Sida

DECEMBER 2006

Sida's direction

Where we are.
Where we are going.

Time for change

Development cooperation is changing. The UN has set Millennium Development Goals and Sweden has adopted a Policy for Global Development (PGD) that applies to all policy areas. The aid budget is one per cent of GNI. A real process of change is under way based on the Paris Declaration.

Our appointment as Sweden's development corporation gives us great scope as well as responsibility for putting the Swedish taxpayers' money to good use. The aim is to *help create conditions that will enable poor people to improve their quality of life.*

We work on social development, in almost all social sectors, in other countries. We will work on this task with humility and professionalism; we will work together with our partner countries, many actors in Sweden and other donors and multilateral organisations; and we will focus on the areas in which Sweden can be of most benefit.

To succeed in this task, we have to change the way we work as well as our organisation. Together with Sida's management group, I have therefore outlined a direction for Sida's continued development. It has been inspired by the consultation to which I invited Sida's staff in spring 2006. The results of this consultation are already visible in comprehensive programmes for results orientation and administrative simplification, and in attitudes to concentration, Swedish actors and multilateral bodies.

This document describes, in broad outline, our starting point and the principles that will guide the development of working methods and organisation. It is aimed at Sidaites – old and new – and at our immediate surroundings.

To conclude: Sweden has long been a leading nation within aid, and to me, it is obvious that Sida will remain one of the world's best development corporations also when the aid changes.

Stockholm, November 2006

Maria Norrfalk

A brief look at where we are heading

Focus on poor people

- We will become better at steering towards, measuring and following up results of poverty reduction in order to ensure effective aid of the highest quality.
- We will learn more about the reality of poor people from their perspective.
- We will see knowledge as our most important resource, and capacity development as one of our most important tasks and strategic areas.
- The Paris Declaration is the starting point of our work on change. The countries differ, but the principles are the same. We will cooperate more within the EU and with multilaterals and other donors.
- We will work with the whole society in our partner countries, see the micro level and civil society, contribute to pluralism and examine power.
- We will report and communicate the results of our work clearly.

Focus in the field and new ways of working

- We will prioritise our activity in the field and let that guide all Sida's work.
- We will develop our dialogue role further and focus on the issues to which Sweden and Sida can add value.
- Everyone will have a voice in a lively debate, not least because we need each other's wisdom for the difficult choices we face in our assignment.
- We will take concentration seriously – countries and sectors – so that we will see a clear difference within three years in increased efficiency and reduced stress.
- We will have good and trustful cooperation between the Ministry for Foreign Affairs and Sida, characterised by clear roles and mutual respect.
- We will be an equal opportunities development corporation and see our knowledge of equality in aid as a central part of our professionalism.
- We will simplify our administration to benefit the core activity and put the competence of Sida's staff to the right use.

– We will change Sida's way of working and its organisation to make it more efficient, better meet the needs of the field and mobilise Sida's competence better in the way that reality demands.

To achieve results that make a difference to poor people.

We want to see results for poor people

Will it result in poor women and men, girls and boys being able to improve their lives? That is the most important question we can ask ourselves, before, during and after our contribution. The focus should be on the opportunities, not on minimising the risks.

Sida supports the development of the State, private sector and civil society, so that these in turn can give poor people the opportunity to gain power, safeguard their livelihoods and increase their choices. That is our goal at every stage of our work: at the strategic level, when planning and deciding on a contribution and when following up the results. We start out from two perspectives: poor people's perspectives on their development and the rights perspective. The *Rights Perspective* is based on an international framework that sets out shared global values. *Poor people's perspectives on development* means that the problems and opportunities, needs and interests of poor people have an effect. Together, the two perspectives promote non-discrimination, participation, openness and accountability. Poor people are actors, not passive recipients.

Our work is based on a systematic analysis of the causes and expressions of poverty. The central issues – Can this contribution create conditions to reduce poverty? What power structures do we see and what are the agents of change? – must be lifted before we make decisions. We will then follow up and demand that out partners measure what happens, evaluate and report on the results to their employers and to us so that we, in turn, can report on the results of the work by our partners and us.

We are part of a joint global agenda

The Paris Declaration is not the answer to *what* stops world poverty. That answer lies in research and evaluations and, not least, in the Millennium Declaration, the Millennium Development Goals and the PGD.

The Paris Declaration is a collective answer to *how* aid should better support development. The Paris Declaration in 2005 was backed by 91 partner countries, donor countries and international organisations.

The partner countries have assumed ownership and responsibility for the political decisions. They have undertaken to conduct an open and clear policy with tangible plans for reducing poverty. The country's inhabitants – and the international community – should be able to follow the way the plans are implemented. We will conduct a dialogue based on the Swedish policy for global development and issues that Sweden wants to pursue, but it is primarily the people of the country, not the donors, who should demand accountability by their governments. Democratisation is therefore an imperative part of the new agenda.

We, the donors, will coordinate ourselves better and adapt to the partner country's system of reporting and planning. Government officials must be able to concentrate on developing their own country and not have to devote time to thousands of donor-run projects with different priorities and reporting requirements.

Role division is important. Responsibility rests with the partner countries. The donors should make their work easier. Poor states are almost always weak with incomplete administrative systems. In most countries, we need to give aid to build up capacity, not least within public financial control, so that they can live up to their undertakings – capacity building is the hallmark of Swedish aid. We will always strive to do this in a coordinated way under the leadership of the partner country.

We must also be aware of the risks of increased aid dependence and a strong donor collective changing the balance of power and reducing the partner countries' ownership.

Support for poor people's influence and examination of power

Much of our time is spent in dialogue with other donors and with governments and ministries in the capitals.

Development does not happen through government directives, however, but by the whole society contributing. The private sector, civil society and the State depend on each other. Based on poor people's perspectives we will improve our knowledge and cooperation with NGOs. We will analyse the role and influence of the State, civil society, the private sector, universities and other actors – anything that affects the chances of the poor to increase their power, resources and choices.

We will fight corruption by all means, to protect the Swedish taxpayers' money, naturally, but primarily because corruption always affects the poor most. Our policy is to never accept, always act and always inform.

General budget aid for poverty reduction requires greater support for civil society, free debate and independent research so that the poor have opportunities to make themselves heard and so that the State is examined: Is the strategy to combat poverty in the Niassa Province in Mozambique being implemented? Have the doctors stopped charging at the health clinics in Vietnam? Are the plans to combat corruption in Moldavia being implemented?

The countries differ – the principles of the Paris Declaration are the same

Sweden's partner countries represent a broad spectrum of development phases. Some countries take on broader responsibility and are more able to draw up strategies to combat poverty, control policy, and distribute the donors' contributions to different sectors. In fragile states – an important part of Sida's core activity – the structures are much weaker, and there we have to find other forms to support the country in taking responsibility and shaping policy, e.g., through far-reaching donor cooperation. In humanitarian crises, we often channel funds through the UN to meet the changing needs more quickly and flexibly.

Since Sida took over the management of general budget aid for poverty reduction in 2005, it has been responsible for the whole spectrum of aid forms. We will choose the form of aid according to how we can best achieve results to improve the opportunities for poor people. Cooperation will be adapted to meet the needs and capacity of the country. As far as possible, we will make it easer for our cooperation partner and give aid in coordinated and general forms.

Countries with reasonably developed systems of budgeting, follow-up and strategies to combat poverty can be given general implementation aid, as in the cases of, for example, Mozambique and Tanzania. Sometimes joint donor aid to specific sectors is the best form of aid, for example, aid to the agricultural sector in Nicaragua and the educational sector in Bangladesh.

Alongside the big programmes, special contributions are often required to promote important processes such as support for Kirgizistan's work on a new poverty strategy, support for civil society dialogue with the government in Honduras or support for university building in Mozambique.

Regardless of the kind of assignment, the principles of the Paris Declaration serve as the starting point for the conditions and harmonisation of every country with other donors. Every situation is specific and requires its own analysis and forms of cooperation. There are not and never will be any clear solutions or models to fit all, but, as far as possible, Sida will promote ownership by cooperation partners, adaptation to the country's systems and maximum donor coordination.

Focus on the field and new ways of working

We will prioritise the field in terms of the direction of the work, our resources and our competence.

We will concentrate our subject knowledge on what is needed most in the field. Policy and methodological development will be based on processes that are under way in the field, and the needs in the field shall be important to head office priorities.

The important evaluations and negotiations take place in the partner country. That is where agreements are reached, quick decisions have to be taken, and results are produced. We therefore have to be able to put in resources quickly to produce the analyses and give the practical support needed in the field – based on clear orders. The time aspect is important – the field will receive support when it is needed and not at some other time.

In our role as analysts, we need to learn more about the perspectives and conditions of the poor. We therefore need to have more contact with poor people. This should take place in a number of ways, for example, through more flexible working by Stockholm staff at the embassies, and also by us, the officials, occasionally stepping out of our normal role and sharing in the reality of poor people.

Our role as financier is well developed, but now that the share of programme aid, including budget aid, is growing, new competence is required. We must also strengthen our role as communicator and dialogue partner and listen to the voices of the poor.

We are going to concentrate on fewer countries and fewer sectors

Aid is increasing, not just from Sweden, but also from the rest of the EU. There are new donors – countries such as China, India and Russia – and vertical funds for HIV/AIDS, the environment, etc. For our partner countries, this leads to a situation that is even more difficult to manage. It is therefore not possible for all donors to be in all countries and all sectors. Efficient poverty reduction demands concentration at country and sector level.

A smaller share of the total aid, increased concentration, greater programme aid and donor coordination mean that Sweden and Sida have to make more and deeper strategic choices. We cannot expect Sida's administrative resources to grow at the same pace as the aid. We therefore want Sweden to concentrate on fewer countries and fewer sectors.

The starting point for concentration *within* the country programmes is the cooperation partner's needs and wishes. That is how Tanzania has led a process towards increased programme aid and greater specialisation among the donors. The result will be that Sweden reduces the number of sectors to which it gives aid from fourteen to seven, and eventually down to three.

We will muster our strength in areas that are strategic to Sweden, and concentrate our contributions in fewer areas and sectors where Sweden and Sida can add value and have good competence that is in demand. In the dialogue with other donors and partner countries, we will raise issues such as equality, sexual and reproductive health, democracy, civil society and the environment – even though these are difficult issues.

We are already limiting ourselves, in new cooperation strategies, to a maximum of three sectors, in addition to general aid for reducing poverty, support to the private sector, independent research, civil society and free media. We are continuing to plan for fewer and bigger contributions.

We must consider, in every context, whether we can take a leading role among the donors. If not, we will step back and let someone else take the leadership. This will lead to difficult and sometimes painful choices and decisions. We will end long-standing aid in many countries and we will refrain from giving any aid at all in a number of sub-sectors.

The Government and the Ministry for Foreign Affairs – employer and cooperation partner

Aid is part of Swedish foreign policy and an important instrument in the overall policy for global development. Good and trustful cooperation between the Government/Ministry for Foreign Affairs and Sida is a condition of achieving the goal of development cooperation.

We are increasingly moving towards programme aid, and we are starting out from poor people's perspectives and the rights perspective. Our dialogue is focusing more and more on the direction of the policy and its implementation in our partner countries. This demands coordinated dealings between Sida and the Ministry for Foreign Affairs, naturally most of all and most clearly in the field, but also in Stockholm. All in all, we must make sure that Sweden achieves the best possible results with the aid.

This greater cooperation will be based on mutual respect and clarity of roles. Sida is the Government's expert body on aid and it has operational responsibility for its implementation. The Government controls us through instructions, appropriation directions, cooperation strategies and special assignments. Our position will be characterised by regular information and consultation.

We will influence the EU and the multilateral bodies

The Paris Declaration puts the emphasis on our work in the field. This also applies to our cooperation within the EU Commission and with the multilateral bodies. Development cooperation in a country is shaped by the interplay between the partner country, the EU, the World Bank, the IMF, the regional banks and their big bilateral donors.

The embassies will receive greater support to further Swedish values and perspectives, for example, in the donors' work of preparing for a new poverty strategy or when the conditions for general budget aid to combat poverty are to be drawn up. This requires us to increase our competence within dialogue and communication.

We will try to exert greater influence on the country strategies of the EU Commission and the multilateral bodies, primarily through early contacts in the field, and the field will be given greater opportunities to influence decisions by the IMF's and the banks' boards of management on new policies, strategies, programmes and projects.

Sida and the Ministry will therefore cooperate more with the multilateral bodies. The embassies will benefit from better contact routes with the Nordic offices in the development banks' headquarters and the Swedish representations to the EU and the UN. At the same time, Swedish positions in the multilateral bodies will be better communicated to the embassies, as a basis for cooperation within the EU and with the multilateral bodies in the field.

Broad Swedish cooperation

Our assignment is to involve Swedish actors more, while at the same time focusing on poverty reduction, harmonisation and local ownership. Many Sidaites feel that this is a dilemma.

It does not need to be, however, if we assume that the whole of Swedish Society is needed for global development – within as well as outside the aid context. Swedish companies, organisations, authorities, municipalities, universities, institutions and consultants are important actors.

We cannot prescribe that Swedish actors must be appointed – the Paris Declaration puts a stop to tied aid – but we can help to strengthen the competence of Swedish actors so that they are in greater demand by partner countries and international organisations. This opens up a big new market, as other countries also untie, and we can convey important contacts and early information about the opportunities that new and increased aid also bring for Swedish actors.

We are opening a new track for broader cooperation for mutual benefit. This applies primarily to middle income countries and countries where we a phasing out traditional grant based aid. For this we will develop new, more flexible forms for financing and cooperation.

We will improve contacts with Swedish companies. This is partly a matter of changing attitudes by Sida and the companies, but there is also a mutual need for greater knowledge. We are therefore developing our organisation, our tools and new channels to increase our cooperation with industry.

In our meetings with authorities, organisations and industry, we will act in a coordinated way. In our messages, attitudes and agreements, we will be *one* Sida.

We will change our way of working and our organisation

The skills and commitment of Sida employees are in a class of their own within Swedish and international administration. We have well-developed processes, structures and networks in many areas, though too often we stumble over complicated routines, systems and departmental boundaries. The whole is then less than the sum of its parts.

We must therefore examine our way of working and challenge our organisational matrix. In 2007, we will develop Sida together, so that from 2008 we can work in an organisation that supports simpler and more efficient processes.

The needs of the field are an important starting point, as are the challenges that follow from the Paris Declaration. We will do fewer things better. We will test ingrained ways of working without prejudice, change old for new, simplify delegation orders, re-examine departmental divisions and leadership functions.

We constantly face difficult choices and we have to take calculated risks. We therefore need each other's support and an open climate where everyone has a say and where shared results are more important than the individual position. We will practise what we preach and be an equal opportunities development agency, respect each other, listen more and look more at the opportunities than the problems.

We will continue to reduce the flow of paper, including the amount of policy paper. We will have clear processes and activity planning to allow an overall view, real priorities and follow-up. We will improve dialogue and communication.

Everyone should not be able to do everything. Division of labour, better IT support and simpler – and partly centralised – administration will remove duplication of work, improve efficiency and give us more time for our core activity, more time for reflection and recovery, and at the same time contribute to us becoming an authority that is accessible and able to give quick answers.

Our aim is to remain one the world's best development agencies.

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.

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