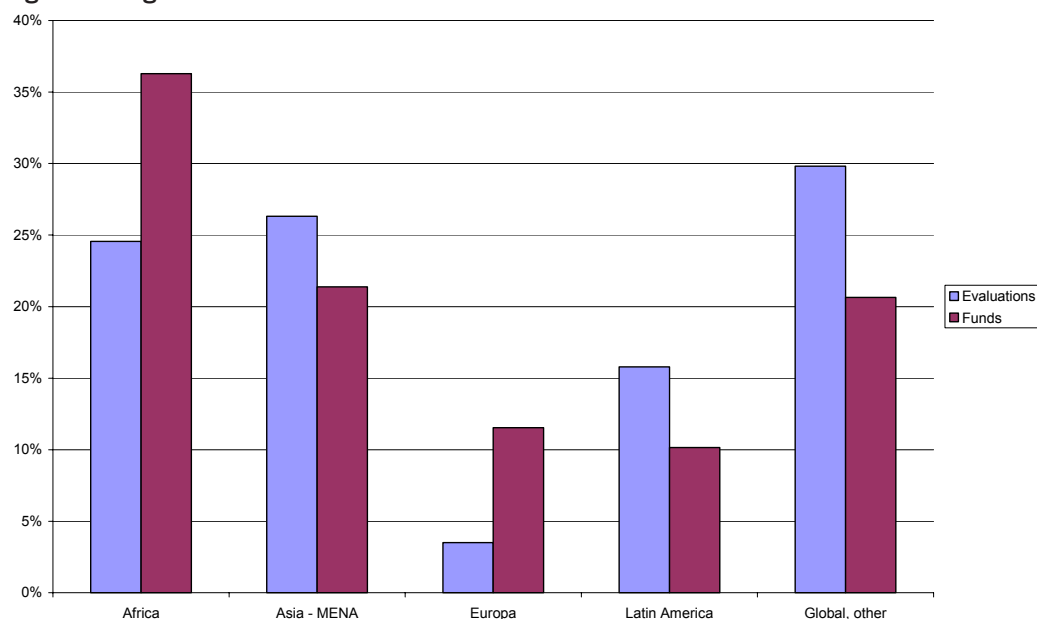
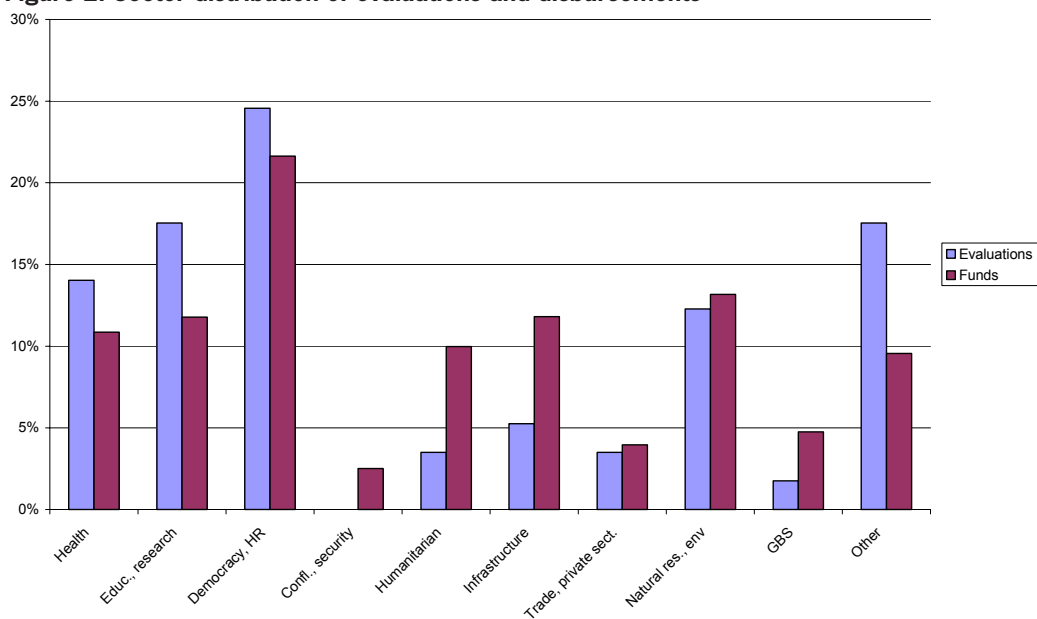


Figure 2. Sector distribution of evaluations and disbursements



There is also a clear correspondence between the sector distribution of evaluations and the sector distribution of funds (see Figure 2); although we note that there are relatively few evaluations in some sectors. Caution is called for however. This comparison does not give the full picture of the relative importance of evaluation activities in different areas. Some of the evaluations only cover a fraction of the total assistance to the sector while others are extremely large and ambitious covering a significant part of the cooperation, like the joint evaluation of general budget support, which includes many countries and covers considerable amounts of funds and many issues.

The public sector was the most frequent counterpart in the evaluated activities. Other counterparts were NGOs and research institutions. Private sector agents were the main partners in two of the evaluations, and hence the least common counterpart in the evaluated activities.

All reports relate to one or several of Sida's evaluation criteria, which are effectiveness, impact, relevance, efficiency and sustainability (see page 18 for an account of these criteria and their status in Sida). Most reports relate to the poverty reduction objective, albeit usually undefined.

About 60 per cent of the evaluations were conducted at the end of a phase or the end of the project, while 15 per cent were midterm reviews. The fact that less than 10 per cent of the evaluations were ex-post evaluations taking place some time after the completion of the project has important implications for what can be said about impact and sustainability.

The average number of person-weeks for an evaluation was 16.5, out of which an average of 9.8 was spent in the field. Compared with the previous year, more time has, on average, been spent on the evaluations, and of this time a larger share has been spent in the field. The average number of evaluation team members was 3.4. Just over 40 per cent of the evaluators were women, i.e., the teams have, on average, been bigger, and the relative proportion of women in the teams has increased compared with 2005. Just over half of the evaluation teams included members from the partner country/region.³

³ These figures do not include data for evaluations by the Department for Evaluation and Internal Audit and data from joint evaluations. These evaluations are generally more ambitious efforts including significantly larger teams and more time input.

3 UTV's Evaluations and Studies

3.1 Sida's Management Response System

The purpose of this evaluation is to describe and analyse the management response (MR) system's relevance, characteristics, assumptions and implementation and to present recommendations for the future. Three main conclusions have been drawn. First, the assumptions of the MR system are reasonable and consistent to attain the desired outcome of better documentation and adding structure, but not quite consistent with the intention of (organisational) learning. The MR system's integration with existing forums for decision-making is not considered thoroughly in the design of the system, neither are the conditions for learning and process use. Secondly, in practice the MR system has made a limited contribution to (organisational) learning. This has to do with a number of implementation failures. The implementation of the MR system has been slow and uneven. On average, there are still less than 50% of evaluations completed with management responses. The coverage is better for the UTV evaluations, however, with most evaluations being followed by a management response (compiled by the Director-General's office), and the management responses are generally more elaborate than the management responses by other Sida departments and by the embassies.

Management responses have low status compared with other routines, and documents are not generally used in forums where important decisions are made. Managers have been cautious when deciding on Sida's action in the MRs in order to avoid too many commitments. MRs provide limited information about Sida's considerations and responses and thus have limited value for knowledge transfer. In addition, the follow-up of action plans is not always a routine. Thirdly, the system does not enhance partnership, dialogue and ownership, and accordingly, it is not a support for Sida's overall endeavours. Viewed from a political perspective, the current MR system strengthens the management level and its discretion to decide which action to take and which not to take.

The evaluation identifies three options for the future. The status quo option implies no changes in routines and procedures in the current system. The second option, referred to as the Sida Response (SR) system, modifies and strengthens the current system. Some of the improvements include better instructions and routines for the system, more time for reflection, a flexible response system that includes no response, a limited and a complete response. The third option is a Sida Partner Response (SPR) system, which includes Sida's responses to recommendations directed to partners, and partner responses to recommendations addressed to Sida. "Reaching agreed consent" is added to the purposes of the SPR system. The status of the response system is raised by using SPR in forums where important dialogues and decisions take place. This option also includes a flexible response system. The main advantages are that SPR enhances rationality in collective action, promotes collective and inter-organisational learning and goes along with the overall goals of partnership, dialogue and ownership.

The findings and recommendations of the evaluation are presently considered jointly with related issues of quality assurance within the Sida organisational review ("Organisationsöversynen").

3.2 Research Cooperation (06/41)

During 2006 the research cooperation was assessed by evaluations covering bilateral research cooperation, cooperating universities' IT functions, regional and international research, Swedish development research, SAREC's organisation and Sida's Development Research Council.

Bilateral research cooperation with universities in Sweden's cooperating countries is assessed to be well in line with its primary goals. The shift to working methods that are more focused on institutional capacity development, including activities within management, infrastructure and strategy development, has generated good results. The research projects involved were assessed as meeting local and institutional needs. Activities are also relevant from a development and poverty perspective, even though impacts tend to be indirect and long-term.

Anticipated results and effects are seldom quantified in advance, which means that it becomes more difficult to measure impact. Collaboration and coordination with other stakeholders in cooperating countries could also be improved, as could the sustainability of results. The programme's cost efficiency was considered to be positive, although certain efficiency problems were identified concerning the use of the Swedish academic resource base for cooperation activities. The stronger aspects of the programme include that it is demand driven, that it strengthens the cooperating countries' ownership of projects, and that it ensures the participation of highly qualified academics in its projects. IT support to research in cooperating countries is working well. The majority of the projects within the programme have achieved results well in excess of expectations.

SAREC's thematic support via international and regional research institutions and networks is aimed at four main areas: medical and health care, the environment and natural resources, natural sciences and technology plus social sciences and the humanities. The authors assess this support as generally relevant to Swedish development goals, Millennium Development Goals and the needs of developing countries. The choices made concerning channels and themes are generally suitable. Cost efficiency is assessed as positive overall. SAREC's primary strategy of supplying core support to the total operations of organisations and networks rather than earmarking funding for special projects is considered positive. New, challenging issues have, however, not been taken up in a proper, systematic manner. SAREC's follow-up and evaluation activities are considered to be weak, as are the strategic links between operations financed by SAREC at international, regional and country levels respectively.

Effects on the Swedish research community of Sida's support to Swedish development research are assessed as limited, primarily due to the fact that this support is marginal in this context, though it is meaningful for certain groups of researchers. The authors consider the support to be far too concentrated to a few universities and that there are no clearly defined criteria for the selection of cooperating institutions in Sweden. In addition, they consider the decision-making process concerning Swedish participation in bilateral research cooperation to be less than transparent, although SAREC's administrative processing of the allocation process is assessed as reasonable.

The authors found that operative goals for research support were not measurable, neither in quantitative nor in qualitative terms and that they were not properly followed up or related to Sweden's Global Development Policy (PGU). They also point out that SAREC plays on two different playing fields. There are different goals and bodies of regulations for SAREC activities within international development cooperation and for their support to Swedish development research. SAREC is assessed to be undersized in relation to its operational tasks. The challenge for SAREC is to develop its working methods and create the flexibility necessary to implement research cooperation in accordance with goals and strategic priorities.

The recommendations from the review of Sida's research cooperation together with some of Sida's considerations have been submitted to the Government in December 2006. It is important that results of the research cooperation contribute to poverty reduction. Sida agrees with the recommendation to develop a policy that clarify the role of objective of for research cooperation both within Sida's organisation as well as in the context of international development cooperation, including, for example, how research cooperation can support the PRS-process and be designed according to the principles of the Paris Declara-

tion. At the same time it is important to safeguard against the diffusion of research capacity that can occur when researchers are absorbed by evaluations and consultancy work. A stronger field representation is vital for Sida to be able to play a more important role in country specific donor coordination of research cooperation. SAREC is currently finalising a management response that complements, and goes in line with, the memorandum submitted to the Government.

3.3 Sida's Work with the Environment (06/42)

The main purpose of the evaluation of Sida's Work with the Environment is to assess and provide information about the extent to which Sida integrates environmental considerations into its work. The evaluators find that in contributions with potentially direct environmental impact, Sida's organisation largely complies with the environmental policy regulation. In contributions with only indirect environmental impact or no/little environmental impact, which constitute a majority of the contributions, Sida's organisation does not manage to comply with the intentions of the environmental policy. In some contributions, environmental issues are not integrated but rather incorporated as a separate issue.

The environmental analysis focuses on verifying that the contribution does not bring about any negative environmental impacts. The wider context of environmental integration, as described in Sida's documents, is not understood by members of the organisation and not by contribution owners and representatives for the cooperation countries. Possibilities to achieve positive environmental effects of development activities are mostly missed out. POs are aware of the environmental policy but are not familiar with its contents, requirements, or where to find it or how to implement it. There are different opinions among POs about which subjects are considered mainstreaming issues. Not all POs consider the environment to be such an issue.

Furthermore, POs have a large number of requirements to consider for each contribution and, at the same time, a pressure from the management to minimize the time spent on administration.

Prioritisations are being made and the integration of mainstreaming issues is not first on the list. Sida has not managed to ensure compliance with its environmental policy for support that passes through other donors and NGOs. Nor has Sida managed to ensure compliance with its environmental policy for support that goes through programs or budget support.

The evaluators identify a number of causes of Sida's failure to live up to its environmental Policy. Sida has created an overall environmental policy but has not broken it down into targets that are possible to apply at the contribution level. Concrete steps towards the stipulated goal are not defined. POs in general do not understand how to apply the environmental policy. There is no regular follow-up of the integration of environmental issues at the delegated embassies, of policy implementation, of compliance with the Environmental Impact Assessment regulation or of environmental concerns in the contributions. The follow-up of the integration of mainstreaming issues at HQ and field offices is irregular and almost non-existent, a fact that naturally severely impacts the quality of the mainstreaming of environmental issues. Furthermore, contribution owners and cooperation country partners do not profoundly understand the idea and benefits of the integration of mainstreaming issues. They accept it in project plans, when required by Sida, but they avoid it in their implementation.

The recommendations of the evaluation include a breakdown of the policy into concrete and understandable goals and an introduction of a monitoring and follow-up system of mainstreaming and environmental integration. The evaluation was reported to the Sida management in the beginning of 2007, and the management response process has just been initiated.

4 Joint Evaluations

4.1 Joint Evaluation of Partnership General Budget Support

The purpose of the Joint Evaluation of Partnership General Budget Support (PGBS) is to evaluate to what extent, and under what circumstances, general budget support is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth. It has been a joint evaluation with 28 different donor agencies, development banks and partner governments under the OECD/DAC network on development evaluation.

PGBS was evaluated in an illustrative sample of countries (Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam). Both within and between countries, there were significant differences in the approaches adopted by different aid agencies (notably in the types of conditions and performance indicators used). In all cases, PGBS was used in conjunction with other forms of aid (including projects and sector support). With regard to the relation between PGBS and other forms of aid modalities, the evaluation found that:

- Differences between general budget support and sector budget support are not as sharp as had been assumed.
- PGBS and other modalities could be used to complement each other. For example, PGBS was often useful in addressing crosscutting issues and the effects of PGBS on harmonisation and efficiency also benefited other forms of aid. Conversely, persistence of off-budget project aid tended to undermine the benefits of PGBS.

The overall assessments by the country studies were clearly positive, except in two cases: Malawi and Nicaragua. In Malawi a first effort at PGBS stalled due to over-optimistic expectations concerning macroeconomic discipline. In Nicaragua, significant funds have only recently begun to flow and it is too soon to provide an ex-post assessment. The variety of designs and contexts for PGBS demands care when generalising, but the following important conclusions are clear:

- PGBS has been a relevant response to acknowledged problems in aid effectiveness.
- PGBS can be an efficient, effective and sustainable way of supporting national poverty reduction strategies.
- The provision of discretionary funds through national budget systems has produced systemic effects on capacity, particularly capacity in public finance management. These effects are government-wide.
- PGBS tends to enhance the country-level quality of aid as a whole through its direct and indirect effects on coherence, harmonisation and alignment.
- The effectiveness of PGBS in reducing poverty depends on the quality of the strategy that it supports. Given the bias of early poverty reduction strategies towards the expansion of public services, most of the effects of PGBS inputs so far have been on access to services rather than income poverty and empowerment of the poor.
- It is important not to overload the PGBS instrument, though, in all cases, a capacity to learn from experience suggests that PGBS could become more effective and have a broader scope over time.

- The evaluation considered unintended and adverse effects of PGBS (corruption, undermining of revenue efforts, unpredictability, crowding out of the private sector). It did not find any adverse effects that outweighed the benefits of PGBS, though all these risks need to be taken into account in the design of PGBS (and of other aid).
- The characteristic objectives of PGBS are long-term and it is therefore important to reduce the risks of interruptions in support.
- PGBS is part of a family of programme-based approaches (PBAs). Many of the study findings are also relevant to PBAs in general.

Sida has drafted a management response but has, as yet, not decided.

4.2 Joint Evaluation of Humanitarian and Reconstruction Assistance to Afghanistan 2001–2005

The interventions by the five donor countries are generally considered highly relevant to the prevailing background that relates to the needs of the beneficiaries and to GoA policies as well as to the priorities of the donor countries. The exceptions are the relatively low priority given to support for agriculture, women and the environment – understandable in the light of the crisis. The overall coherence between the different aid instruments and between donor and GoA policies has been a challenge under rapidly changing and difficult conflict conditions. However, the donors have been largely successful in supporting the government's priorities and in showing the necessary flexibility in relation to the provision of the aid needed at different periods of time.

The evaluation finds that aid overall has been rather well connected to the longer-term development needs identified by the GoA as well as with interconnected problems of the policy of Afghan authorities, with the partial exception of the justice sector. As concerns capacity building of local structures at provincial and district levels, a more mixed picture was observed. Sustainability is difficult to measure at this early stage. However, the absence of a serious attempt to strengthen and connect to the justice sector, and the lack of effective protection of human rights and personal security pose a threat to the future sustainability of the new Afghanistan. The financial sustainability of the various interventions is another major concern in the light of the expected future incomes of the Government and its consequent ability to assume increasing responsibility for functions presently covered through the Afghanistan Reconstruction Trust Fund.

Overall, the coordination of the aid has worked well in most sectors at the central level, whereas there is a general disconnection between the capital and the provincial and district levels, with coordination systems often being less efficient at these levels. Effectiveness represents a mixed picture with the most positive elements coming from the provision of humanitarian aid, in particular regarding the return of refugees and IDPs and the rehabilitation of the water supply. In the primary education sector, assistance has been very effective in terms of quantity, whereas the quality of teaching is in need of improvement. In the health sector, coverage is low.

The nation-building efforts have effectively materialised the objectives of the Bonn agreement, though the implementation of the constitution has fallen behind. State building has been effective in relation to the key budgetary and fiscal functions, while there has been little progress in most other parts of the state, including the key justice sector.

With regard to the cost-effectiveness aspect of efficiency, it has been difficult to obtain information, but all factors point downwards: logistics, security overheads, an inflated price level for support costs and high

manpower expenses related to capacity buying. The development aid provided by the PRTs appears to have been particularly expensive. In the timeliness of aid provision, the overall picture is positive, with the notable exceptions of civil service reform outside the Ministry of Finance in Kabul, and justice reform, where the initiatives have been very slow in getting off the ground.

In its management response Sida notes that the evaluation is a remarkable effort to capture the work of five donors that are active in all sectors for five years. A wide range of topics is touched upon. At the same time this makes it impossible to go into depth in specific areas. An evaluation with such a broad scope cannot provide detailed information on how to tackle a similar situation in the future. This also becomes the constraint of the evaluation and its recommendations for Sida. The general recommendations do not prompt very specific actions on why it has not decided on a specific action plan. However, the management response agrees with many of the main findings and with the importance of efficient aid delivery in line with the Paris Declaration. The management also includes a commitment of another three years of support, but refrain from supporting the justice sector owing to the need to concentrate and the lack of comparative advantages in the support of this sector.

4.3 Joint Evaluation of the International Response to the Indian Ocean Tsunami

UTV participated in the international joint evaluation of tsunami interventions run by the Tsunami Evaluation Coalition (TEC). UTV was the lead agency for one of the TEC special studies: the links between relief, rehabilitation and development – LRRD (see below).

The Synthesis Report builds on five special studies: coordination, capacity building, needs assessment, funding and fund-raising, as well as LRRD. Overall, the TEC finds that the tsunami relief interventions worked fairly well and no lives were unnecessarily lost because of shortcomings in the international support. In fact, most of the immediate relief was already being carried out (by relatives and neighbours) when the international organisations arrived. However, several of the core functions like coordination and needs assessment performed less well than expected. A major conclusion is that the international humanitarian community must shift focus from disaster relief operations to support for local and national organisations.

The LRRD Synthesis Report, which builds on two country studies (Sri Lanka and Indonesia), one organisations' policy study and one literature background study, concludes that links between relief and rehabilitation have indeed been achieved but that still greater attention should be paid to longer time development. It also says that LRRD must be firmly rooted in national contexts and processes, including ongoing efforts on poverty alleviation, and that much more consideration must be given to reducing risks from natural disaster on both local and national levels. A further important conclusion is that available information must be directed to the affected population in a faster and more complete manner than has been the practice so far.

Sida's management response to the joint evaluation of the tsunami is currently being drafted.

4.4 Coordination and Complementarity of European Assistance to Local Development

As part of the so-called “Triple C-initiative” (to evaluate the extent to which European donors are coordinating their actions in accordance with the statements of the Maastricht Treaty), UTV has led a working group (consisting in Austria, Belgium, France, the Netherlands, Ireland, and Sweden) in the performance of an evaluation concerning coordination of European support for local development. The study consisted of field studies in different regions in Mozambique, South Africa, Nicaragua, and Indonesia, combined with interviews at donor headquarters in Europe.

The evaluation found very little donor coordination around the theme of local development. Even when it existed, it lacked proper systems and routines, and typically depended more on personal contacts than on firm systems. Representatives from the partner countries expressed their dissatisfaction with this state of affairs, and the consultants estimated that it resulted in lost opportunities and enhanced administrative costs. Hence, they also proposed a number of measures that could be taken to enhance European coordination. The future course of action, however, will obviously depend much on how donor coordination in general develops, i.e., beyond the European countries.

Moreover, these dismal results concerning European coordination have been repeated in the other studies that make up the Triple-C initiative. A first set of six evaluations (covering different themes) will be ready during 2007, and general conclusions and recommendations will be developed based on these.

The evaluation will be reported to Sida’s Director-General together with the other evaluations of the Triple-C initiative, which are expected to be completed during 2007. A management response will then be decided on.

5 Evaluations Undertaken by Sida Departments and Embassies

5.1 General Findings and Conclusions According to Sida Evaluation Criteria

In order to assess the merit, or value, of an intervention, five evaluation criteria have been recommended by the OECD/DAC and adopted by Sida as standard yardsticks: relevance, impact, effectiveness, sustainability and efficiency. The evaluation reports often refer to these, sometimes explicitly and sometimes implicitly. However, far from all evaluation criteria are used in all evaluations as this is not always relevant for the purpose of the evaluation or feasible considering the time frame of most evaluations. Judging by the evaluations reviewed here, the criteria have also been interpreted differently in different evaluations.

Evaluation Criteria

- **Effectiveness**

The extent to which a development intervention has achieved its objectives, taking their relative importance into account.

- **Impact**

The totality of the effects of a development intervention, positive and negative, intended and unintended.

- **Relevance**

The extent to which a development intervention conforms to the need and priorities of target groups and the policies of the recipient country and donors

- **Sustainability**

The continuation or longevity of benefits from a development intervention after the cessation of development assistance.

- **Efficiency**

The extent to which the costs of a development intervention can be justified by its results, taking alternatives into account.

As stated in Sida's Evaluation Policy, these questions should always be considered when Sida initiates an evaluation. They are not compulsory, but none of them should be set aside without a tentative assessment of their bearing on the evaluation.

Source: "Looking back moving forward – Sida evaluation manual", Sida 2004.

The quality of the underlying data on which the analysis is based is important to the possibility of arriving at conclusions on the effectiveness, impact etc. of contributions. In a recent quality assessment of a sample of Sida evaluations from 2003–2005, the authors conclude that generally, there is not sufficient empirical evidence visible in the reports for answering the evaluation questions. There are few with very weak empirical evidence, but also few very good examples, but most of the reports are considered to be neither very good nor very bad when it comes to the empirical basis for the conclusions.⁴

⁴ "Can Evaluations be Trusted? An inquiry into the Quality of Sida's Evaluation Reports", Kim Forss, Stein-Erik Kruse, Agnes Mwaiselage, Anna Nilsdotter and Evert Vedung, a study commissioned by Sida, December 2006. Each evaluation was rated on a scale from "excellent" to "significant shortcomings" for 83 variables.

The present summary of the evaluation findings is based on the conclusions of the evaluators but does not include a quality assessment of the analysis underlying those findings. The material is rather large and the conclusions with regard to effectiveness, impact, etc. are based on what is stated relatively clearly in the evaluations. Time has not allowed an in-depth review of each evaluation report. For the most part, the present synthesis is based on summaries provided by the evaluation reports themselves.

Effectiveness

A majority of the evaluations considered the contribution to have been effective in achieving stated objectives.^{5,6} Two examples are, Sida's support to organisations working with HIV/AIDS outreach programmes in Southern Africa (06/01) and in the support to the National Police force in Nicaragua (06/01), where the evaluators conclude that the "management, coordination and administration of the project have been effective. There is a high degree of accomplishment of most project results and objectives."

About a third of the projects have been moderately effective, reaching some of the objectives but failing to reach others or achieving objectives only to a lesser extent. Sometimes it may be difficult to assess the effectiveness of an intervention because the expected results are not clearly defined or hard to measure as, for example, for the capacity-building component in the Swedish-Vietnamese health cooperation (06/02) where the evaluators found the stated objectives not to be measurable. Even though not all evaluation criteria are applied in every evaluation, as discussed above, effectiveness is the criterion that is most often referred to.

Impact

If *effectiveness* is the most commonly applied evaluation criterion, the assessment of the *impact* of contributions is the criterion that is the least commonly applied. For those evaluations in which an attempt has been made to determine the impact, the results range from mixed to very positive for about two-thirds of the evaluations while the achievements were less satisfactory for about one-third.

Among projects for which the impact is considered strong we find, for example, the support to the Auas high-voltage transmission line in Namibia (06/53) and the support to the National Agricultural and Livestock Extension Programme in Kenya (06/31) with significant effect on the farmers' production and their families' food security.

There is no obvious regional or sector pattern with regard to impact. We find strong impact both from support to the statistical office in Vietnam and to farming in Africa. For projects with a democracy and human rights profile the assessment of impact is more faith-based and forward-looking (i.e. that the successful implementation projects does, or will, lead to a positive impact on democracy and human rights). This is natural since it is a very long-term process that is difficult to attribute empirically to the contributions. For other projects, like agriculture and infrastructure, the links between the projects and resulting impact are often more direct and realised within a shorter period of time. It is also generally easier to collect data for these types of contributions.

Effects and impact are related to the issues of fungibility and attribution. In the recent study of the quality of Sida's evaluations, it was found that the issue of attribution has not been considered sufficiently.⁴ That is, an evaluation may conclude that the contribution has been effective but does not sufficiently

⁵ To be more precise, slightly more than fifty percent of the evaluation reports highlight the findings on effectiveness in their summaries. Out of those evaluations, more than sixty percent makes a positive assessment with regard to effectiveness. We cannot say whether the findings on effectiveness in general could be expected to be better or worse in projects for which the evaluation reports have not emphasised findings on effectiveness. The same goes for other evaluation criteria as well.

⁶ The proportion of evaluations that find evaluated activities to have been effective in relation to the proportion of the evaluation of more mixed results is roughly the same as for previous year (see last year's reporting).

address whether the impact can actually be attributed to the contribution. The issue of fungibility concerns whether the project or programme would have taken place even without the Sida funding. If that is the case, the funding did not add resources to the evaluated intervention but was rather adding resources somewhere else.⁷

Relevance

A vast majority of the projects are assessed to be a relevant response to the development need of the partner and relevant in relation to the Swedish development objectives. However, the evaluations often lack a more critical assessment of relevance in relation to the priorities of the development partner as well as to the priorities of the intended beneficiaries of the contribution.

We find only one case in which the project was not considered to be an appropriate response to existing needs, although for this project too there were components of the project that were considered to be relevant. In rare cases conditions may change, altering the relevance of a project or project design over time. For example, in the ex-post evaluation of the Pangani Falls re-development project in Tanzania (06/09) the evaluator found that the size of the turbines were appropriate given the data on water flow that existed at planning phase of the project. However, over the years the water flow of the Pangani River has decreased and the project today seem somewhat oversized.

Sustainability

Sustainability, as defined above, i.e., the longevity of results after the cessation of aid, is hard to achieve. In many of the studies the evaluators find that achieved results will get lost, or partly lost, if the support is ended but often see a potential for sustainability if certain measures are taken in the subsequent phases of the project.

The real test for sustainability, however, is when ex-post evaluations are carried out some time after the project has finished. There are only a few examples of ex-post evaluations among the evaluations considered here.⁸ Two concern infrastructure investments and both these projects are sustainable and continue to be effective and efficient in the delivery of infrastructure services. One is a community health and sanitation programme in Tanzania. The results are mixed. Three years after the completion of the projects, one-fifth of the water supply facilities were out of order and only half of the facilities were fully functional. One of the reasons was that the transfer of responsibilities to the communities was concentrated to the end of the programme and time ran out at the end. However, the findings regarding sustainability from ex-post evaluations of 2006 are significantly better than for the previous year.

Projects generally include a significant proportion of education and personal capacity building for the staff who are supposed to run the project after the cessation of aid. As pointed out in some evaluations, when institution and organisation building fail to be sustainable, the knowledge and skills embedded in people do not disappear and may come to productive use in a new context. This may, for example, be the

⁷ Very few evaluations deal with this issue explicitly, though some do. The evaluation of the Auas transmission line in Namibia (06/53) gave a very positive assessment of the project itself on almost all the evaluation criteria. At the same time, it concluded that the funding from Sida did not make any difference to the project. The reason for this is that the implementing organisation had long had a very good financial position, which clearly made it capable of funding it itself. Furthermore, the project was sufficiently relevant for it to be likely that the investment would have been made with local funding if Sida's support had not been there.

The evaluation of Sida's independent guarantee scheme (07/52) comes with more positive conclusions. It considers the guarantee a key factor for the two projects that were actually implemented with the guarantee, since these projects had no other source available than those made possible through the scheme.

⁸ That is: Pangani Falls re-development project in Tanzania (06/09); The Auas High Voltage Transmission Line in Namibia Supported by Swedish Concessionary Credit (06/53); and Health through Sanitation and Water Programme (HESAWA), Tanzania Ex-post (Retrospective) Evaluation Study (06/36).

case in the support to solid waste management in Tegucigalpa (06/28). Due to the practice of changing staff when elections result in a change of local government representatives, most of the trained personnel had to leave their positions after the Honduras elections in 2005. The evaluators note that “several previous staff members that participated in the activities have benefited from the training and even though they have not remained within the municipality some of them occupy positions in other organizations of the society where the information acquired may prove equally useful to the beneficiary groups: the underprivileged.” Nevertheless, this does not cover the fact that the intended institution building of the project was not sustainable in the existing politicised public administration culture of Honduras.

Efficiency

Of the evaluations that include an assessment of efficiency, about half record high efficiency while the result is more mixed, ranging from average to poor, for the remaining evaluations. However, when it comes to the discussion of efficiency, one should be extra cautious. In the recent study of the quality of Sida’s evaluation reports⁴ it was found that assessment of efficiency was the criterion treated with least accuracy among the evaluation criteria.

The type of efficiency discussed in the reviewed reports differs. In only a few evaluations is an attempt made to measure the actual costs in relation to impact or delivered services. It is typically in “hard” projects like infrastructure investments that we find cost estimates. For example, the ex-post evaluation of the Pangani Falls Re-development Project estimates cost per delivered kWh and finds that the project has been highly justified. Likewise, the economic profitability of the aforementioned transmission line in Namibia was estimated to be very good. In some projects where information on cost efficiency is not readily available, efforts have also been made to arrive at estimates by performing field surveys to gather the necessary information through observations and interviews. This includes two large community and rural development projects in East Africa: the HESAWA project in north-western Tanzania, where the evaluator could conclude that the “programme implementation was efficient and per capita costs reasonable in comparison to other programmes”; and the National Agricultural and Livestock Extension Programme in Kenya, that in “comparison with other rural development approaches [...] is highly efficient”.

Where it is difficult, or impossible, to measure efficiency in relation to outcome or impact, the assessment of efficiency focuses on what can be measured, which will typically be efficiency in relation to output or inputs. For example, answering questions of the type: is the cost per trained person reasonable; is the cost for the management of the project on the same level as other similar projects; is the cost for technical assistance reasonable, etc. In this sense, to take a few examples, the training of environmental journalists in East Africa (06/19) and journalist in the West Bank and Gaza (06/39) has been efficient, as has the support to the General Statistics Office of Vietnam (06/44). However, several of the evaluations published in 2006 do not include any discussion on the efficiency of the contributions.

5.2 Results in Relation to Major Swedish Development Objectives

Poverty

Sixteen of the reviewed reports mention the poverty reduction dimension in a more explicit way. Of these, just over half reach negative or mixed conclusions on poverty. The evaluation “Start East Start South” (06/15) that deals with the financial support to develop business alliances between firms in Sweden and partner countries, concludes that there was no direct effect on poverty: the employment growth created was not low skill, and the affected firms were not in poor regions.

Just under half the reports that discuss poverty reduction come to a mostly positive conclusion. The evaluation “Reaching Poor People with Services in Sexual and Reproductive Health” (06/55) concludes that the supported organisation, the International Parenthood Planning Federation (IPPF), largely reaches people living in poverty with its health services.

However, several of the reports only discuss poverty relatively briefly, and the exact mechanisms by which poverty is reduced is often not clearly stated or seems to be assumed rather than assessed empirically. For example, “African Book Collective” (06/10), which evaluates Sida’s support to African publishing companies (marketing etc), concludes that the intervention has both direct and indirect impacts on poverty reduction. However, it would seem that this is based mainly on the assumed effects of increased exports and the positive effects of books on “intellectual poverty”.

The concept of poverty is often understood broadly as lack of capabilities. Low income is thus seen as one of many reflections of poverty. Some reports focus mainly on the income aspects, though many reports are based on a wider concept of poverty. The evaluation of the support to journalism training in Palestine (06/39), for example, concludes that the support to media training in the West Bank has a good poverty reduction impact, if poverty is defined as the lack of power.

Democracy, Good Governance and Human Rights

Where human rights and democracy are mentioned, the contribution of the evaluated projects is normally assessed as ranging from mixed to strong. Only in a few cases are the results assessed as poor overall. A number of the evaluations cover projects that are more or less explicitly aimed at strengthening democracy and/or human rights⁹, and in others this is an important dimension (like different HIV/AIDS projects and support to organisation working with disabled people). Taken together, the evaluations that review projects that explicitly deal with democracy and human rights, or projects in which democracy and human rights are central, represent about one-third of the evaluations in 2006.

Gender Equality

Of the evaluations that include gender issues, more than half make a positive assessment of the project’s success in mainstreaming gender and/or its impact with regard to the gender dimension. Examples of two programmes that have done well are the community and rural development projects in East Africa: NALEP and HESAWA (06/31 and 06/36). For HESAWA the evaluators note that the programme “was a forerunner in gender mainstreaming at the community development programmes and water sector particularly.”

In about a quarter of the projects the results are mixed and in one quarter the performance with regard to gender is poor. The evaluators often find that poor results are contingent on a poor gender analysis in the project design or the absence of a gender analysis, and on weak project strategies. An illustrative example is the evaluation of the support to the National Police of Nicaragua (06/01). “In spite of the fact that activities were carried out to promote a gender approach, an explicit strategy on this issue was not defined within the project; consequently, there was a lack of progress in the integration of this inclusive approach by men and women.”

Environment

The major environmental evaluation initiative published in 2006 was the UTV evaluation, Integrating the Environment (06/42), reported above. Apart from this evaluation, environmental effects are discussed

⁹ They include support to police forces (06/01), women empowerment projects (06/18, 06/25), support to media and journalism (06/19, 06/39 and 06/50), anti-trafficking projects (06/30), training courses and institutional support in HR (06/32, 06/33, 06/35), the building or strengthening of public democratic and HR institutions (06/45, 06/47).

in a number of evaluations, specifically in evaluations of projects that have a more or less direct impact on the physical environment, like infrastructure projects, transport projects and projects with agricultural and water management components. For most of these the results range from mixed to positive, or no significant environmental impact at all.

Potential environmental impacts are also identified in other types of projects, for example, the First Cadastre Project in Moldova (06/54) where the registration of the countries environmental protected zones may be an important tool to safeguard these areas against exploitation. However, often evaluations focus on (potentially) environmental harmful effects and whether the project has handled the environmental risks in a proper way. There is rarely an analysis of missed opportunities for making a positive environmental impact (see the reporting on Sida's work with the environment, section 3.3).

5.3 Sida's Response to Evaluation Findings

In the changing development cooperation context, contributions are largely owned and managed by the recipient, and donors coordinate and pool their resources to a greater extent. This change also includes evaluations and the response to evaluations and reviews. A management response is often called for from the implementing agent, which could be a partner country ministry, and from the donor managing the disbursements and dialogue with the partner. Some, non-lead donors, may play a rather passive role. The question for such a donor is basically whether or not to contribute. This is the extreme case. Normally, a donor is not a totally passive contributor to coordinated support but rather involved in a donor group discussion on priorities of the policy dialogue etc.

However, the main point remains that the need that concerns the management response for contributions where Sida plays a passive role will look very different than contributions where Sida is more actively involved in the dialogue and the management of the contributions. For evaluations of some co-funded contributions, a formal Sida management response has not been decided. Reference is instead made to the response by the project steering committee lead by the non-Sida implementing organisation (e.g. JobNet, an Employment Sourcing and Delivery System in Sri Lanka [06/48] implemented by ILO). As noted above, Sida's Management Response System (Studies in Evaluation 06/01) recognises this problem and suggests a reformed management response system that better reflects the changing structure of development cooperation (see section 3.1).

For the evaluations for which we have information, there is some kind of response by Sida. In fewer than half the evaluations, a formal management response has been decided or is currently being drafted by the responsible department or embassy.¹⁰ For a few evaluations the response has been handled by the implementing agency through which Sida channels its contribution and Sida's response then relates to the management response by the implementing partner. For about 15 per cent of the evaluations, no formal management response will be decided. In these cases, the evaluations are typically preparatory to a new phase, and the findings from the evaluations are used as information for project documents for the design of the next phase.

Apart from the management responses, there are different ways in which Sida disseminates and uses the evaluation findings for knowledge and capacity building, depending on the practice/culture at the unit or the department. Evaluators often present findings for a small or large group of POs at the departments, or the embassy at seminars at the end of the evaluation, or after the evaluation has been completed. In many cases there are seminars that include a wider range of stakeholders as part of the evaluation proc-

¹⁰ The drafting of the management response may in some cases take a few months since several stakeholders may be involved in the process. The process is also dependent on the responsible department's practice. For example, SEKA does not produce an MR before the partner organisation has drafted an action plan as a response to the evaluation.

ess with the dual purpose of gathering information from the stakeholders as well as spreading information about evaluation findings, facilitating the subsequent process of change by, hopefully, fostering an understanding for, and consensus on, justified changes. At one Sida department, Europa, biannual evaluation meetings are held at which responsible POs share the findings and experiences from performed evaluations with their colleagues.

In general, Sida's response, as well as that of partner organisations, agrees with the findings and recommendations of the evaluations. When Sida and/or the partner organisation do not agree, this is motivated in the MR. The reason may be that the suggestions are not seen as fully realistic to implement, given the context and preconditions of the contribution or that the evaluators have included recommendations that are not within Sida's mandate to implement.

6 Internal Audit

During 2006, the internal auditors produced three assessment memoranda and three audit reports. The audits in 2006 mainly concerned Sida's internal management and control. As well as the audits, the internal auditors have provided advice on audit-related issues to Sida's department. This has mainly concerned the interpretation of audit reports.

6.1 Submitted Audits 2006

An audit is concluded as it is delivered to the Director-General of Sida in connection with the annual reporting. During 2006 the internal auditors concluded the following audits.

- Annual report 2005
- Biannual report 2006
- Sida's entertainment costs
- Sida's framework agreement with government organisations
- Internal management and control at Sida's Information Department
- The administration at three overseas offices

Sida's annual report 2005

The internal auditors have reviewed Sida's annual report for 2005 and assessed whether it follows the external and internal requirements with regard to end-of-year accounting procedures, whether it fulfils the reporting demands set out in the letter of instruction and whether the reporting gives an accurate picture. The section pertaining to the reporting of results and the finances have been reviewed in order to assess if they correspond to the reported closing of accounts for 2005. Sida's consideration of the viewpoints expressed by the National Audit Office has also been assessed. During the exercise, the Department for Finance and Corporate Development (EVU) was informed of observations made.

The review was reported to the Board of Sida on February 10, 2006. The observations were not of a nature that required any decisions to be taken by the Board. However, the National Audit Office has made a number of comments, mainly regarding the reporting of results, in the memorandum of revision that has been delivered to Sida.

Sida's bi-annual report 2006

The internal auditors have reviewed Sida's biannual report for 2006 and assessed whether it follows the external and internal requirements with regard to accounting procedures.

The review was reported to the Board of Sida on August 2, 2006. The observations were not of a nature that required any decisions on actions to be taken by the Board.

Sida's entertainment cost

The purpose of the audit (06/01 "Granskning av Sidas representation") was to assess whether the Sida instructions are appropriate as a guiding tool for the use and accounting of entertainment cost. The audit focused on the following four objectives:

The internal audit concludes that the rules and instructions that have been decided by Sida imply that the Director-General has fulfilled the requirements according to the government department office law (“verksförförordningen”) and established guidelines for the entertainment cost. Sida’s compliance with the rules for managing and accounting of entertainment costs is by and large satisfactory. It is the opinion of the internal auditors that Sida’s department use entertainment rarely and selectively. In the revised guidelines for entertainment costs, the Department for Human Resources should structure and clarify the terms used and, where possible, consider including threshold values.

Finally, the internal audit finds that Sida has dealt with all recommendations from the National Audit Office’s audit of the Sida management’s entertainment costs and benefits (“Granskning av ledningens representationsutövande och förmåner” – Dnr 32-2003-0146) according to the action plan.

The Board has decided on a management response. The Board agrees with recommendations for clarification of, and supplements to, the guidelines concerning free meals, verifications and instructions for all VAT rates. In relation to the audit Sida revised the guidelines for entertainment costs, taking care of several of the recommendations. Sida will also review its routines for the accounting of the administrative budget for SEKA¹¹, SCSC¹² and EVU¹³. Furthermore, Sida will review and clarify the overlap between the guidelines for entertainment costs for which Sida’s Human Resources Department is responsible and the corresponding guidelines in the “Ekonomihandboken” for which EVU is responsible.

Sida’s framework agreement with government organisations

The objective of the audit (06/02 “Granskning av Sidas ramöverenskommelse med statliga myndigheter: Följsam-konceptet”) was to assess the internal control of Sida funds within the framework agreement with government organisations. The audit had two sub-goals:

The internal audit finds that the procedures for compliance with the framework agreement, for the sections reviewed, are satisfactory. The internal control environment at Sida and the partner organisations has been reviewed with regard to the Sida funds, and it is concluded that the internal control environment is not fully satisfactory in all regards. The internal audit recommends three actions in order for Sida to be able to guarantee reliable reporting at each stage. The audit has been discussed within Sida, but a response and action plan was not suggested to the Sida Board during 2006. A second phase auditing of the “Följsam-konceptet” will take place 2007.

Internal management and control at Sida’s Information Department

The purpose of the audit (06/03 “Granskning av intern styrning och kontroll vid Sidas information-savdelning”) was to assess the internal management and control at the Information Department. The reporting of the results has been structured according to the so-called COSO model’s five components with their linkages for internal management and control. The components are control-environment; risk analysis; control functions; information and education; and follow-up and evaluations

By and large the internal management and control is satisfactory. The internal auditors do, however, have a number of recommendations that are presented in the audit report. These recommendations can be grouped into recommendations concerning the control environment, risks, control function, information and education, and evaluation and follow-up. In its management response to the audit, the Board considers all recommendations concerning the control environment to be important, and most of the recommendations have already been implemented. A reorganisation of the Information Department was made

¹¹ The Department for Cooperation with NGOs, Humanitarian Assistance and Conflict Management.

¹² Sida Civil Society Centre.

¹³ The Department for Finance and Corporate Development.

in response to the audit. In addition, Sida will make an inventory of assets (trademarks) that the Information Department is to safeguard and the risks associated with the misuse of those assets. A back-up control function has been established, and the Information Department is going to spend more time and resources on internal capacity building through information and education of the staff.

The administration at three overseas offices

The internal audit has performed audits of three overseas offices during 2006. These audits have been reported in the form of an assessment memorandum to the respective office. The audit has focused on the internal management and control that concerns the management of projects, financial transactions and administration. During the year, assessment memoranda have been produced for offices in the following countries:

- Kosovo
- Namibia
- Zimbabwe

During the audit process the findings have continuously been discussed with the person responsible at the respective office as well as with the person responsible (“med dispositionsrätt”) at Sida HQ. There has also been a final exit meeting when the audit has been finished and the management of the overseas office has been given an opportunity to comment on the findings.

The internal control environment, the internal control and the compliance of the offices are by and large satisfactory. However, a number of areas for improvement have been identified at the respective overseas office, and it is the view of the internal auditors that this should be dealt with. These areas for improvements are summarised in the assessment memoranda.

6.2 Responses to Earlier Audits

During 2006, the Board responded to the review of Sida’s management and quality control of consultants’ invoices (05/06). The main conclusion from the audit was that Sida has appropriate routines to ensure quality in the administration of the invoices. However, it was recommended that Sida clarify its routines and ensure that random checks of the consultants’ and their partners’ expenditure against original receipts be performed with appropriate frequency. The Board agrees that such checks be done with appropriate frequency. Sida will review its guidelines to see if any clarifications are called for in this regard.

The Board has also decided on a management response to the audit of the recruitment of Sida staff (06/03). The internal audit identified a number of problems through case studies, interviews and focus group discussions. The audit provides proposals to improve transparency and efficiency in the recruitment process. The management response includes working out a new process for recruitment and measures to make the recruitment process more efficient, including working out better qualification profiles and changing the routines of initial screening. The number of participants at interviews has been reduced and the Board agrees that it is important to safeguard the ethical aspects during the recruitment process.

The internal audit notes that during 2006 Sida has not performed any central follow-up of responses and actions taken with regard to the audits performed the same year. However, it is also noted that for previous years Sida eventually dealt with the audits according to action plans that the Board decided and that good reasons are given when there are delays.

Some of the decisions on management responses by Sida and the Board of Sida early in 2006 were included in the Report on Evaluation and Audits of Sida 2005 since they concerned evaluations and audits for 2005. Hence, those management responses are not covered in this report. It concerns the management response to the following reports:

- Sida routines for on-line accounting at integrated embassies and for the accounts at sections of development offices (audit reports 05/01 and 05/02).
- Returning home: an evaluation of Sida's integrated area programmes in Bosnia and Herzegovina (Sida Evaluation 05/18 and 05/19).

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- 06/10 African Books Collective
Mid-Term Review 2006**
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Department for Democracy and Social Development

¹⁴ This is a translation of Sida Evaluation 05/32 included in the reporting for year 2005 and hence is not included in this report.

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