

Performance Management at Sida

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Performance management at Sida

1 Introduction

1.1 Background

In 2003 a feasibility study was made of internal management processes at Sida. The feasibility study was presented in a report from the Internal Audit¹. The feasibility study established that internal management is a multi-dimensional phenomenon and that, in a rational internal management system, the different processes supplement each other. There are a large number of management impulses that reach the staff at Sida and management mainly takes place through different processes and not merely through directives. Furthermore, it was established in the study that there are strong common values at Sida and that, within the framework of these common values, there are a number of more or less specific sub-cultures.

The feasibility study described five areas for in-depth examination. When Sida's Board discussed the study, it was decided that two main studies would be made – Performance Management at Sida and the Consequences of the Field Vision for Internal Management Processes at Sida. These two studies were included in the audit plan for 2004 approved by the Board.

The two main studies have been performed in parallel and a separate report has been produced on each study. Organisation analyses have also been made within the framework of these studies. A report, Organisational Cultures at Sida², has been presented on the organisation analyses.

This audit report is on the study of Sida's performance management. However, this field overlaps, to a certain extent, the consequences of the Field Vision for internal management processes at Sida. With the aim of avoiding, as far as possible, that the same issues are taken up in both reports from different perspectives, references are made to each report whenever applicable³.

1.2 Aims, problem areas and the implementation of the study

The aim of the study of the implementation of the Field Vision is:

- to describe and analyse the internal management processes at Sida
- to analyse factors that affect performance orientation and to assess the appropriateness of Sida's internal management processes in this respect, and
- to submit proposals for the further development of performance management at Sida.

Some of the points at issue taken up in the study are:

- How are the concepts “results” and “performance management” perceived and applied at Sida?

¹ Prerequisites for management at Sida – a feasibility study (Internal Audit 03/03, Department for Evaluation and Internal Audit, Arne Svensson/Wiveca Holmgren).

² Institute for Personnel and Corporate Development (IPF), Organisation Cultures at Sida, Carin Eriksson, Barbro Forsberg and Sida's Internal Audit, Wiveca Holmgren

³ In the report on the consequences of the Field Vision for internal management processes at Sida, an examination is made of both the decision-making processes behind the Field Vision and its realisation.

- Are there differences in approaches to performance management between Sida in Stockholm and the embassies?
- In what ways are goal formulation, results follow-up and results analysis handled in Sida's country and regional strategy processes, the contribution cycle and the operational planning process?
- Are these processes organised appropriately from a performance management perspective?
- Does Sida have an organisation culture that supports performance management and promotes learning?

The Internal Audit provides an account of the implementation of the study in Appendix 1. It can be seen from this account that the Internal Audit engaged a consultant, Arne Svensson, of Professional Management Arne and Barbro Svensson AB, to implement the two studies together with Wiveca Holmgren, an internal auditor at Sida. In addition two consultants, Carin Eriksson and Barbro Forsberg of the Institute for Personnel and Corporate Development (IPF), were engaged as sub-consultants to analyse the organisational culture at Sida. Appendix 2 contains the report that has mostly been written by Arne Svensson. Regular consultations have been held with Sida's Internal Audit. Section 2.8 of Appendix 2 contains a summary of the review of contributions. Appendix 3 contains a more detailed report of the review of contributions.

This report from the Internal Audit is based on the consultants' reports and summarises the most important observations and conclusions from the study, as well as the Internal Audit's recommendations. For a more exhaustive description of observations, conclusions and assessments, reference should be made to Appendix 2. IPF's report "Organisation Cultures at Sida" has been published separately

The study was performed during the period March to September, 2004. Staff at Sida have been given the opportunity to provide points of view on the content of the draft report. Internal Audit has taken these points of view into consideration when writing this final report. Furthermore, the Internal Audit has supplemented the report with information on Sida's work on performance management during the period September to December.

2 The Internal Audit's conclusions and recommendations

2.1 Conditions for performance management in Sida's development cooperation programmes

The Swedish Parliament has decided that the management and control of government agencies is to be performed with the aid of management by objectives and performance management. This has the effect that Parliament and the Government lay down the overarching goals and the financial framework and the agencies are responsible for deciding how the goals are to be achieved. Performance management in central government is based on agencies having the ability to break down the overarching goals into concrete goals which are possible to follow up, to follow-up operations and to report results (see Section 2.2 in appendix 2).

Sweden's Policy for Global Development⁴ states that the overarching goal of Swedish development cooperation is to contribute to an environment supportive of poor people's own efforts to improve their quality of life. The Policy also contains eight central component elements which specify the focus of the

⁴ Government bill 2002/03:122. Shared responsibility: Sweden's Policy for Global Development, May 15, 2003.

work. The Policy requires a greater focus on results in development cooperation programmes. Performance management of Sida as a government agency is done primarily through the Government's annual directives and letter of appropriations and through the annual accounts. Sida's annual directives have been gradually developed and, in 2004, the operational areas correspond to the appropriation structure.

Performance management is also affected by the fact that Sweden supports the UN Millennium Declaration and Millennium Development Goals (MDGs) and that, in its activities, Sida is to be guided by and to take into consideration any opportunities to contribute to the fulfilment of the international development goals⁵. One ambition of the Millennium Project is that the PRSPs of the developing countries should be linked to the MDGs.

Extensive efforts are being made by donors to create a common approach to performance management, not least in working groups in OECD/DAC. Harmonisation work of a more concrete nature is being pursued within the framework of the so-called Nordic+ Group. Even if Sida has participated actively in the latter group, the study shows that there has been a lack of continuity and representation by Sida in some of these international processes. Internal Audit's conclusion is that many different processes are taking place, nationally and internationally, which affect conditions for performance management. It is important that Sida actively monitors these processes in order to feed the international discussion back into its own work.

2.2 The concepts of results and performance management

The study shows that there is some uncertainty at Sida in respect of the meaning and use of different results concepts. Performance management is questioned by the staff in light of the difficulties of defining a "good" result in development cooperation. This has the effect that it is difficult to plan, follow-up and feed back the results of development cooperation at different levels in the organisation. The study also shows that performance management is more advanced at contribution level than at country planning level and country strategy level as well as in Sida's annual accounts.

The prevailing uncertainty in respect of the meaning of the results concept can partly be illustrated by comparing Swedish and English usage. The Swedish word "result" can correspond to all of the English words output, outcome and impact, which correspond to results at different levels in the chain of results in the Logical Framework Approach (LFA)⁶. LFA or similar approaches are recommended in "Sida at Work" as tools for designing change processes, monitoring progress and evaluation impact.⁷ The study shows that requirements in respect of results have only been specified on the basis of LFA in half of the contributions examined, and that the indicators that have been established mainly refer to activities and it is thus difficult to regard them as indicators of results. (N.B. In this report the term "result(s)" has been used and can refer to "output", "outcome" and "impact".)

Internal Audit considers that Sida should to extend the use of LFA or similar tools, as well as the English concepts, in the planning, approval and follow-up of contributions. This would provide a good foundation for specifying the results that contributions are intended to achieve, and would enable the focus to be put on the correct part of the chain of results.

The work being done internationally in OECD/DAC on performance management in development cooperation mentioned above has focused on Results-Based Management (RBM) as a model for performance management. Sida has participated in this international work. This has led to discussions

⁵ Sida's annual directives for 2001.

⁶ General definitions of concepts of results in English are given in Sida at Work – A Guide to Principles, Procedures and Working Methods.

at Sida but has not yet had a real impact on Sida's internal management processes. The internal development of performance management, and attitudes towards this concept, are well in line with the model for management by objectives and performance management that is followed by Swedish government agencies. In the study it was established that the main problem for Sida is to create a focus on results throughout the organisation. This is more important for Sida than selecting a model for performance management.

It is evident from the study that there are some differences in views on results and performance management between staff at Sida in Stockholm and staff at the embassies. The study also shows that there is a great interest among members of staff to contribute to the development of performance management at Sida.

Recommendations

- With its point of departure in international development work, Sida should discuss and define what the concepts "results" and "performance management" mean at Sida. Sida should take measures to extend the use of LFA or similar models, and the English concepts should be used to define expected results and performance management in individual contributions and at different levels in performance management processes.
- Sida should allocate requisite resources for participation in international development work on performance management in development cooperation. Furthermore, Sida should work actively to ensure that the agreements reached have an impact in the organisation and contribute to further develop performance management at Sida.

2.3 Formulation of goals and structure of goals

The Internal Audit's study shows that performance management is accepted as a concept, but that there is some uncertainty as to what the goals really are and how results should be measured.

Establishing specific goals at different levels at Sida is a fundamental requirement for viable internal management processes that have a focus on results. Where the formulation of goals is concerned, Sida is dependent to a certain extent on the Ministry for Foreign Affairs, even if Sida has its own responsibility for formulating goals for different operational areas if they are lacking in the Government's annual directives.

The approval by Parliament of the new Policy for Global Development, with its goals, perspectives and central component elements for development cooperation, has changed conditions for performance management at Sida. In the Government's annual directives for 2004, the operational areas correspond to the appropriation structure, which means that there are greater possibilities to make closer links between financial controls and the goals of operations. Accordingly it is possible for Sida to create specific chains of goals from the political goals to the goals in the country strategies, country plans and contributions, and to the goals for the staff in the organisation.

The Internal Audit's study shows that there are shortcomings in the linkages between the operational areas, particularly the regional budgets, and other parts of the chain of goals, i.e. the country and regional strategies, the country plans and the contributions. It is evident from the study of the four country strategies that the strategies are formulated in very general terms and that there are no goals and indicators of results that can be followed up. This also applies to the country plans. Furthermore, only a small proportion of the contributions contain goals that can be linked to goals in country strategies and country plans. In the opinion of the Internal Audit, the lack of goals in the country strategies and the country plans contribute to the situation in which Sida's results reports focus on individual contributions and/or activities.

The Internal Audit has established that the country strategy for Mozambique, one of the four country strategies analysed in this study, contains a clear goal structure. This strategy could serve as a good example and be used as a starting point for the development of performance management in bilateral development cooperation. The strategy contains coherent goal chains from MDGs, the Government's annual directives, country strategies, country plans and contributions.

Furthermore, it is evident from the study that there are no clear linkages between the overall goals of development cooperation and the activities for which Sida is responsible. It is sometimes difficult for individual members of staff to see the extent to which their work contributes to the achievement of the overall goal. The study shows that members of staff need to see a stronger link between the results of their own work and the overall goals of activities. Many members of staff have high demands on themselves, but feedback on performance is sometimes weak. In the opinion of the Internal Audit, internal management processes could be improved if Sida's operational planning was further developed by establishing realistic goals at individual member of staff level, with specific priorities for work. It should be possible to link the goals at individual member of staff level with the goals at higher levels, i.e. department, embassy or agency level.

Recommendation

- Sida should act to ensure that country strategies and country plans contain clearly formulated goals and indicators of results that are based on earlier analyses of results achieved and which are in harmony with the partner countries' strategy and programme documents. See also section 3.7.

2.4 Follow-up and evaluation of results

Performance management implies that goals are stated, that information on results is produced systematically, and that results are analysed and assessed against stipulated goals⁷. The Internal Audit's study established that one central component of the internal management process consists of different types of follow-up. Sida follows up the financial outcome and results of development cooperation programmes and internal operations in a number of different ways. Development cooperation programmes are followed up, for example, through the reports submitted by partners in cooperation, field visits, Annual Review Meetings, rating, and country reports. Sida's internal activities are followed up, for example, through Goals and Indicators, monthly reports and organisation surveys.

However, the Internal Audit would make the assessment that there are a number of shortcomings in Sida's performance management, for example there are no specific goals, and follow-up is mainly performed in relation to activities instead of goals. The shortcomings observed can partly be associated with the conception that it is difficult to follow up and evaluate development cooperation programmes, and that there is an organisation culture at Sida which does not focus on following up and measuring results, nor that links the results of activities to the inputs of the staff.

It is evident from the study that Sida's most highly developed system for follow-up and evaluation refers to individual contributions. A major initiative has been made in the form of the Sida Rating System (SiRS)⁸. However, only a small proportion of Sida's contributions have been assessed by the rating system. The results analyses made, for example, in connection with assessments of extending or prolonging contributions are often reports on "previous experience" and not on goal fulfilment in terms of results. It is considered important at Sida to make evaluations as part of the learning process, but there

⁷ The Swedish Financial Management Authority's glossary of financial management in central government (ESV 2004:14).

⁸ SiRS is an instrument for quick, recurrent, structured and recorded assessment during the agreement phase of the progress and status of a programme/project supported by Sida. SiRS is based on the Logical Framework Approach and SiRS involves an assessment of two major dimensions: The performance against targets and work plans (On track?) and the risks that the project/programme will not achieve its objectives (On the right track?)

is a great deal of scepticism towards broad evaluations of effects. One reason for this can be the difficulties in identifying relationships between a contribution and long-term results or effects.

The MDGs and their associated indicators are one way of following up the results of global development efforts. In the opinion of the Internal Audit, Sida could be able to use these indicators for reports on trends in the partner countries. The information on results that is linked to the MDGs should be supplemented with analyses of Sida's contributions to development. Even if it is difficult to identify direct relationships between the results of Sida's activities and effects in the partner countries, attempts should be made in this direction.

The regular internal follow-up at Sida mostly refers to finance and only to a lesser extent to the results of operations. Sida lacks an information system that provides management with information on whether Sida's internal work is proceeding as planned. Sida's departments plan and follow-up their own activities in different ways, for example one department uses the Balanced Scorecard method while other departments use other "models". One example of an internal information system is DFID's Public Service Agreement with follow-up through quarterly reports designed in the form of a "traffic light model", where the green light means that one is on the right track in relation to the plans.

The study shows that hitherto Sida has not created a "system" that produces information on results systematically at different levels, and that analyses and assesses the results against predetermined goals. Preferably it should be possible to follow performance management all the way from contribution level to the goals of the operational areas, for example in order to facilitate Sida's reports to the Government. The Internal Audit study has established that the specific linkages in the annual directives to the goals of development cooperation makes it possible for country plans to assume a more important role for reports on results in each operational area. Work is being done at Sida on producing indicators that can be linked to the new goal of development cooperation. In the opinion of the Internal Audit, the system for the follow up of results planned in the "From Words to Action" project⁹, be used as a pilot system for reports required by the annual directives.

Recommendations

- Sida should further develop its internal management processes by creating systems for the systematic follow-up, collection and analysis of results in relation to stipulated goals. Follow-up should make it possible to follow both the results of development cooperation programmes and those of Sida's organisational units, as well as the use of resources.
- Sida should obtain information on DFID's management information system and discuss different forms of similar systems that can meet Sida's needs of internal management processes.

2.5 Controls, quality assurance and learning

The point of departure of performance management is learning and policy development based on knowledge of results. The results of programmes of development cooperation should be achieved with reasonable requirements in respect of quality assurance and controls in connection with the planning and implementation processes. One important area for Sida is how its internal management and controls should be designed and organised in relation to the responsibility of its partners in cooperation for the results that are achieved. The Internal Audit study established that, in every contribution, Sida has to find a balance between the cooperating partner's ownership of the results and Sida's responsibility for exercising controls. Sida's responsibility in respect of control involves safeguarding that activities in receipt of Swedish support achieve the goals and that resources are used efficiently.

⁹ From Words to Action. For a clearer focus on poverty. Terms of reference for the project. June 18, 2003.

At Sida, control and quality assurance mechanisms are built into the various processes and different forms of control are exercised, for example by project committees (PCs) at different levels in Sida and by controllers. The study shows that comments made by Sida's central PC come at a late stage in the preparation process prior to the decision of the Director General – in practice when the dialogue with the partner country is considerably advanced and freedom of action is limited. It is possible for the PC to provide advice in the introductory stage of the preparation process of major contributions, but this rarely happens. Furthermore, the points of view expressed rarely lead to any major changes in the contribution.

The embassies' PCs are a relatively new function. The study shows that programme officers, whose contributions are discussed in these PCs, are relatively satisfied with the comments they are given and with the discussions. A number of contributions are also taken up at the sector departments' PCs. This involves a risk of duplication of effort. In the autumn of 2004, Sida will make a review of the PC function. The risk of duplication of effort should be analysed in connection with this review.

The duties of Sida's controllers and their network include supervising the observance of Sida's policies, methods and regulations. It is intended that the controller function in the field should have similar responsibilities, but this function has not yet been fully developed. A review of the controller functions at Sida-S and the field is being made at Sida.

Sida is working actively with learning issues and has implemented a learning strategy project and has produced tools to direct and support learning. If Sida is to succeed in orienting its activities to a greater extent towards results, greater demands will be made on the skills of the staff, for example on the capacity to analyse and assess results in relation to goals and on the organisation's ability to disseminate knowledge and experience of ways of achieving "good" results.

Recommendations

- The normative function of the project committees in respect of performance management should be strengthened. This could be done by giving the committees the task of analysing and reaching a standpoint on results of certain major contributions during implementation. A reasonable input of resources could have the effect that the committees select some contributions that are interesting in principle and analyse the results of these contributions on the basis of in-depth follow-ups, mid-term reviews, evaluations etc.
- Sida should further develop its learning processes by absorbing and disseminating the knowledge acquired in connection with follow-ups and evaluations.

2.6 Sida's operational planning process

The Internal Audit study shows that formal management systems, for example operational management, have a weak position. The formal management systems are perceived to function rather as control instruments than tools for planning. Instead, emphasis is given to the informal management systems in which values and norms govern behaviour to make it appropriate for the task in hand¹⁰.

In the feasibility study it was evident that the relationship between Sida's operational planning and resource allocation is weak. This study shows that this observation is still largely true, even if certain changes are taking place. The various organisational units at Sida-S and the embassies draw up their plans and ambitions without any clear linkages to available resources. The size of the staff is mainly given and only small changes are made in relation to previous allocations of resources. Furthermore, the relationship between the sector departments' work plans and the country plans is weak in respect of the resources the embassies have access to.

¹⁰ See Organisation Cultures at Sida, section 4.5: Control systems.

The study shows that Sida's strategic priorities have been of importance for the management and control of Sida's operations. The areas given prominence as priority areas have been in focus and led to a certain degree of re-orientation. However, one problem is that new priority areas are added to earlier priorities. Another problem is the expected impact resulting from a strategic priority and how this impact can be measured and followed up.

As mentioned above, Sida's departments use different models for planning and follow-up their activities. Within the framework of the overall operational planning process, which EVU is responsible for organising, Sida's various organisational units have considerable freedom to decide themselves on how their own parts of the process should be organised. A working group in the controller network has produced a model for Sida's operational planning process¹¹. The document states that the question of whether operational planning should be harmonised at Sida has been discussed on a number of occasions. The document can be seen as a response to a need for greater coordination at Sida in respect of the planning process.

The study establishes that the planning phases in the internal management process, with decisions on goals and budgets etc, requires phases for the follow-up and evaluation of earlier operations. The overall results should be assessed in the later phases, i.e. both goal fulfilment and the use of resources. In the opinion of the Internal Audit, the balance in Sida's internal management processes should be changed and greater importance should be attached to a systematic follow-up of the results of development cooperation and to actions based on these results, and less attention given to the planning phases. As mentioned above, EVU's regular follow-up refers only to the use of resources. At Sida no corresponding follow-up is made of the results of operations.

Recommendations

- Sida should strengthen its formal management systems. Sida's operational planning process should be more uniform and better coordinated than is the case today. This could be done by EVU appointing an owner of the operational planning process, with the responsibility for developing the process and for proposing simplifications.
- Sida should consider making performance management a strategic priority in 2006.

In three of the four country strategies included in the study, there are no specific goals in respect of results during the 3–5 years that the strategies cover. Nor do they contain any indicators of results. Furthermore, the country strategies are only based to a very small extent on the countries' PRSPs. The strategies are only able to steer activities to a limited extent since they are formulated in such general terms that they provide little guidance on Sida's priorities and selection of contributions. Priorities are therefore not always made on the basis of the country strategies, but in an ad hoc manner. The Government approves the country strategies, while Sida is responsible for producing them. Internal Audit considers that there is reason to question the practicality of the country strategies in the light of their limited capacity to steer activities and since producing them is relatively demanding in terms of resources.

The study shows that, in practice, the country plans steer activities to a greater extent than the country strategies, but that there are shortcomings in the ways the country plans are linked to the strategies and to individual contributions. As a rule the country plans contain a specification of contributions but contain little guidance as to what should be given priority during the coming year. Even if improvements have been made in this respect, the country plans studied only contain limited specifications of other work that should be done at the FOs in addition to the administration of the contributions, for example the policy dialogue with the partner country, donor alignment and harmonisation, participa-

¹¹ Best practice – systematic follow-up instrument, dated June 8, 2004.

tion in multilateral work, collaboration with SEKA and SAREC etc. Of the four country plans studied, Mozambique is an exception. This country plan contains four themes for the dialogue: financial management, decentralisation, corruption and the election in 2004.

Sida has decided on new forms for the annual follow-up. From 2004 onwards the country plans will be followed up twice a year. The country reports will be regarded as feedback on the country plans. Internal Audit has not been able to examine the country reports' follow-up of the country plans since the new form for follow-up entered into force so recently. However, in the opinion of the Internal Audit, it should be followed up as early as in the beginning of 2005 to enable improvements to be made as soon as possible.

In the opinion of the Internal Audit, Sida could present the Ministry for Foreign Affairs with an alternative to the present control instruments. Sida should be able to propose that current plans and reports for the follow-up of development cooperation be replaced with a strategic and operational control system that is based to a greater extent on the strategies/PRSPs¹² of the partner countries as well as the countries' own processes for planning and follow-up. The new control system should be based on performance management and the number of planning levels should be as few as possible. A new control system should also satisfy the need of increasing the dynamism and flexibility of development cooperation programmes and of enabling changes in conditions to have a more rapid impact on the contributions portfolio. (Section 3.2.2 in appendix 2 presents a proposal on a way in which a new planning process could be designed.)

2.8 Contribution cycle

The Internal Audit study of Sida's performance management shows that it functions best in individual contributions. The review of 33 contributions made within the framework of this study shows that the formulation of goals, follow-up and analyses of results have been performed in accordance with requirements laid down in "Sida at Work". Performance management has been developed to varying degrees in the different contributions. Some of the observations made by the Internal Audit in connection with the review of contributions are the following:

- There is a lack of a uniform objectives structure that runs between country strategies and country plans and contributions. Individual contributions are linked to country strategies and country plans mainly by being mentioned in the plans.
- In approximately half of the contributions, the goals have been produced together with the partner in cooperation and/or there has been a dialogue on the goals with the partner country.
- In slightly less than half of the contributions, requirements in respect of results have been specified in accordance with the LFA method or a similar method.
- Preparation plans exist for only a few of the contributions.
- Previous results analyses have been used as a basis for the formulation of contributions. However, these consist more of references to earlier experience than of normal results analyses.
- The contributions often contain some indicators, but these mainly refer to implemented activities. There are indicators for outcome and impact in less than half of the contributions. The indicators are naturally measurable, but the methods that are to be used to follow-up the results are not included.

¹² PRSPs or Government Development Plans. Sometimes there is reason to use documents at a lower level (state, province, region) as a starting point.

- Less than half of the contributions that should be evaluated have been evaluated. When evaluations have been made, they have usually been made in the form of mid-term reviews.
- The funds allocated for in-depth follow-up or evaluation are often modest in relation to the size of the contribution.
- Mid-term reviews are often made later than planned, which limits the possibilities available to use the information produced, for example to remedy shortcomings.
- In general the results of contributions are followed up regularly in the agreed manner.
- Follow-ups and reports on results have normally been made in accordance with agreements, but there is usually a lack of analysis and description of the causal relationship between the contributions and development.
- Sida's need of information on results is often allowed to govern the level of ambition, which has the effect that there is not always material to spread experience to other interested parties.
- Less than a third of the contributions are followed up in such a way that satisfactory data is provided for Sida's reports to the Government and Parliament.

Recommendations

- Sida should use the observations of the Internal Audit to further improve the performance management of contributions, for example by using LFA or similar methods to a greater extent in the preparation of contributions, by implementing and making good use of results analyses in the preparation phase, and by enhancing knowledge at Sida on ways in which results indicators should be designed and followed up.
- Sida should further develop the work of following up and evaluating contributions. Follow-ups and evaluations should be planned in connection with the preparation of individual contributions and implemented in accordance with plans. Sida should develop learning processes in order to better utilise and to disseminate the knowledge acquired in connection with follow-ups and evaluations. See also section 2.5.

2.9 Towards a holistic view of performance management at Sida

Conditions for performance management at Sida are affected by, among other things, Parliament's approval of the Policy for Global Development, the increase in harmonisation and donor alignment, the impact of programme thinking, field-orientation etc. The Internal Audit study shows that there is a need to further develop internal management processes at Sida in the light of these changes. It also emerged in the study that Sida's control system is mostly adapted to bilateral development cooperation and not to Sida's other activities. The picture of Sida's internal management that emerged in the feasibility study is confirmed, i.e. that there are many directives, unclear control processes, shortcomings in coordination etc.

In the feasibility study it is stated that there is no holistic view of management and control at Sida and that the responsibility for management and control is shared by several different organisational units. The possibility of introducing coordinated management at Sida has improved since the post of planning director was established and POM was formed. Furthermore, one of the administrators at POM is responsible for issues concerning performance management and harmonisation. However, this study shows that Sida needs to take action on several levels if performance management is to have a full impact¹³.

¹³ Organisation Cultures at Sida, section 5: Conclusions and recommendations

Different activities are taking place at Sida that concern performance management, for example there are working groups in several departments. Region Forum has been commissioned to monitor the work done in these working groups. The Internal Audit is of the opinion that the work done in these groups is an important component in the development of performance management at Sida. However, there is a need for greater coordination and management of the groups' work. In addition, in the opinion of the Internal Audit, there is a need for Sida's management to discuss strategic issues relating to the further development of performance management.

Recommendation

- Sida's management should discuss how performance management can be further developed and should improve the coordination of ongoing development work on performance management.

Appendix 1

Implementation of the study

Case studies

In order to obtain material for the study, case studies were performed in four countries – Mozambique, Bangladesh, Sri Lanka and Zambia¹. The embassy in Maputo was visited between March 15–19, 2004, the embassy in Dhaka between May 3–7, the embassy in Colombo between May 10–14, and the embassy in Lusaka between May 24–28. The overarching directives, country strategies, country plans etc for each country were analysed. Management and staff at the embassies concerned were interviewed to supplement the documentation, thereby facilitating an in-depth understanding of performance management at Sida.

Furthermore, the entire contribution cycle for 6–10 contributions per country was studied (all in all 33 contributions). Some of these contributions included several components or a large number of components. The selection of contributions was intended to reflect the breadth of Sida's development cooperation in respect of sectors, forms of support, scope, duration etc of the contributions. Contributions were selected that were at various stages in the contribution cycle – from completely new to finalised contributions. A checklist was used in the study which contained over 30 questions/subject areas (appendix 3). All available documentation in respect of these contributions at the embassies and Sida-S was examined. Moreover, the programme officers responsible for the contributions at Sida in Stockholm were interviewed.

In Appendix 2, section 2.8, a summary is provided of the results of the study of contributions. Appendix 3 contains a more detailed account of the review of contributions.

Review of documents and interviews

The study included a review and analysis of Sida's directives. An examination has been made of available written documentation that provides information on performance management, the decisions that have been made, and the ways in which these decisions have been implemented. These documents include external documents such as Government bills and annual directives from the Government, internal Sida documents such as Sida at Work and operational planning documents, and documents from international meetings at which performance management has been discussed etc.

Furthermore, an analysis has been made of documents that described internal management processes at Sida, i.e. the processes for country and regional strategies, country plans, and operational planning. With the aid of interviews with staff at Sida, a survey and analysis has been made of the ways in which Sida uses information on results in its internal management processes and the experience of members of staff of performance management.

In the main study a total of 68 interviews were conducted at Sida-S and the embassies. The interviewees included 14 heads of departments, heads of divisions, ambassadors or counsellors. In addition to this, the feasibility study's reference group and 15 interviews are also included in the material on which our overall assessment is based.

¹ Bangladesh and Sri Lanka received full delegation in 2004, Zambia in 2003, and Mozambique in 1999.

Performance management in other organisations

The study has included a reconciliation of Sida's methods of working with performance management in relation to other donor organisations and models for performance management (DAC, ALNAP and DFID). A visit was made to DFID in London in April 2004.

Consultants

Internal Audit engaged consultants to perform the study together with Wiveca Holmgren, internal auditor at UTV. Arne Svensson, a consultant from Professional Management Arne & Barbro Svensson AB, performed the study together with Sida's Internal Audit. Arne Svensson is the main author of the report presented in Appendix 2. Regular consultations were held with Sida's Internal Audit.

Internal Audit also engaged two consultants, Carin Eriksson and Barbro Forsberg of the Institute for Personnel and Corporate Development (IPF), as sub-consultants for an analysis of organisation cultures at Sida. The report "Organisation Cultures at Sida" has been published separately. The report describes the method used to analyse and describe the culture at the two embassies and two divisions included in the study.

Internal and external communication

The observations and conclusions of the study have been discussed with the staff at Sida. Methods development work is taking place at Sida on performance management, for example in the Regional Department's Methods Group, POM and SEKA. Internal Audit has held regular consultations on the work being done in these groups. During the course of the study, consultations have also been held with the members of staff who are working on the further development of performance management at Sida.

Staff at the embassies and at departments at Sida have also been given the opportunity to submit points of view on the Internal Audit's draft report.

Appendix 2

Report: Results-based management

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Acronyms and abbreviations

AD	Administrative Departments
AFRA	Sida's Department for Africa
ALNAP	The Active Learning Network for Accountability and Performance in Humanitarian Action
CAS	Cooperation Agreement Strategy
CAW	Country Analytic Work
CPP	Contribution Preparation Plan
DAC	Development Assistance Committee of the OECD
DESO	Sida's Department for Democracy and Social Development
DFID	Department for International Development
ESV	Swedish National Financial Management Authority
EU	European Union
EVU	Sida's Department for Finance and Corporate Development
FD	Finance Development
FO	Field Office
HRM	Human Resource Management
HUM	Sida's Division for Humanitarian Assistance and Conflict Management
IFRS	International Financial Reporting Standards
INFO	Sidas' Information Department
LFA	Logical Framework Approach
LPC	Local Project Committee
M&E	Monitoring and Evaluation
MbO	Management by Objectives
MbR	Management by Results
MDG	Millennium Development Goals
MoU	Memorandum of Understanding
NATUR	Sida's Department for Natural Resources and the Environment
NGO	Non-Governmental Organization
NPO	National Programme Officer
OECD	Organization for Economic Cooperation and Development

OD	Organizational Development
POM	Sida's Policy and Methodology Department
PoP	Perspectives on Poverty
PPP	Project Planning Process
PRBS	Poverty Reduction Budget Support
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSR	Programme Support Recovery
QA	Quality Assurance
QAM	Quality Assurance Mechanism
QAS	(Local) Quality Assurance System
RBM	Results Based Management
RD(s)	Regional Department(s)
SD(s)	Sector Department(s)
SAREC	Sida's Department for Research Cooperation
SEKA	Sida's Department for Cooperation with NGOs and Humanitarian Assistance and Conflict Management
Sida	Swedish International Development Cooperation Agency
Sida-S	Sida's head office in Sweden
SWAP	Sector Wide Approach
TOR	Terms of Reference
UN	United Nations
UTV	Sida's Department for Evaluation and Internal Audit
WB	World Bank
VCA	Vulnerability and Capacity Assessment

1 Summary

In the autumn of 2003 a feasibility study was made of internal management processes at Sida. The main study, which was made in the spring of 2004, covers two areas: Results-Based Management¹ and the Consequences of the Field Vision for Internal Management Processes at Sida. This report refers to the first area.

In the study, Internal Audit has analysed whether the internal management processes at Sida are appropriate for achieving efficient operations, which are constitutional and in accordance with Sida's directives, and for meeting the need of reliable reports on results. According to the terms of reference for the assignment, the Internal Audit should also submit proposals for measures that contribute to further developing Sida's internal management processes.

The study shows, among other things that:

- Results-based management functions best in individual contributions. In slightly less than half of the contributions examined, expected results had been specified on the basis of LFA or a similar method. Half of the contributions that had been implemented that were to be evaluated had been evaluated in one form or another (most often in the form of mid-term reviews).
- In three of the four country strategies and country plans that were studied, there is a lack of specific goals. The exception is Mozambique, where the contributions are linked to a specific goal structure.
- There is a lack of specific linkages between the poverty goal, the goals in the country strategies and country plans, and the goals of the contributions.
- There is a lack of monitoring and evaluation systems that make it possible to aggregate the results of individual contributions into results at the overall level for a certain operational area, sector or region. One exception is the International Training Programmes (ITP), which have developed a general monitoring and evaluation system that also makes it possible to compare results of different programmes with each other over time.
- The importance of rewards systems for result-orientation has not been given attention at Sida.

The study shows that there is broad interest in increasing orientation on results at Sida but, at the same time, there is a great deal of uncertainty in respect of the ways results-based management should be designed in concrete terms, particularly regarding the design of the chain of goals from the poverty goal to individual contributions.

During recent years intensive international development work has taken place on producing models for results-based management for development cooperation (*results-based management* is the latest model), on adaptation by donors to the control systems in the partner countries (*alignment*), and on coordination by donors of their ways of working and methods (*harmonisation*). Sida has participated in this development work, which is well in line with the Swedish policy. International development of results-based management for development cooperation corresponds well with the model for management by objectives and results-based management that should be used by all Swedish government agencies. Our conclusion is that results-based management of Sida's operations can well be adapted to ongoing international developments of ways of working and methods, without any conflict arising in respect of the management and control of Sida as a government agency. Therefore, it is important that Sida also gives priority in the future to active participation in international development work in this field.

¹ Internationally the following concepts are mainly used: *Management by Objectives (MbO)*, *Management by Results (MbR)*, *Management for Results*, *Performance Management* and *Results Based Management (RBM)*. For an in-depth analysis, see Arne Svensson & Lennart Gustafsson: Public Sector Reform in Sweden (Liber, 1999).

The study shows that there are still weaknesses in results-based management of development cooperation, for example in the specification of goals in country strategies and country plans, the dialogue on goals with the partner countries, the follow-up and analyses of the effects of development cooperation, and reports on performance at different levels. There is a risk that this leads to a sub-optimal allocation of resources to regions, countries, and contributions. Our conclusion is that Sida needs to take powerful action to ensure that results-based management is implemented in full. Sida should consider making the development of results-based management a strategic priority area for 2006.

The linkage of the goals of Sweden's Policy for Global Development to the poverty goal, the integration of budget support and the linkage to sector programme support, and other strategic changes affect results-based management at Sida. In the partner countries, the possibility of pursuing efficient development work, with a focus on the poverty goal, is often made difficult due to weak institutions and rudimentary systems. This situation places demands on Sida's internal control systems which have to ensure that development cooperation does not contribute to corruption, abuse of power and undesirable incentive structures in the partner countries. The normally complicated political process of changing structures and conditions is, in development cooperation, considerably more complex for the partner countries since it is often the case that several external partners in cooperation are involved. There is a risk that orientation on results will be weakened if a great deal of the parties' efforts focus on processes for creating alliances, dividing up sectors between donors, and creating good relations. Results should always be the principal process. There is a need to further develop and clearly define the different roles that Sida's staff can have in the dialogue with the partner countries and other donors in order to achieve an approach that is adapted to the prevailing situation (supervisory, encouraging, consultative, supportive etc).

The principle of partner country ownership makes it reasonable that the goals of Sida's internal work should primarily focus on development of knowledge, change of attitudes or similar effects in respect of the partner in cooperation, and in the ways in which (and the extent to which) this has influenced, in turn, the final effect (outcome/impact) on the sections of the population by the actual actions of the partner in cooperation (which can generally be assumed to have been affected more by other factors than by Sida's contributions alone). Since the ambition is adaptation to the partner country's internal management systems, the possibility of contributing to these systems should be given highest priority. Most partner countries have a traditional budget process that has been designed on the basis of the logic of financial management. Results-based management has not been developed or is even non-existent in this process. Our conclusion is that Sida should focus on the development of results-based management in the partner countries in connection with the dialogue.

The study also shows that the relationship between performance management and financial management at Sida needs to be improved. This could be done, for example, by developing internal controls of Sida's activities. The operational planning process should be further developed, particularly in respect of the relationship between the country plans and the sector departments' work plans, in order to permit more flexible use of Sida's collective expertise. The sector departments need a long-term strategy that can guarantee support when a long-term perspective is required, at the same time as it is necessary that management tools make rapid reaction possible to changes in conditions. Our conclusion is that it would be more appropriate to have a rolling, strategic planning process at country level that could replace the existing country strategy process and country plan process. A proposal for the content of a process of this type is presented in this report.

The agreements stipulate the requirements for reports from the partner country. However, it is not clear what types of results shall be reported and at what level the analysis of results should be made. The study shows that reports on individual contributions often refer to the activities that have been implemented in relation to plan, but seldom contain information on the effects these activities have had. Our conclusion is that the results analysis should focus above all on outcome. However it should also

focus on impact where there is a specific relationship. In most sectors (for example education and health), there are well tried and tested systems for monitoring results and for results reports at both national and international levels. Sida should primarily provide support for developing national systems for monitoring results in relevant sectors. The international statistical systems also provide information on results linked to the MDGs.

Our conclusion is that Sida could use existing systems in the partner countries, the statistical systems of international bodies, and the experience of Swedish government agencies concerned in order to build up a process for monitoring results in each sector. The challenge is primarily to identify the Swedish contribution to the actual development of results in the partner countries. Information on results linked to the MDGs and PRSPs should therefore be supplemented with an analysis of Sida's contribution to development. As a basis for an analysis of this type, values should be collected systematically from Sida staff and assessments should be made by Sida's partners in cooperation. This report provides a proposal for a way in which this can be done.

One important element in the learning process is to make use of the results of follow-ups and evaluations. Follow-ups and evaluations that correspond to the need of feedback of experience for learning purposes should be planned for all contributions from the very outset. A formative evaluation approach should always be considered. The results analyses should always contain a section on lessons learned at all levels, with a discussion on success factors, problems and mistakes.

Standardisation should be based on an analysis of results achieved. However, the project committees only examine planned contributions as part of the preparation process. Our conclusion is that, within the framework of their normative assignment, the project committees should also make an assessment of the contributions at mid-term reviews and when the contributions have been fully implemented.

2 Results-based management

2.1 The internal management and control environment

Sida is one of many parties in a complex global system. Its activities are of greater breadth and complexity than those of any other Swedish government agency. If Sida's internal management processes are to be efficient, it is of central importance that adjustments are made when any changes occur in this global system. At the same time, Sida is an important participant in the further development of the system in the future. Within the framework of this global system, it is Sida's mission to achieve maximal effects from the resources available to it.

Development cooperation is implemented in countries where there are widely varying conditions for management and control. It is extremely difficult to develop management and control systems in this environment that are optimal in every respect. With the possibilities for management and control available to Sida, it is a question of finding a suitable balance between many – legitimate – requirements and requests. The challenge is to design specific, long-term, stable, transparent, legal management and control processes that also make it possible to adapt to the situation and that provide flexibility in relation to the management and control systems in the partner countries (alignment).

Sweden's Policy for Global Development lays down that greater importance is to be attached to contributions for good governance. Many of the persons interviewed in this study emphasise how important it is that Sida practises what it preaches. The approach to good governance that Sida promotes in development cooperation should also apply to Sida internally. The importance of setting a good

example by developing knowledge together with partners in cooperation was underlined during the interviews. The interviewees considered that it was not possible to speak of orientation on results, openness, insight and transparency in decision-making processes in programmes of development cooperation and then not do these things at home. Credibility is difficult if emphasis is given to the importance of specific goals, follow-ups and evaluations but these are not used in Sida's internal management processes.

Sida's internal directives are often the result of processes which have involved a small or large part of the staff. The process is both a matter of gaining acceptance and support for the content of the document prior to its approval, and ensuring that the it is observed after it has been approved. In the report on our feasibility study, it was stated that there is a general Sida culture as well as elements of sub-cultures, which are in harmony to a small or large extent with the general culture. In these sub-cultures an individual degree of freedom is given to a varying extent to members of the staff. The inherent driving forces of the staff are thus sometimes given considerable scope. In turn this affects the strength the directives have and the power with which the formal management by objectives and results can govern activities.

Leadership, commitment, loyalty to goals/visions, and the opportunity to exert an influence on, develop and organise one's work, have been given the most positive assessments in Sida's organisational surveys. Less positive values have been given to workload and stress, roles and divisions of responsibilities between embassies and Sida-S, and the ability to monitor and use results. The staff's loyalty to goals/visions shows that there is a good base for internal management, while the negative results of the organisation survey indicate rudimentary internal management systems.

During the interviews it was emphasised that it is difficult to distinguish Sida's internal management processes from external management processes exercised by Parliament, the Government and the Government Offices. Some interviewees also pointed out that the most important component of internal management is to ensure that the intentions of Government and Parliament are implemented. One example given prominence in the interviews was the country strategy process in which formal decisions on the country strategy are made by the Government, while their content is influenced to a high degree by Sida. Formally, this is a matter of external management of Sida, but it would be a mistake if the country strategies were to be regarded as external management that could not be influenced in connection with the development of Sida's internal management processes. It is possible for Sida to exert an influence on content through a regular dialogue with the Government Offices, even where the annual directives and their reporting requirements are concerned. In connection with the further development of internal management processes, it should be possible to both adapt and influence external management.

This approach also applies, for example, to ongoing work on coordination between various international parties and the way in which this affects Sida's internal management. One example is the international harmonisation² of approaches and methods, which affects the design of co-financed contributions in the partner countries, for example in respect of sector programme support³. Silent partnership or delegated cooperation is another example of contributions that requires a special approach to forms of management and control, where the relationship between external and internal control is complex⁴. Sida has participated in, and is participating in, international donor coordination work, for example through UN agencies, OECD/DAC, and networks in the partner countries. Several of the interviewees emphasised the importance of investing greater efforts in alignment/harmonisation.

² OECD: Harmonising Donor Practices for Effective Aid Delivery. DAC Guidelines and Reference Series.

³ Sida's Policy for Sector Programme Support

⁴ Activity Levels in Sida's Sector Programmes – Principles and experience of silent partnership, 2002-11-12

Section 2.2 below presents a general picture of results-based management in Swedish government agencies. It also contains a brief discussion of results-based management in Sweden in relation to international developments. Thereafter, in section 2.3, our study of Sida's main processes for results-based management is presented. In this section we present the review of directives and internal management processes that was made during the main study and the interviews that were held. Section 2.4 contains a description of ways in which the results concept is perceived at Sida. Sections 2.5–2.8 take up the ways in which the results of activities are steered through different channels (operational planning process, policies, country strategy process and contribution cycle). Finally, there is a discussion of the extent to which the rewards systems at Sida promote a greater orientation on results.

2.2 Performance management of Swedish government agencies

One given point of departure for a study of results-based management at Sida is the general decisions that have been made by the Government and Parliament on the management and control of Swedish government agencies. In our study we have found that, where issues of management and control are concerned, Sida tends to compare itself with other donors than with other Swedish government agencies. In the interviews it emerged that the level of knowledge of Swedish public administration policy in general, and results-based management in the public administration in particular, is very uneven. There is reason to provide a short presentation of the points of departure of our study in this respect.

The government administration policy has the aim of achieving intended results and achieving the goals laid down by Parliament and the Government for the management and control of Swedish government agencies. The weakest link in the agencies is that the lack of goals, or goals that are difficult to measure, is an obstacle to the optimal allocation of resources. This study shows that this is also the case at Sida. In traditional budget management the possibility of optimising the use of resources was limited by rigid rules in respect of the purposes for which the different resources could be used. The ways of working were steered in detail by manuals or descriptions of routines that had to be followed to the letter. It was only when the philosophy of management by objectives was introduced during the 1980s that the focus on management and control of agencies was changed to results.

In 1988, Parliament decided that controls of agencies would be exercised with the aid of management by objectives and results. This would have the effect that the focus would shift from the budget's resource side to the results of activities. Parliament and the Government would decide on the overriding goals and the financial frameworks, while the agencies would be responsible for the ways in which the expected results would be achieved. This decentralisation of responsibility made it necessary for the agencies to develop their capacity to break down the overall goals into goals that were concrete and possible to monitor, to monitor activities and to provide reports on results. Results-based management and financial management are intended to provide better information on the outcome of operations and thus provide better information for decisions on goals, the focus of activities, and the allocation of resources. Budget legislation requires the agencies to seek to achieve high levels of efficiency. The development of internal management processes thus requires interventions in order to ensure that there is

- A clear link between goals, outcome and costs
- Knowledge of achieved effects and the degree of goal fulfilment
- A holistic perspective and transparency at all decision-making levels⁵.

At the time of the introduction of management by objectives and results into the government administration, it was stated that the point of departure of internal management processes would be in the

⁵ Arne Svensson & Lennart Gustafsson: Public Sector Reform in Sweden (Liber, 1999)

outcome reported for activities, and that they would provide the *corrections* that were considered motivated. These signals would be expressed as guidelines for changes of activities and for concrete goals for the results of operations that could be monitored. The overall goal in respect of effects would be comprehensive, while the short-term management processes were intended to be selective and mainly focus on desired changes in direction or in levels of ambition. The Swedish National Financial Management Authority states that this difference appears to have disappeared in recent years.

There are both advantages and disadvantages with the approach that has been chosen for results-based management in the government administration. One advantage is that the political level is not obliged to formulate comprehensive short-term goals each year for all activities. There is less risk that long-term goals or formulations from instructions are repeated without further clarification as short-term goals in the annual directives. One disadvantage is that the overall picture of goals becomes fragmentary. Parts of an agency's activities fall outside the stipulated goals. Thus there is no clear link between the total resources at the disposal of the agency and the results that the agency is expected to achieve. Often reports are limited to stipulated goals. There is a risk that the monitoring of other parts of the agency's activities is neglected. However, limiting the number of goals does not necessarily mean that monitoring needs to be limited. In principle, all goals should be monitored with the aid of one or more indicators. On the other hand, not all measures and indicators need to be linked to goals even if they are regarded as motivated for monitoring activities.

One of the main documents in the results-based management of agencies is considered to be the annual report⁶. The annual report was thus given an extended role to enable it to function as a basis for the reviews of Government and Parliament. However, the long-term effects of an activity cannot be measured after one year. Since the annual reports have a short-term perspective and primarily contain reports on performance and not reports on long-term effects, their role has become somewhat unclear.

There are decisions made by the Government and Parliament that state what results-based management in central government means and what it should include. However, *how* results-based management should be adapted to agencies and their operations is not so clear. Since the introduction of performance management, an overestimate has been made of the possibilities of orienting the parties concerned towards results within the framework of existing institutions and roles via technology in the form of processes and the design of documents. In its report, the Financial Management Authority states that the development of internal management processes that permit analysis and adaptation of operations has been weak. The role of agencies in the budget process has been reduced, which has had the effect that a resource for analysis and initiatives has partly been lost. According to the Financial Management Authority the development work of recent years has not, in principle, succeeded in creating a model that combines financial management with active and committed participation by the government administration to develop government activities.

2.3 Sida's main processes for results-based management

Results-based management of Sida as a government agency is done primarily through the Government's annual directives, the annual report and, to a certain extent, through the agency's directives.

During our interviews it emerged that the meaning of the term "result" was not entirely clear among the staff. Nor were the staff completely aware of Sida's main processes for results-based management. One reason for this is the overlapping between the processes that result in internal directives of various types (regulations, policies, operational planning etc). Even in e-doc, which is currently being implemented at Sida, there is some uncertainty as to what should be regarded as internal management processes.

⁶ Swedish National Financial Management Authority: Performance Management in Swedish central government (ESV 2003:22)

Sida's regulations and policies are regarded by the interviewees as the directives that govern their daily work most. The most important internal management processes in the dialogue with the partner countries are, in the opinion of most of the interviewees, the region and country strategy processes and the contribution cycle. In addition, Sida's operational planning process is considered to be of central importance for internal management at the agency. This process is intended to link together the country strategy, the annual country plan, and the preparation process according to the contributions cycle.

The country plan, together with Sida's regulations and policies, constitutes the framework for full delegation to field offices. The interviewees at the embassies regard these documents as the most important directives.

2.4 What results shall be achieved?

2.4.1 The results concept

The study shows that the importance of Sida's activities being results-oriented is fully accepted and supported by the staff. There was also a great deal of interest among the interviewees in participating in the development of results-based management at Sida. However there is an equally unanimous conception that the results concept has not been clearly defined and that there is uncertainty as to what results-based management means in programmes of development cooperation. This creates difficulties in analysing and reporting results, particularly at the aggregate level.

One reason for the uncertainty can be that the Swedish word for "result" (or "effect") can correspond to several English terms: "output", "outcome" and/or "impact", i.e. results at completely different levels in the results chain. A result is a change (intentional or unintentional) caused by an intervention of one form or another. Implementing an activity is thus not a result in itself. Nonetheless, it is naturally still interesting to monitor that planned activities are actually implemented. However, it is most important of all to monitor whether these activities lead to their intended effects.

According to several of the interviewees, results-based management is relatively well developed at contribution level, even in respect of sector programme support. On the other hand, results-based management is not well developed in country plans, country strategies and regional strategies. This has had the effect that individual members of staff have problems in seeing the linkages between the overall goals of Sida's activities and the individual contributions. The overall goal in the UN's Millennium Declaration and the goal of halving poverty by 2015 are regarded by several of the interviewees to provide a more specific overall focus than the six goals that have previously governed Swedish development cooperation. A greater focus on poverty reduction has been a strategic priority since 2000. Among the interviewees, there is broad support for *Perspectives on Poverty* (PoP) as an overall policy document for Sida⁷.

Currently there is an international discussion on results-based management in development cooperation, not least in OECD/DAC⁸. Sida has participated, for example, in the *Core Working Group on Managing for Development Results*. DAC has focused on results-based management as a model for performance management⁹. Sida has participated in the international work but this has not yet had a real impact in Sida's internal management processes.

⁷ In the document PoP is described in the following way: "It is not a manual or a road map, but hopefully a compass and a mind map".

⁸ See, for example: OECD/DAC: Working Party on Aid Effectiveness and Donor Practices Joint Venture on Managing for Development Results (21-Oct-2003); OECD/DAC: Results Based Management in the Development Co-Operation Agencies: A Review of Experience. Background Report (2001)

⁹ RBM is defined in the following way in the Glossary of Key Terms in Evaluation and Results Based Management (OECD/DAC): "A management strategy focusing on performance and achievement of outputs, outcomes and impacts". However, this definition does not correspond so well with Performance Management and Management by Results (MbR)

The current strategic priorities give particular emphasis, as important development areas, to the implementation of PoP, and the development of efficient and results-oriented forms of development cooperation with a focus on the principle of national ownership. This focus is further underlined by the Government's annual directives, which contain specific requirements for the development of reports on results. The project "From Words to Action" describes how these priority development interventions could be followed up.

The implementation of Sweden's Policy for Global Development, based on the report of the Parliamentary Committee, has been given highest priority in Sida's planning for 2005–2007, with a special focus on the goal of development cooperation¹⁰. This is of importance for the focus of Sida's activities and thereby for the conditions for results-based management.

There were several interviewees who considered that the strategic priorities in the operational planning process have mainly been of importance for the management of Sida's activities at agency level (during recent years). The areas given prominence in the process have been focused on for a period and a certain re-orientation of activities has thus taken place. However, the interviewees emphasised that there has not been any corresponding clarity in respect of those areas that should (or could) lose their priority. A conception has thus come into being of new priority areas being constantly stacked on top of the previous priority areas. This impression is confirmed in the latest strategic priorities, where the follow-up of earlier priorities is introduced in the following way. *"It needs to be underlined that earlier priorities remain strategically important. The fact that an area is removed from the list of Sida's strategic priorities should not be taken to imply that it is being played down."*¹¹ This study shows that the earlier strategic priorities have had the effects that are described in the follow-up attached to the latest directive. Examples of this are the relationships between economic growth and poverty reduction, climate issues, trade issues, and public financial management in the partner countries.

2.4 2 The Government's goal for development cooperation

Those interviewees who had only worked for a short period of time at Sida consider that the focus of the development policy has been changed with the new policy, while others who have been employed for a long period of time consider that, in principle, the goal has been unchanged for many decades. Since 1962 the overall goal of Swedish development cooperation has been "to improve the living conditions of poor people". Subsequently Parliament also decided that this overall goal should be supplemented with a number of sub-goals: economic growth, economic and social equality, economic and political independence, and democratic development (1977), sustainable development (1988) and equality between women and men (1996).

Sweden supports the UN's Millennium Declaration and its development goals and, in its activities, Sida is to be guided by and take into consideration the possibilities of contributing to the fulfilment of the so-called international development goals (according to the Government's annual directives for 2001). Sida's activities are also to be guided by the statements made by Parliament in response to the Government's communications to Parliament, which is not least important in regional and country strategy processes. The Millennium project has the objective that PRSPs should be linked to the MDGs. Next year is regarded as a critical year for the production of vigorous strategies and plans for achieving the MDGs. Within the framework of the Millennium project, a pilot project has been implemented in which individual countries have drawn up innovative plans for doing this. But how will the donor community react if the PRSPs express other priorities than the MDGs?

In the Government's bill for a Policy for Global Development, it is proposed that the overall goal should be: *"to contribute to an environment supportive of poor people's own efforts to improve their quality of life"*. In its

¹⁰ Sida, Office of the Director General: Strategic priorities for the planning of activities 2005–2007 (2004-08-09)

¹¹ Sida, Office of the Director General: Strategic priorities for the planning of activities 2005–2007 (2004-08-09)

report, the committee proposed that Parliament should adopt the bill and, on December 16, 2003, Parliament approved the committee's proposal. Goals, perspectives and central component elements were thus changed as from 2004. Eight central component elements lay down the focus. Sida's role under the Policy for Global Development has been discussed in the management group. In the interviews, examples have been provided of the dilemmas the policy causes for development cooperation. One example is that Sida, in its programmes of development cooperation, provides support for the export of agricultural products, while Sweden, as a member state in the EU, has approved import restrictions that make it difficult for the countries concerned to export their agricultural products.

Parliament/Standing Committee on Foreign Affairs lays down the overall political goals and the development cooperation budget for international cooperation and international development cooperation. The decision-making processes for bilateral development cooperation and multilateral cooperation are separate which, according to several interviewees, reduces the prospects of their coordination in programmes of development cooperation as a whole. Nor can Sida, without the approval of the Ministry for Foreign Affairs, make reallocations between budget items during the year. This means, for example, that Sida cannot independently re-allocate resources for research cooperation to other contributions in a country in connection with the dialogue on the country plan. In the opinion of several of the interviewees at the embassies, this was a constraint to results-based management, while SAREC regards it as necessary in order to protect academic freedom and the long-term development of research capacity from short-term priorities.

In the Government's annual directives for 2004, the operational areas correspond to the appropriation structure. The goals of the operational areas that are the primary area of responsibility of the regional departments follow what has been stated in Government communications and in current country and regional strategies. Accordingly, it should thus be possible to follow the chain of goals in its entirety, which also facilitates Sida's internal management processes.

However, there are no goals for the operational areas of global development programmes, research, and financial support to NGOs. This was regarded as a shortcoming by several of the interviewees.

One difficulty has also been that cooperation with Central and Eastern Europe has previously had its own goal: to promote sustainable development, integration and partnership in the Baltic Sea area, on the basis of the needs in the partner countries and with the utilisation of the Swedish resource base. Since, from 2004, the policy area has been incorporated under the overall poverty goal, this is not taken up in detail in this report.

Sida's Director General has emphasised in different contexts that there is no goal for disbursements. Despite this, many of the persons interviewed in the main study feel that it is more important for Parliament and the Government that the resources allocated to Sida are spent than that programme officers make demands in respect of results, which confirms the picture gained in the feasibility study. A contributory reason for this is that the allocation of resources is not linked to results of operations. This has the consequence that, in the operational planning process, it is regarded as more important to ensure that resources are used than analysing and ensuring that results are achieved.

2.4.3 The Government's requirements in respect of reports

According to the ordinance on annual reports and budget documentation, the performance report shall show a breakdown of the costs of operations into the operational areas that the Government has approved. In the annual directives for 2004, the focus has shifted from operational areas to countries and regions, which also affects the organisation of the report. This means, among other things, that action must be taken to remedy any shortcomings in the country strategies in respect of methods and data for assessing results at different levels.

Several interviewees had the impression that the Government's requirements for reports on results have varied so much in recent years that it has become difficult to develop a long-term, sustainable performance follow-up system that can meet the constant shifts in requirements. There is therefore reason to analyse in more detail what has been done at Sida to submit the reports required. The Government's annual directives for 2002 stated that *Sida should contribute material for the international community's reports on results against development goals and take into consideration the ongoing further development of the goals*. This was repeated in the annual directives for 2003 with the addition *in order to determine indicators of goal fulfilment*. According to the Government's annual directives for 2004, Sida shall

- Evaluate, measure and report on all its activities against the goal of Sweden's international development cooperation
- Report how development cooperation has promoted, and been permeated by, the two perspectives and the central component elements.

As can be seen from the above, requirements in respect of Sida's report have been specified in greater detail. However, they have had the same focus. Through their specific linkages to the goals of development cooperation, the annual directives make it possible for the country strategies to have a more important role for the reports on results in each operational area. The capacity of the public administration in the partner country and its development policy are of critical importance for whether or not development cooperation leads to a reduction in poverty. An important part of the follow-up of results should therefore be to evaluate the role that Sida-S/Swedish embassy plays in the policy dialogue and in the preparation of contributions. This study shows that, hitherto, Sida has not developed a system for the systematic collection and analysis of results at different levels that would provide the information required (see further section 2.7.3).

Sida's management group has discussed possible forms of reports as well as the measures that need to be taken to make the reports possible. The discussion was based on a memorandum in which it is stated that *earlier annual reports have concentrated almost entirely on presentations of the focus and intentions of activities, and not results or goal fulfilment*. Furthermore, it is claimed in this memorandum that reports cannot merely refer to "impact" since Sida's contribution is one of many and it is therefore not possible to distinguish the effect of Sida's contributions from the effect of all the contributions or from the effect of what is being done in the country, either by the Government or other national parties or as a result of external circumstances. A strict measurement of results would require that the outcome of a situation in which a certain contribution is made could be compared with the outcome if the contribution was not made. In many cases the outcome of a contribution is visible first in the long term. In order for measurements of results to have an impact in activities in the future, it is necessary that they are made a relatively short time after the contribution has been implemented.

Results indicators should ideally show the final effects that are achieved through Sida's actions. Direct criteria of this type, which state the extent to which cooperation with Sida has led to intended development, thus have a high degree of validity. However, at the same time the reliability of the indicators used for this purpose tends to be low since changes are also affected by a number of other factors. The evaluator of the results is therefore often obliged to use indirect criteria that express the achievement of goals earlier in the effects chain which can be assumed to have a positive relation to the final effects the evaluator is really interested in. The reliability of these indicators is usually higher than that of the indicators that give the final effects, but at the same time their validity can be much lower. In addition to these indicators of effects, it is also possible to use structural indicators or process-oriented indicators, which show how the planning and decision-making process is organised, what information has been provided, and how the organisation has been designed to make possible the realisation of the ambitions behind a contribution.

Section 3.2 presents an assessment of Sida's reports and the possibilities available to develop them.

2.4.4 Goals at individual level

Through the operational planning process, the goals set by Parliament and the Government are to be transformed into goals and work plans for individual members of staff at Sida. Usually, all members of staff have planning and development talks each year, but few of those interviewed have an individual plan that contains their own operational goals. There is thus no clear linkage between the goals of each individual member of staff and goals at higher levels, for example at departmental, embassy or agency level. This has the effect that it is difficult for individual members of staff to see their own importance for achieving the poverty goal. Many members of staff set up their own personal goals, which often tend to be unrealistic due to strong individual driving forces and ambitions. Several of the interviewees point out that measures are needed in respect of workload, work tempo and stress. Stress at work places is often associated with the success people have in gaining control over the quantity of their work, the content of their work and the execution of their work. Internal management – if it is correctly organised – can be of assistance, provide support and make it easier for individuals to make priorities between requirements and expectations. The risk of burn-out and other problems will increase if Sida's employees are left without support with an impossible working situation.

Managers at all levels need good information for their assessments of amounts of resources and allocations of resources in the budget and planning process. It is evident from the organisational survey and the interviews that many members of the staff at Sida consider that their workload has increased in recent years. Others feel underutilised. The need for controls of the work with a focus on specifying assignments, constraints and priorities can be expected to grow. In order to set realistic goals, clear linkages are needed between planned inputs of resources and selected levels of ambition. More knowledge of the relationship between actual use of time and results achieved would provide necessary information for this process. The Director General has therefore decided to introduce time reports from 2006.

2.5 Results-based management through the operational planning process

2.5.1 The operational planning process

Sida's internal operational planning process takes place on the basis of an annual cycle, with directives in May and supplementary directives after the budget bill in September. The Government's annual directives, country and regional strategies, Sida's policies, Sida's strategic priorities and the Director General's annual delegation decision are the given framework of the operational planning process at Field Offices and Sida-S. The operational planning process has both a short-term perspective (1 year) and a long-term perspective (2–4 years). The operational planning process is thus a rolling four-year plan. The operational planning process results in country plans that govern cooperation with a certain country. The country plan has a section that refers to funds in the allocation for the country, and a section that refers to funds outside the allocation to the country. The operational planning process also ends up in a budget for Sida's part of the activities at the embassies and for Sida's departments.

The financial management phase, with decisions on goals and budgets, assumes a follow-up and evaluation phase in which the overall outcome is assessed, i.e. both goal fulfilment (in the form of results based management) and the use of resources (in the form of financial management), as well as the relationship between them. As discussed in more detail below, several of the interviewees are of the opinion that there are shortcomings in all stages of Sida's operational planning process.

Sida's activities were previously financed on the basis of one structure, while activities were classified on the basis of another. Only in a few cases has the budget breakdown coincided with the breakdown into operational areas. The review of results-based management of Sida's work made in 2000 showed that one precondition for effective internal management is that there is a clear linkage between goals and budgets and between results and costs, which makes it necessary for the classification into operational

areas, budgets, appropriations, performance reports and cost reports to follow a uniform structure. Sida recommended that the operational areas should be redefined to make them coincide to a greater degree with management by objectives in country and regional strategies, as well as budgetary controls.

In the operational planning process, the linkage between operational planning and resource planning is weak, even if there are tendencies for improvements. Ambitions and plans have previously been approved without any information on the cost of implementing them in the form of proposals for allocation of resources. One problem has been that the Director General's annual delegation decision refers to budget items, while operational planning is done in every organisational unit. Accordingly, only in those cases where budget items are directly correlated to organisational units has there been a specific linkage between the focus of activities and priorities.

The size of the staff in the departments at Sida has mainly been given and only marginal changes have been made in relation to earlier allocations. The priorities in the country strategy process have been largely made without taking into consideration the administrative resources available for the implementation of the contributions¹². Initiatives have now been taken to make extensive studies of the capacity of the field in relation to the scope of development cooperation¹³.

Delegation between departments and divisions tends to be rather ad-hoc, at least in respect of the links between each "activity/assignment" and the allocation of requisite personnel resources. QA is critical of the fact that the allocation of resources and the allocation of activities are not two parts of the same process. As an example, it can be mentioned that the country frame for Ethiopia was increased considerably at the same time as the FO's request for personnel reinforcements at the embassy was turned down. Embassies with similar conditions and the same scope in their programmes of cooperation can have a completely different manning. Lusaka and Dhaka are mentioned as examples¹⁴. This can easily result in a downward spiral where it will be difficult to recruit competent staff to embassies that are felt to have heavy workloads due to an underdimensioned work force.

2.5.2 Follow-up of results

A central component in internal management is the processes that the agency develops for monitoring and evaluation, and for using the results generated by monitoring and evaluations. Sida's monitoring and evaluation activities have two main purposes: learning and control. This study shows that monitoring and evaluations take place within the framework of the contributions, but that this information is not passed on systematically and is therefore not aggregated to information on results at higher levels.

The culture at Sida does not focus on monitoring and measuring results and feeding these results back to the staff. The decisive factor in considerations on extending and prolonging contributions is often "*previous experience*", and seldom specifically the degree of goal fulfilment in terms of results.

The first coherent monitoring and evaluation system at Sida has been developed by PEO/ITP for the international training programmes (ITP). Through web-based participant evaluations, ITP monitors continuously the degree of goal fulfilment in the 75 programmes during the period of the year in which the programmes take place and then for one year afterwards. The system is used by both ITP and the arrangers of the programmes. The latter have been involved in the production of the questionnaire and have also had the opportunity to include their own questions. The results from the three annual evaluations are also compared over time. Moreover, the results of the different programmes are compared with each other. Accordingly, through this evaluation system ITP has created an instrument for learning purposes for both the client and the suppliers, and Sida also obtains information to ensure that the arrangers of the training programmes fulfil their contractual obligations.

¹² Implementation of the 1999–2003 Country Strategy for Swedish Development with Laos. Sida Evaluation 02/36.

¹³ See, for example, AFRA: Draft Project Description Capacity Study of Sida's Field Organisation in Africa (2004-06-23)

¹⁴ Quality Assurance in the Field – Conclusions and Reflections, October 2002–May 2003 (Memo August 18, 2003)

The regular monitoring activities performed by the Division for Accounting, Financing and Financial Control refers merely to finance. At Sida there is no corresponding follow-up of the results of activities for all organisational units. Several of the interviewees consider that one reason for the lack of results-based management is the general attitude that it is difficult to monitor and evaluate programmes of development cooperation. In the opinion of some, this argument has even been used to avoid making an attempt. Relating measurable results of a specific contribution to the overall goal of poverty reduction is considered to be extremely difficult by the interviewees. On the other hand, this exacerbates the possibility of finding a common monitoring system for the breadth and complexity of development cooperation for all activities.

Sida's evaluation manual¹⁵ contains descriptions of terminology, concepts and criteria that can also be used to monitor results. Since the manual is new, only a few of the interviewees had read it. The step-by-step description of an evaluation process was considered to be valuable, particular for the planning of the mid-term reviews, which are often planned to take place in the contribution cycle. A few of the interviewees considered that the definitions of monitoring and evaluation were far too strict. Monitoring and evaluation of the type described in the manual are seldom, or never, found in practice. In our opinion, it is most important to focus on the right level in the chain of effects when the result shall be measured or assessed and that any deviations from the goal are analysed and information is thus created for learning and correction¹⁶.

Among the interviewees there is a relatively large degree of scepticism towards excessively broad evaluations of effects since, in a complex situation, it is considered difficult to identify the relationship between a contribution and its long-term effects. The causality problem is smaller for short-term, well-defined contributions but, at the same time, it is more difficult to verify the long-term effects in relation to the overall goal of poverty reduction. Despite these objections, most of the interviewees were of the opinion that it is important to make evaluations and synthesis studies as part of the learning process. However, in our review of contributions, we found that only half of the contributions, which should have been evaluated, had been evaluated in one way or another, most often in the form of a mid-term review (see further section 2.8.2).

There are several different monitoring instruments at Sida with which it is possible to monitor the different parts of activities. Some examples are the organisation survey, Goals and Indicators, and the controller network's follow-up of the regulations. Programme of development cooperation are monitored, for example, by the reports of partners in cooperation, field visits, and rating. A discussion paper has been produced on ways in which administrative resources are allocated in relation to development cooperation volumes. However, there are no links between the follow-ups/indicators and how the need of administrative resources changes in practice.

It is true that in *Goals and Indicators* Sida has tried to create a picture of trends in the portfolio of contributions through the following indicators: average agreed amount per new contribution, average duration of agreement per new contribution, and average outcome per contribution. These measures provide certain indications but, for example, mean values would be better than average values. The mean values are significantly lower than the average values in all countries examined, since a few contributions with a very high amount exert a strong influence on the average value. Furthermore, it is difficult to monitor trends during the year through *Goals and Indicators* since the departments monitor activities on different occasions in different ways and use different reports.

¹⁵ Looking Back, Moving Forward. Sida Evaluation Manual (2004)

¹⁶ See, for example, ALNAP Annual Review 2003: Improving monitoring to enhance accountability and learning, and ALNAP Annual Review 2002: Improving performance through improved learning

Calculations of average value for agreed amounts and times are dependent on the way in which the contributions have been registered in PLUS. In our study we found many examples of contributions that had been changed to components and been registered under one general contribution. Another example is when a large number of projects at a ministry are collected under one programme and registered as one contribution. In our opinion, the contribution concept is not useful for measurements of productivity.

Within the framework of the UN system, OECD/DAC and the EU, consensus has been reached by multilateral donors, bilateral donors and most partner countries on using MDGs, with their 48 indicators, for monitoring and analysing the impact of development cooperation. This requires development of the partner countries' monitoring systems to make it possible to follow trends in these indicators. In most sectors (for example education and health), there are well tried and tested systems for monitoring and reporting results at both national and international level. The international statistical systems also provide information on results linked to the MDGs. For example, DFID reports the extent to which the partner countries are on the way to achieve the MDGs with the aid of the so-called traffic light model.

According to Sida's response to the report of the Parliamentary Committee, the capacity for advanced analysis, for monitoring results and for evaluation needs to be extended. Sida is working on strengthening its capacity to analyse and assess the capacity of the recipient to formulate and implement the undertakings laid down in the government budget. Sida, like many other financiers, considers that LFA should be used for the examination, monitoring and evaluation of development cooperation projects. The expected results have been specified on the basis of LFA or other methods in fewer than half of the contributions studied (see further section 2.8.2). An LFA-based rating model is also used for the internal monitoring of progress in implementation¹⁷. However, most of the interviewees had not used rating to any great extent.

Sida's departments use different methods or forms for their internal management and monitoring of activities. For example, SEKA uses the Balanced Scorecard. A working group in the Controller network has produced a model for a *systematic monitoring instrument* for each department. The model consists of five steps: identification of the management process; identification of the department's project cycle; identification of rules and policies; interaction between systems and staff; and systematic measurements and feedback.

2.5.3 Reports on results

Attention has been drawn in many contexts to the need of improving information on results at Sida¹⁸. Therefore, development projects have been undertaken in working groups, for example on results indicators¹⁹ and measurement of results in sector programme support²⁰. The points of view of these groups correspond with the study we have made of 33 contributions which is presented in section 2.8.2.

Results reports from Sida are used in the Government Offices in the production of the budget bill, for the annual dialogue on results and in the regular dialogue with Sida but, on the other hand, the necessary time for analysing this information on results and asking additional questions is not available. Accordingly, considerable demands are placed in the agency's ability to supply, independently, results analyses that also contain information that has not been requested, and which can be of importance for a political assessment of the results and efficiency of operations.

¹⁷ SiRS-Sida Rating System Part II: A Hands-on User Manual (Sida, 2003)

¹⁸ See, for example, The Management of Results Information at Sida (Sida Studies in Evaluation 01/01)

¹⁹ Report on Result Indicators (Draft 030113)

²⁰ The Sida working group for measuring results in programme support (ARP), draft 0402024

The external and internal requirements for reports on results are sometimes difficult to combine. If Sida's reports are governed to an excessively high degree by external requirements for detailed reports, there is a risk that the needs of internal management processes will have to take second place. The annual reports of government agencies generally have considerable shortcomings where the quality of reports on results are concerned. This does not apply to Sida, which has been given unqualified audit reports.

2.5.4 Results-based management and the responsibility for controls

The point of departure of Sida's approach to the partner countries is the ambition to develop a partnership based on trust. At the same time Sida, as a government agency, has the responsibility for exercising controls, which has also been emphasised by Sida's management. Several of the interviewees feel some uncertainty about what this responsibility involves and how they are expected to act in cases where corruption or abuse of power is suspected. Is it possible to combine a not particularly appreciated supervisory agency role with a supportive and advisory role in relation to partners? How can such an approach be developed? These are issues of central importance in connection with the development of results-based management.

Control mechanisms exist, for example they are built into the operational planning process, the contribution cycle, and the financial management systems. Different forms of controls are exercised by managers, controllers, QA, and the project committees. The controllers – and their network – have an important responsibility for the supervision of the application of Sida's policies, methods and regulations. In this context, mention can also be made of the so-called rating system for monitoring and assessments of progress in the implementation process as well as risk analyses that has started to be used²¹.

The task of the central project committee (PC) is to examine proposals for contributions over SEK 50 million on which Sida's Director General or the Government²² shall reach a decision, and to examine other contributions that Sida-S or embassies wish to be advised on. The latter is, however, unusual. This study shows that the processing of contributions in the PC rarely leads to any major changes to contributions²³. Accordingly, the main role of the PC is quality assurance of major contributions at a late stage in the preparation process. In cases where Sida is preparing an extensive and long-term commitment in, for example, sector programme support, that has been planned by the partner country in consultations with other donors and the embassy, there is, in practice very little scope for freedom of action when the matter is discussed in the PC. From a learning perspective, an examination by the PC of mid-term reviews and evaluations of fully implemented major contributions would probably provide a greater effect. This also applies to local PCs (see section 3.2.5).

Sida's function for quality assurance (QA) is intended to ensure that embassies (those that already have full delegation and those that will be given full delegation) use Sida's control system as it is intended, that cooperation between at the embassy and with Sida-S functions well, and that there is sufficient capacity to meet undertakings made. Most of the interviewees appreciate this function and consider that it has contributed actively to improving the quality of work at FOs.

2.5.5 Do the rewards systems promote an orientation on results?

Over time a considerable shift has taken place in the driving forces of people in their work. Quite independently of the design of internal management processes, there are a number of control impulses that are related to the preferences and life situation of individual members of staff. Several of

²¹ The Rating Model, Methods Development Unit, Feb. 2003

²² Sida may not reach decisions on contributions exceeding SEK 50 million without the Government's approval, if the contribution does not correspond with the country strategy.

²³ Annual Report of the Project Committee

the interviewees emphasised the importance of incentives for internal management²⁴. However, according to the interviewees there is no systematic discussion at Sida of the rewards system. This has the effect that the importance of incentives does not attract attention in the same way as the management and controls exercised by policy documents for various operational areas.

Material incentives are pay, benefits and stimuli with a financial value. The normative driving forces include social, moral and ideal forces that are concerned with human relations at all levels. However, for many people, the inherent driving forces are the strongest today. They are concerned with life quality and personal development. As can be seen in appendix 3 of the feasibility study, there is reason for all managers at Sida to give attention to the great importance of inherent driving forces in their leadership.

One question that was taken up by both the interviewees and by the reference group for the feasibility study is why a value is not placed on “results achieved” and why they are not given higher rewards at Sida compared with work on plans, strategies and policy creating documents. It is maintained that much more time and effort are devoted to planning than to monitoring and evaluating results. One effective way of strengthening results-based management would thus be to make results achieved, for example in relation to work plans or other results indicators that are produced, as the most important criterion for setting pay levels and in other rewards systems at Sida.

2.5.6 Internal management and processes for learning

Both Sida as an organisation and its staff must be prepared to adapt and develop. This approach, which requires constant learning, is laid down in, for example, Sida’s management policy, the staff flower, the equality policy, and in the description of development activities in its annual human resource development report. There is a proposal to produce a strategic plan for learning each year through a process linked to the operational planning process²⁵. The ways in which Sida attracts, recruits, retains, administers and develops its staff and their skills is of decisive importance for Sida’s methods of running its activities successfully. Sida is facing increasing volumes of development cooperation, a broadening of its operations into new countries, new sectors and subject areas. At the same time, it is also facing a generation shift and it is not clear whether its administrative resources will increase at the same rate as the development cooperation budget. All this makes it necessary to adapt the knowledge and skills of existing staff and to have a strategic process for the recruitment of new staff.

Sida has produced tools that govern and support learning. These tools include the management and staff policies, and tools for the definition of skills, skills analyses and skills profiles. Sida’s staff spend a great deal of time on learning. Nevertheless, many consider that it is not enough. Sida makes regular reports on the various learning activities in relation to the five skills of the skills star: professional skills, strategic skills, learning skills, relations skills and functional skills.

The interviewees emphasise the great needs of staff working at embassies for further education and training on the Swedish public administration and the Swedish resource base. The development of knowledge and capacity in Sweden is well to the fore in many sectors. There are a number of areas where, in an international perspective, Sweden has special experience. Programmes for the development of knowledge in partner countries include the responsibility to make use of this expertise. NPOs and other employees without up-to-date knowledge and experience of Sweden must therefore be supplied with this knowledge through systematic human resource development.

Several of the interviewees drew attention to the difficulties in seeing that changes in the focus and forms of development cooperation have led to changes in internal management processes at Sida. The way in which internal management processes are designed is greatly dependent on the management’s view of

²⁴ The incentives structure in development cooperation has been discussed in detail in the report “Aid, Incentives, and Sustainability”. Sida Studies in Evaluation 02/01.

²⁵ Final report Learning strategy project (May 2004)

learning and the learning strategies that are used. Among the interviewees, there were different perceptions of the extent to which changes in internal management processes at Sida during recent years have been permeated by the changes in views on capacity development in development cooperation. Development cooperation has focused more on budget support, longer agreement periods, greater alignment/harmonisation with other donors etc. In the opinion of some of the interviewees, Sida's internal management processes and processes for learning have not been changed hitherto to allow experience to be collected methodically and to learn from these changes.

In the terms of reference for the learning strategy project, there is a limitation where results-based learning is concerned. *This means that it is often difficult, or even impossible, to establish a clear relationship between a contribution and its effects. Handling this problem in a constructive way constitutes one of the most important challenges to Sida as a learning organisation.*

Results-based management as a management by objectives philosophy focuses on learning and policy development based on knowledge of results that have actually been achieved²⁶. In their travel reports, Sida staff have expressed critical points of view on meetings at DAC where results-based management and the monitoring of results have been discussed. However, it has been proposed that Sida should have moderate profile and instead follow the work done by Norad and DFID²⁷. In the interviews a number of comments were made on Sida's low profile in this connection. Among other things, mention was made of the importance of systematically introducing the experience of other organisations to Sida and that it should be discussed in the management group as part of the learning of the management group in this field. Furthermore, it is considered meaningful that the Swedish voice is also heard in the international debate on the line that donors should jointly pursue.

2.6 Results-based management through policies

The aim of policies is that they should steer activities towards certain predetermined goals which, taken together, will lead to the achievement of the main goal of development cooperation. Accordingly, policies are central instruments of results-based management at Sida. As can be seen in section 2.3 above, policies and Sida's regulations were regarded by the interviewees as the directives that mostly governed their daily work. This also applies to staff at embassies where policies, together with the country plan and the rules, constitute the framework of the work. Policy documents are consequently an important component in results-based management. They lay down the focus of the work in a number of areas. Sometimes they also contain concrete goals. In our feasibility study report there is a detailed description of Sida's policies that will not be repeated here. The interviews reinforced the picture gained in the feasibility study. However, in the main study the following supplementary points of view emerged.

The interviewees were well acquainted with overarching policy documents *Sida Looks Forward, Perspectives on Poverty* and *Sida at Work*. This applies in particular to *Sida at Work*, which governs and guides staff in their work. As mentioned above, there was full acceptance and support for PoP as a *mind map*²⁸, but there are some objections. Most of the interviewees are unsure of the actual consequences PoP has on their work. A *mind map* requires quite a different type of acceptance by the user than a manual if it is to guide everyday work. The implementation of PoP is a strategic priority for the period 2004 to 2006. The *From Words to Action* project, which was initiated with the aim of gaining acceptance and support for PoP, is an important initiative. During the autumn, a project group has been working with Guidelines. In this project, the work on poverty analyses during the entire process and at relevant levels (country,

²⁶ DAC: Results-Based management: Towards a common understanding among Development Cooperation Agencies. Discussion Paper, October 15, 2003

²⁷ Travel report 2003-11-11 in respect of DAC's Joint Venture on Managing for Development Results

²⁸ In the document PoP is described in the following way: "It is not a manual or a road map, but hopefully a compass and a mind map".

sector, project level etc) is to be concretised. Among the interviewees there were expectations that this work would facilitate the identification of chains of goals between the poverty goal and the result of activities in individual contributions.

Once again, the considerable scope of the policy documents was given prominence during the interviews as a problem. In addition, there is a lack of clarity on the extent to which the policies are compulsory, what one should do when policies do not correspond with each other, and what should happen in ongoing contributions when policies are changed. Several of the interviewees underlined the importance of the overarching policies having an impact on the sector and theme policies at Sida and pointed out that this is not the case today. However, there is no time schedule for the revision of other policies on the basis of PoP.

Some observations made in the study

- The six thematic policies constitute important points of departure for the implementation/assessment of the poverty analysis that is to be the starting point for the country strategy work. One or more of them can thereafter have a key role in the further formulation of the contributions indicated by the country strategy. Accordingly, it is not necessary to apply all the thematic policies to all contributions: only those that have been strategically identified as important. Therefore, the thematic policies are perceived as part of results-based management.
- Results-based management also takes place through the sector policies since these contain both standpoints on policy issues and strategic priorities, conclusions in respect of working methods etc.
- The departmental policies that only apply in some departments for different sectors or operational areas sometimes govern priorities and the wording of goals in the everyday work to a greater degree than, for example, the operational planning process, according to some of the interviewees. The same applies to *Dept X at Work*, which lays down practices for the work of the department concerned. Individual embassies have also produced their own guidelines.
- The methods documents that apply to the agency in its entirety: Sida at Work, Guidelines for country strategies in Swedish development cooperation, Manual for the Contribution Cycle, Methods for poverty analysers/assessment of poverty analyses, and the Follow-up of the focus on poverty) set standards in a corresponding way.
- One problem is that, in practice, the earlier action programmes live on through the goals in older contributions and do not always correspond with approved policies. Can a partner in cooperation be required in arrears to report on results on the basis of a policy that was not in existence when the agreement was signed?
- Certain policy documents also include suggestions and advice based on experience in the form of “How?” questions. For example, Sida’s programme for sustainable development consists of three sections – the policy, experience and an action plan.

According to the interviewees, the policy and methods documents contain too many unclear requirements that are presented as being equally important. A clearer distinction is desired by the interviewees between rules that must be followed on the one hand, and advice based on experience of appropriate measures, methods that are most effective etc. on the other.

2.7 Results-based management through the country strategy process

2.7.1 The country strategy process

The country and regional strategies and the annual country plans are central management instruments for programmes of development cooperation. Sida draws up the strategies and the Government

approves them. They are also important documents for monitoring and calculating the use of resources for programmes of development cooperation, for the allocation of resources at Sida-S, and for assessments of the size of the field organisation.

The Government's management of cooperation with a certain country through the county and regional strategies was introduced approximately ten years ago. According to the Government's bill, the country strategy should state the overall goal and focus. At present there are country strategies for 43 countries and 8 regional strategies.

The guidelines of the Ministry for Foreign Affairs and Sida for the country strategy work describe the process and the content. According to the guidelines, the country strategy should summarise the conclusions drawn in the country and results analyses and define the strategic issues for future cooperation. Thereafter, goals and issues for the dialogue, as well as conditions for and focus of Swedish support, shall be laid down. Furthermore, the country strategy should indicate the resources required to achieve stipulated goals, and contain a strategic discussion on the need of administrative resources. The process of producing a new country strategy can take up to two years.

Many contributions are long-term and are "inherited" in the work on a new strategy. The parts of the contributions portfolio that should be phased out are not always clear due to the fact that they no longer correspond to the strategy. In the study several interviewees were also critical of the country plans for their lack of clarity in linking the goals of individual contributions to the goals in the country strategy. The country plans are mostly perceived as a list of contributions and do not provide any guidance on priorities among all the ideas and suggestions where new contributions are concerned.

Shortcomings in results-based management through the country strategies have been given prominence in various contexts. Among other things, the evaluations of the implementation of the country strategies for Vietnam and Laos have claimed that the strategic decision-making has been non-transparent, that the foundation of decisions has been unclear, and that decisions have been taken in an ad-hoc manner²⁹. The country strategy for Mozambique for 1996–2001 was criticised in a corresponding way in an evaluation for not making the overall goals of development cooperation sufficiently concrete for operations³⁰. There were, for example, no linkages between the goals and alternative ways of achieving them. Experience of LFA in the country strategy process is limited and Sida intends to work further with methods development in this field.

The regional department always has the main responsibility in the process of producing country strategies. Each regional department has developed its own processes for drawing up country strategies. The draft version of a county strategy is written by the embassy concerned in consultation with Sida's regional and sector departments. Support to NGOs is not programmed in the country strategies, but SEKA participates nevertheless in some country strategy processes by feeding in the experience gained by NGOs from their contributions in the country in question. Research cooperation is usually not taken up in any detail in country strategies, even in cases where, from the volume perspective, research cooperation accounts for about a third of the resources transferred.

One common criticism directed towards the country strategies is that they do not provide concrete guidance for the selection of contributions. In *Mind the Middle*³¹ it is proposed that the country plan process should be developed so that the gap between the country strategy and the contribution cycle

²⁹ Implementation of the 1999–2003 Country Strategy for Swedish Development Cooperation with Vietnam – Sida Evaluation 02/35, and Implementation of the 1999–2003 Country Strategy for Swedish Development Cooperation with Laos – Sida Evaluation 02/36.

³⁰ Assumptions and Partnerships in the Making of a Country Strategy – An Evaluation of the Swedish-Mozambican Experience (Evaluation Report 01/07)

³¹ Mind the Middle, Sida Evaluation 02/37

would be reduced. A review of the country plan process has been implemented. Its point of departure was the new conditions created by the Field Vision³². The country plan is produced annually, but its perspective should cover several years. Undertakings in respect of contributions can and should be long-term, but the authority to use funds is valid for one year. This creates an imbalance between the long-term responsibility for development cooperation and the short-term limitations of powers.

We have examined the country strategies for four countries³³ that were selected for the main studies, and the ways in which these strategies have been produced implemented and monitored. We have also examined the links between the country strategies, the country plans and the operational planning process. The examination shows that the country strategies lack clearly defined goals that state the results planned to be achieved during the 3–5 years covered by the strategies. Nor, in most cases, are there any results indicators at this level. The country plans do not contain any specifications of other work apart from the administration of the contributions, which is also done by the FOs, for example what is actually planned to be done in the policy dialogue with the partner country, donor alignment and harmonisation, participation in multilateral work, cooperation with SEKA and SAREC on the development of civil society and research cooperation respectively, etc³⁴. SEKA's experience shows that partnership between NGOs may be more appropriate than a programme of cooperation with the public administration in a partner country. Approaches in respect of research cooperation have also only had a very small impact in Sida's policy documents and in considerations in the country strategy process.

In one of these county strategies (Mozambique) there is a goal structure in which *area/programme goals* are derived from *overall objectives* and *meso goals*. This is considered by the staff at the embassy to provide – in comparison with the former country strategy – a clearer process of transition between the overall goals and the concrete goals for the sector that each programme officer was responsible for. As mentioned above, the former country strategy was criticised for this shortcoming.

According to the interviewees, the country strategy process generally functions well even if several of them consider that, in practice, the country plans have the greatest management and control effects. Priorities cannot always be made on the basis of the country strategies. Some strategic considerations are more ad-hoc³⁵.

New guidelines for the country strategy work are being produced. In connection with this, there is a discussion on issues relating to goals and roles, the countries for which *cooperation strategies* should be produced, whether budget support should be included, and any other policy areas that should possibly be included. Sida's relations with other actors in this process can thus change. Results achieved earlier are an important point of departure for making the management of the country strategy/cooperation strategy results-based. The actual outcome shall be related to the goals of the existing strategy, both in respect of the country programme as a whole, and the most important areas of cooperation. The country's own annual follow-up of its poverty strategy (including MDGs at country level) is an important document in the process. On the basis of this results analysis, conclusions shall be drawn for the forthcoming strategy. Special attention should be devoted to ownership, risks of corruption, implementing capacity, procurement issues, the results analyses of other donors, and advantages/disadvantages of different channels. If possible, the assessment should be made together with partners in cooperation concerned.

³² Guidelines for the Annual Country Programming Process

³³ Bangladesh 2002–2005, Mozambique 2002–2006, Sri Lanka 2003–2007, and Zambia 2003–2007

³⁴ However, there are exceptions, for example in the country plan for Mozambique, there are four main themes for the dialogue: financial management, decentralisation, corruption and the election in 2004.

³⁵ Implementation of the 1999–2003 Country Strategy for Swedish Development with Vietnam. Sida Evaluation 02/35

2.7.2 Wording of goals

In this study we have found that the country strategies we have reviewed are written in such general terms that most things can be included under them. Since they lack goals for the programmes of development cooperation, the strategies also lack results indicators. If the country strategies are to have their intended effect as an instrument of management and control, they should contain specific goals for development cooperation and results indicators that can be monitored. Our study also shows that the content of the strategies does not always follow the country analysis and the results analysis.

Only one of the country strategies included in our study contains a specific goal structure (Mozambique). This strategy also contains a good link between the goals in the country strategy and the country plan. In the country plan, the contributions are arranged in clusters under this goal structure. This could serve as an example for the development of a general model for results-based management in the work on country strategies and country plans. The Parliamentary Committee drew attention to the weaknesses in the planning and management capacity of the partner countries for the production of the country strategies. In the light of Sida's approach to ownership and the central role of the country strategy process in Sida's internal management, this is of decisive importance for the possibility of achieving an impact for stronger results-based management in the partner country.

In order to further develop internal management in a results-oriented organisation, specific goals are required at all levels, which also are logically interlinked. Developing an efficient internal management process requires interactive learning throughout the entire organisation over a long period of time. To also ensure that the goals are realistic on the basis of available resources and other conditions involves work that includes a network of contacts and negotiations.

2.7.3 Monitoring, reporting and analysing results

The requirements for reports stipulated in the Government's annual directives for 2004 have the effect that the methods for monitoring and measuring results must be improved. In accordance with the new model for monitoring programmes of development cooperation, FOs are to report on results achieved in relation to the goals in the country plan to Sida-S. This study shows that since goals are mostly lacking at aggregate level in country strategies and country plans, reports on results tend to focus on individual contributions and/or activities. In a recent study of the results analyses, the Financial Management Authority states that only half of the sector analyses contain a results matrix and that analyses of cost-effectiveness are totally lacking. The Financial Management Authority recommends that the quality of the reports should be improved, that the results should be aggregated, and that Sida should define the purpose of results analyses³⁶.

There is a broad international discussion on ways in which results reports should be designed in order to give decision-makers at different levels useful information for their decisions. There are also working groups at Sida that have the task of further developing the reports. The Field Unit has proposed that the Regional Forum should follow the work of the different working groups working with the development of results-based management³⁷. In the interviews many critical points of view were expressed on the lack of a strategic discussion at management group level where results-based management in general and results reports in particular are concerned. It is considered unsatisfactory that the work being done in different ad-hoc groups is followed without any visible controls.

³⁶ Financial Management Authority: Sida's Performance Analyses – quality and use (February 25, 2004).

³⁷ Field Unit: The Field Vision. Final Report 2004-10-03

2.8 Results-based management in the contribution cycle

2.8.1 The contribution cycle

The importance of active contribution portfolio management, coordination with other donors, differentiated levels of activity in project preparation, more programme support, longer agreement periods and larger contributions has been emphasised by Sida's management. Our study shows that the staff have the ambition of working in this way. However, a process of re-orientation in the selection of contributions, which has the effect that the composition of the contributions portfolio would be changed, will take time before it has an effect. Many undertakings are long-term and must be fulfilled.

It was shown in the study that the contributions examined generally meet the requirements laid down in *Sida at Work*. However, it is also clear that the standard is uneven where results-management of contributions is concerned. In this section we summarise the most important results of the study of contributions.

2.8.2 Examination of contributions

We have made an in-depth examination of a sample of contributions in the four countries included in the main study. The examination has been made by studies of all available material and interviews with programme officers concerned at the embassies and at Sida-S. The examination has been made with the aid of a checklist containing more than 30 questions/subject areas, which are important from a results-based management perspective. In a record for each contribution we have documented the analysis of each question in the checklist. This analysis has then been converted into an assessment in which a value has been given in the form of a figure on a scale of 0 to 3 for each question. In the description below the average assessment of the contributions for each question as an index between 0 and 3 is given in brackets. In general, assessments lower than 2 cannot be regarded as satisfactory.

Linkages of contributions to goals in country strategies and country plans

The study shows that there is a clear linkage between the contributions and the country strategies and country plans, but this is due to the fact that both country strategies and country plans are mainly a list of contributions. Of the 31 contributions, 29 could be traced back to the country strategies and 26 to the country plans (average index 2.81 and 2.89 respectively). The linkage is mainly that the contribution as such is mentioned in the country strategy and country plan. As can be seen in section 3.7.2 above, a uniform goal structure was only found in one of the four countries, in which the linkages between the country strategy, country plan and contributions are specific. Therefore it is only in a small proportion of the contributions where goals are linked to goals in the country strategy or country plan (index 0.87 and 1.00 respectively). Accordingly, the composition of the contributions portfolio is not, in general, a consequence of the fact that certain goals have been formulated for development cooperation in the country.

The goals of the contributions had been produced together with the partner in cooperation in approximately half of the contributions (production of basic facts, dialogue on levels of ambition, specification of goals in the entire goals chain) and/or there had been a dialogue on goals with (and in) the partner country (index 2.58). With one exception, the contributions refer to the main areas specified in the overall cooperation agreement between the countries.

The partner countries' results-based management process, cooperation with other donors

The preparation process for contributions is adapted to a relatively large extent to the results-based management process in the partner country (index 2.27), which, however, according to the interviewees, is in general not highly developed. In those cases where discussions on goals have been held with the partner country, the initiative for these discussions has usually been taken by Sida or other donors. Sida has been engaged, to a certain extent, in the development of financial management systems in the

partner countries, but in our study we have not been able to find corresponding contributions where results-based management is concerned. However, in the countries studied, the experience of Sida's attempts to support the development of excessively sophisticated budget systems has not been good³⁸. On the other hand, the effects of activities to increase results-orientation have been good in most of the contributions studied.

Adaptation to the partner country's results-based management process has usually taken place in connection with the dialogue on the contribution. In all the cases where the contribution is targeted at civil society, there are clear links to control processes in the NGO.

PRSPs have only been used to a small extent in the country strategies. With few exceptions this is also true of individual contributions. It is not evident from the contributions we have studied that Sida has provided any support for the implementation of participatory poverty analyses within the framework of the PRS process. Nor is it evident that Sida has attached greater importance to these analyses in the design, implementation and evaluation of contributions. The effects of the participation of Sida staff in the dialogue on the design of the contributions have not been documented. Nor can it be seen whether the dialogue with Sida has had any effect on the implementation of the contribution. Cooperation with other donors in contributions has worked well in 12 of the contributions as a result of the results-based management perspective (index 2.2). However, there is often a lack of documentation that shows whether and how cooperation has taken place and what it has led to. In five cases there was not even oral information on this due to a change in the programme officer responsible. The question of cooperation with other donors has not arisen in eight contributions.

Use of LFA, monitoring and reporting results

In slightly less than 50% of the cases, the requirements for results in the contribution have been specified on the basis of LFA or equivalent (index 2.00). There are fragmentary formulations of goals in a further five contributions but in six contributions there are no goals at all and in six cases no information is available for an assessment. Half the contributions have goals and clear requirements in respect of results, which can be considered to be linked to the poverty goal (index 2.12).

It is usually the case that earlier "results analyses" – which rather tend to be references to previous experience and not regular results analyses – have been used as a basis for the formulation of the contribution (index 2.75). In all these cases, the formulation of the contribution has been influenced by previous experience according to the "results analyses" (index 2.64). *Good practice* has often been taken into consideration in the formulation of the contribution (index 2.54). The experience of Sida, other donors, the implementing organisation and the partner country has been used to varying degrees. This shows how important it is that information on results and results analyses are distributed to and received by all stakeholders, so that the information does not merely stay remain at the implementing organisation. In the contributions examined, access to the information that has been used as "good practice" has often been dependent on a person, i.e. based on the programme officer's own experience or that of another person who participated in the preparation process. It can be seen from the documentation that enquiries in respect of good practice have rarely been made of other donors, in the form of searches on the Internet, or likewise.

The division of responsibilities for implementation and goal fulfilment is specified in 21 of the contributions (index 2.64). In exceptional cases the donor group has wanted to be "in the driver's seat" when the partner in cooperation has not succeeded in implementing and running the programme according to the agreement.

³⁸ "Placing undue importance on concepts such as accrual accounting, investing them with powers of solving all the problems of mismanagement should be avoided... .. They are not going to be achieved in an environment of limited understanding of simple budgeting, few accountants and a lack of computer literacy." External Evaluation of State Financial Management Project, Mozambique (Sida/Crown Agents)

The division of responsibilities for monitoring and reporting of results is also specified between Sida and the partner in cooperation in most of the contributions (index 2.40). In some cases there has been some uncertainty whether Sida or the partner in cooperation should make procurements of consulting services for Mid-term Reviews or others type of follow-ups.

Definition of results and results-based management, results indicators

We have only been able to obtain information in the form of documentation or responses during interviews in 12 contributions that indicates that the results concept has been perceived and understood in the same way by those who are engaged in the contribution (index 2.05). In five contributions it is quite clear that there are completely different perceptions and in a further five contributions there are documented differences. In three of the contributions it is a question of a difference in perception in the donor group, but usually the documented differences refer to the partner in the partner country. Nine contributions lack the information from which an assessment can be made of how the concept has been interpreted.

There are relatively frequent documented differences in approaches in respect of results-based management of the contribution between Sida and its partners in cooperation (recipient and other donors), but even on this point many of the contributions lack information on which an assessment can be made. This is one of the areas with the lowest index (1.68). The documented differences of opinion between Sida and the partner in cooperation concern, for example, whether considerable unmotivated delays in the implementation of the contribution in relation to the agreement shall be accepted and/or all the funds disbursed despite considerable shortcomings in goal fulfilment. Another example is the approach in cases of different types of abuses of power or suspicions of corruption.

Certain indicators are often stipulated for the contributions (index 2.58). However, the indicators chiefly refer to implemented activities and can thus hardly be regarded as results indicators. Indicators of output are relatively common. Indicators for outcome and impact are to be found in less than half of the contributions. Indicators of impact (which often refer to a longer period of time than the contribution itself) are found more often than indicators of outcome. There are also examples of indicators that cover the entire chain of effects in a logical manner. We have only registered the existence of indicators and not their quality. In some cases relevance is difficult to assess since there are no specific goals. The indicators are generally measurable but the planning documents rarely state the methods to be used to monitor the results.

Monitoring and evaluation of results

In more than half of the contributions there are plans for an in-depth follow-up or evaluation, and funds have been allocated for this purpose (index 2.12). However, with few exceptions these funds have been very modest in relation to the size of the contribution. Furthermore, the evaluator has often been engaged at a late stage during the implementation of the contribution. If an evaluation is made after implementation, certain difficulties can arise, for example where producing requisite documents in arrears is concerned, or interviewing people who participated in the work. Two of the contributions have been followed by evaluations throughout implementation. In one case an extensive evaluation is being made, as a separate contribution, of a major programme. We have also noted that Mid-term Reviews are often held later than planned, which means that there is only a short period of time left to remedy any shortcomings.

Half of the contributions that should be evaluated have been evaluated in one way or another (index 1.50). Most often this has been done in the form of a Mid-term Review. This is one of the lowest indices in the study and confirms the picture that more effort is expended on preparing contributions than on monitoring and evaluating them. In half of the contributions where a Mid-term Review or some other form of follow-up has been made of results during the lifetime of the contribution, it has led to a revision of the contribution.

Despite the considerable shortcomings, goals and follow-ups of results mostly provide requisite information for reaching a decision on the next decision-making occasion, according to the interviews (index 2.52).

In half of the contributions where it has been stated that feedback on results would be given, it has been given to the implementing organisation and different stakeholders for organisational learning (index 2.00). This has taken place in the form, for example, of meetings, seminars and workshops.

Results of contributions have generally been followed up regularly in the agreed way (index 2.42). Moreover, there is usually a dialogue on results between the partner country and Sida during the implementation of the contribution (index 2.59). Agreed Minutes (or the equivalent) with analyses and/or discussions of the results were only drawn up in half of the contributions (index 2.30). In some cases these contain agreements on measures to be taken to improve goal fulfilment (index 2.15). Feedback from Sida to the implementing organisations on the results reports sometimes also takes place in other forms (index 1.90), which can contribute to improvements in the work.

Sida at Work, division of roles, project committees

In 18 of the contributions, the assessment memoranda live up to the requirements of Sida at Work (index 2.31). In the interviews it was pointed out that assessment memoranda were written to answer the compulsory check questions stipulated in Sida at Work, but that the real decisions on the contributions had been made earlier in other processes.

The division of roles between different functions at Sida-S and the embassies was usually appropriate for the preparation of contributions (index 2.32). The interviewees were particularly satisfied with support from INEC. There were few preparation plans among the contributions examined.

Monitoring of goals and results has only been discussed to a small extent in the embassies' PCs (index 1.10). This can be connected with the fact that the function is fairly new (see further section 4.3.3). The programme officers who have had their contributions discussed by the committees have been satisfied with the points of view provided and the discussions. Several of the contributions had also been taken up in the sector departments' PCs. Accordingly, there is a risk of duplication of effort.

The agreement between Sweden and the partner country often states what the goals are and how results shall be monitored during the agreement period (index 2.83).

Overall assessment

Our overall assessment is that the formulation of goals, monitoring activities and analyses of results in the contribution cycle are in accordance with the requirements of Sida at Work in approximately half of the contributions where it has been possible to make this assessment (index 1.92). However, in our opinion the monitoring of results does not generally provide requisite information to meet the requirements set forth in the annual directives in respect of reports from Sida (index 1.55). Only ten of the contributions provide information of this type.

2.8.3 Results-based management of different types of contributions

Sida is working to a greater extent with programme support, but is still providing support to clearly defined projects. A process of transition from a project approach to a programme approach affects the whole organisation and the internal management processes in their entirety. This requires an extended process-oriented way of working, since more people are involved in the contributions. Programme thinking integrates the work more with the partner country's development programmes and even with the processes pursued by others. It is therefore no longer absolutely clear when different considerations should be made – in the country strategy work, in the country plan, or during the contribution cycle. Since at the present time this is a matter of different main processes, there is a risk on the one hand that

resources will be bound up too early for major undertakings and on the other hand that decisions will be postponed to a point of time when the resources available have become too limited.

Several of the persons interviewed in this study consider that the partner countries' PRS provide better guidance for sector programmes than for contributions to small projects. In addition, it was pointed out that the programme focus makes demands on Sida to adapt its personnel resources flexibly, both at embassies and at Sida-S, to the different stages of operations where there is a need for participation. A local presence is considered to be very important for participation in the dialogue in the field, donor alignment etc. In the countries we visited during the study, donor alignment and harmonisation varies considerably where their scope and forms of work are concerned. In one case there is a Local Consultative Group with 22 sub-groups³⁹, while in another there is hardly any alignment or harmonisation between donors at all.

In general, results-based management is most highly advanced in contributions that focus on civil society. This is the case in all issues/subject areas studied. The explanation for this given in the interviews is that in these contributions there has been a greater interest on the part of the partner in cooperation for a dialogue with Sida, greater commitment to the subject matter, and that the partner organisations are used to working in a results-oriented fashion.

2.8.4 Monitoring results and reports on results in the agreements

In the agreements for the contributions, requirements are specified for reports from the partner country. How these reports shall be made is rarely evident from the agreement. This tends to be discussed first when the point in time approaches. In general no requirements are specified in the agreements in respect of the content of the results analysis. In the reports on programmes and projects, there is usually no analysis of output and, in particular, outcome (short-term outcomes and medium-term outcomes). The activities that have been implemented are often regarded as the result. The results analysis rarely contains a section on *lessons learned* with a discussion of success factors, problems and mistakes.

In the contributions included in our study, the monitoring and results on reports have often been done in accordance with the agreements. However, there is often a lack of analyses and reports on the causes and effects between the contributions and development. The reason for this is probably that an analysis of this type is not requested in the agreements.

Sometimes in-depth evaluations are made by independent evaluators, sometimes Sida makes its own evaluations or peer reviews. In a small proportion of the contributions, it was planned at the very outset when a follow-up and evaluation would take place that corresponds to the needs of feedback of experience for learning in the project organisation. It is even more rare that an evaluator is engaged from the beginning so that the collection of information is secured. A formative evaluation approach is very rare.

The need of information on results in the project itself often governs the level of ambition and therefore there is not always information that can be spread to other stakeholders in an easy manner. Therefore, the follow-up of results should be given more attention in the contribution cycle⁴⁰. In addition, use should be made of earlier results in a better way during the preparation phase. For this purpose both methods development and human resource development are needed at Sida.

³⁹ Country Report 2003 – Bangladesh (Memo 4 March 2004)

⁴⁰ See also, for example, Monitoring for Education Results (DESO/UND, 30 June 2004. Second draft)

2.9 Horizontal v vertical internal management processes at Sida

2.9.1 Internal management processes in a matrix organisation

During the interviews attention was drawn in particular to the need of improving the relationship between Sida's results-based management and financial management processes. Several of the interviewees considered that it should be natural for the administrative appropriation to increase at the same rate as the development cooperation appropriation. The interviewees emphasised that a considerable proportion of Sida's internal operations can be characterised by processes that require cooperation between FOs and Sida-S over departmental borders. Despite this, at Sida the size of resources and follow-up of the use of resources takes place through the traditional line function, which creates problems in the planning of resources, in the opinion of the staff. As an alternative it was pointed out that an increasing number of embassies had adopted a process-oriented organisation in which operations were largely steered by the work and the allocation of resources was linked to the work.

Another problem that arose during the interviews was that delegation of work to the field has taken place without a corresponding transfer of financial resources to do the work. This is considered to have resulted in a greater workload. One basic problem has been that many "assignments" are given horizontally in Sida's matrix organisation while the allocation of resources follows line functions. It is important that analyses of needs of resources in both a one-year perspective and a longer planning perspective can include all resources (funds for development cooperation, personnel, IT investments etc) and that the "negotiations" that are part of the process can result in specific assignments in respect of output, quality, delivery times and costs. A proposal that has been discussed at Sida previously is to develop a model for managing assignments that could be applied to Sida's most important "products" (e.g. country strategies, country plans, policies, agreements, preparation of contributions, implementation/monitoring of contributions, annual reviews, evaluations and audits). Through an advanced model for the management of assignments, undertakings could be more specific and a more realistic linkage could be made between the level of ambition selected and the resources allocated. In an earlier report, Sida was given a proposal for a system for the management of assignments that

- Make possible clearer linkages between goals, results and costs
- Link together goals and the planned use of resources
- Provide a good picture of goal fulfilment and actual use of resources.

Even if internal management processes are mainly vertical and follow line functions, the horizontal processes are important. A great deal of development work is being done in project form at Sida. One example of this is the programme support group that has gained acceptance and support for the programme idea at Sida and has also participated in the international standardisation work in respect of harmonisation⁴¹ and development of different forms of programme support. There are also many networks at Sida for thematic areas or a certain organisation in which there is an exchange of experience between the divisions concerned. These networks can be of great importance for internal management processes by the development of best practice and other forms of standards at Sida as a whole. In other contexts the responsibility for supervision is done by "keeping in contact", seminars, evaluation of documents etc. These forms of informal interaction – often horizontal – are an important part of the internal management process that should be upheld but not formalised.

2.9.2 The country plans as contracts

On the basis of the operational planning directives from Sida-S, embassies draw up a draft country plan that is sent to Sida-S in October. After a dialogue between Sida-S and the embassy, the head of the regional department concerned makes a decision on the country plan in January. An appendix to

⁴¹ Sida Action Plan on Harmonisation and Coordination in Development Cooperation, Memo 18 June 2003.

the country plan contains a matrix that specifies all contributions. The number of short-term inputs from Sida-S financed by the development cooperation appropriation is specified, as well as manning at the embassy.

During the study it emerged that the country plans that the operational planning process result in are regarded as a contract between the regional department and the FO. Before this contract can be concluded, there is a dialogue/negotiation between all the parties that are intended to participate in the implementation of the country plan. This means, for example, that a large number of agreements are concluded on participation by sector departments in the preparation of contributions, as well as in other stages of the contribution cycle.

Within the framework of the operational planning process, it is considered necessary for the sector departments to obtain an idea of the capacity they need to provide during the next year and preferably also in a longer perspective. One possibility is to find a balance in the operational planning process between demand and available resources of, say, 80 per cent of the current year's staff resources. In addition to this, the sector departments thus need to create flexibility to meet the demand that is defined later. This can be done through a mix of permanent staff, borrowed resources, consultants etc.

The Director General has decided that time reports shall be introduced throughout Sida in 2006. At least five departments at Sida have previously had or have decided to introduce systems of this type. Time planning and a time follow-up systems has been tested by INEC and DESO (*A time budgeting system and reporting system is necessary for planning, making priorities and following up the use of staff resources.*) The Swedish National Audit Office has also drawn attention to the need of time reports, for example as a basis for the analysis of the use of resources and for estimating capacity needs and cost-efficiency.

2.9.3 Preparation plans as orders

The main management instrument for the preparation process is the contribution preparation plan (CPP). In this plan the division of work between the Field Offices and different divisions at Sida is to be specified for the different stages in the process. According to Sida at Work, there shall be a CPP for all in-depth assessments. However, our study of contributions shows that there are only a few CPPs. They are more common in large and complex contributions that involve several parties (for example sector programme support). The interviewees expressed the wish that the CPPs should be given greater importance for the definition of the division of responsibilities and work for each contribution. The possibility of designing them in the form of orders within the framework of an assignment management process should be studied in greater depth.

Consultations between the FOs and Sida-S are to take place as early as possible in the initial preparation process, partly as a basis for the CPP and partly for the decision on in-depth preparation. According to the interviewees, it is only when work has started on the CPP that it is possible to assess the need of inputs from different divisions with a high degree of precision. To stipulate the needs for all possible preparations during the forthcoming year on one and the same occasion during the operational planning process was considered by many to be inefficient. One example of the discrepancy between the plans and their implementation that emerged during the interviews is RELA's follow-up of the country plans for 2003. Of the planned contribution preparations in the country plans – a total of 138, with a third each at the embassies, RELA and the sector departments – only 65 per cent were implemented/initiated. It should therefore be possible to develop the CPPs into main instruments for assignment management of this work.

3 Conclusions and assessment of Sida's results-based management

Results-based management and the design of the organisation are two instruments for internal management that are mutually greatly dependent on each other. The studies of results-orientation and the implementation of the Field Vision are thus intricately connected with each other. Therefore, this chapter begins with some overall observations. Thereafter, an assessment of results-based management at Sida is presented in section 3.2. In the work on the main study, questions were often asked on the status of Sida's internal management processes in an international perspective and in comparison with other government agencies. This is taken up in a final section in this chapter.

3.1 Overall observations

The form and content of development cooperation is changing character as a result of Sweden's new Policy for Global Development, the implementation of a more specific focus on poverty, greater harmonisation and alignment among donors, programme thinking, and the field orientation. These changes affect conditions for internal management of Sida's activities and Sida's selection of internal management systems, i.e. the mix of forms of management, and their design and content.

In the feasibility study, a picture emerged of a large number of directives, different decision-making processes, control signals from different parts of the organisation, and a consensus culture. This picture has been confirmed in the main study, even if most of the decisions that improve clarity in internal management have been taken during the last year. Despite the improvements made in respect of internal management, there are a number of problems that are described in chapter 2. This seems to be related in particular to the fact that not sufficient attention has been given to the consequences that changes in one dimension of internal management can have in other areas.

It is important to have a holistic approach to internal management. In our opinion there should be an explicit responsibility for the coordination of the follow-up and development of Sida's internal management systems. This should include the following questions: Is results-based management at Sida related to the international development of results-based management in development cooperation? Does internal management in its entirety have its intended effect, i.e. are the goals achieved? Do all the management signals lead operations in the same direction or do they lead them in different directions? Is the mix of different management signals appropriate? What adjustments are needed for the future?

The division of roles and responsibilities in Sida's internal management processes is an important area for development. Some years ago, ROV, the Sector Forum and the Region Forum were established to relieve the management group of certain matters, thereby allowing the management group to spend more time on strategic considerations. Finance and personnel functions, POM and policy functions at departmental level are responsible for different parts of the internal management process. One contributory cause of the difficulties in coordinating internal management is that issues relating to internal management processes have been fragmented at many organisational units. The organisational location of different functions (for example the former POLICY and METHODS functions) was governed more by coincidence than a specific organisational philosophy. The combination of responsibilities for policies and methods development and the organisational position of POM directly under the Director General is a step in the right direction. Another step in the right direction is the employment of an adviser at POM who has the responsibility for harmonisation and results-orientation. The recent establishment of the new function of director of planning with the task of assisting the Director General in her duties in respect of Sida's systems and processes for planning, internal management and follow-up of activities, creates completely new conditions for effective management.

Sida's internal management system is largely designed on the basis of the needs of traditional bilateral development cooperation and is not adjusted to other activities and processes (for example support to NGOs, humanitarian assistance, budget support, international training programmes, multilateral support, contract-financed technical cooperation, and research cooperation). The implementation of the Field Vision has also focused hitherto on bilateral development cooperation, which has had the effect, for example, that the field experience from NGOs has not been taken into consideration to the same extent as development cooperation at public administration level.

Our overall assessment is that:

- The relationship between results-based management and financial management needs to be improved. This means, for example, that the links between operational planning and the planning of resources in Sida's operational planning processes need to be further developed.
- Better use should be made of the result of follow-ups and evaluations of contributions in the learning process through the systematic collection, analysis and aggregation of results and structured dissemination of experience.
- Discussions on ownership, harmonisation, control and management should be further developed in concrete proposals on the forms for partnership to secure the results of contributions.
- The scope of written policy documents should be further reduced.
- The status of different directives should be specified for example by ranking between the main processes (cf. the ranking between the documents for the agreement after a procurement).
- Sida's rewards system should be reviewed from a results perspective.

3.2 Results-based management

3.2.1 Selection of model for results-based management

As a government agency, Sida must manage its operations in accordance with the model for management by objectives and results-based management approved by Parliament, at the same time as adjustment to international practices and the management systems in the partner countries is important for alignment, harmonisation and donor coordination.

The conceptual international development of results-based management through, for example, DAC, is, in our opinion, well in line with the development of management by objectives and results-based management of the last decade. Today, Sida does not have an explicit model for results-based management. Our assessment is that the discussions should continue on the meaning of results-based management for Sida and development cooperation, and on ways in which a results-based management model should be designed to suit Sida's activities. This work would include describing and analysing existing results-based management mechanisms and identifying needs of areas for further development.

The linking together of the goals of Sweden's Policy for Global Development and the poverty goal, integration of budget support and the link to sector programme support and other strategic changes affect results-based management at Sida. In the partner countries, the possibility of pursuing effective programmes of development cooperation, with a focus on the poverty goal, is made difficult by weak institutions and undeveloped management systems. This implies demands on Sida's internal management systems in order to ensure that development cooperation does not contribute to corruption, misuse of power and undesired incentive structures in the partner countries. The normally complicated political process of changing structures and conditions is much more complex in development cooperation for the partner countries since several partners in cooperation are often involved. There is a risk that results-orientation will be weakened if a large part of the partner countries' efforts focus on

processes to create alliances, divide sectors between donors and create good relations. However, the results should always be superior to the process. There is a need to further develop and define the different roles that Sida's staff can have in the dialogue with the partner countries and other donors to achieve an approach that is adapted to the prevailing situation.

Sometimes in the debate there is a tendency to exaggerate the difference between different models for results-based management, when the main problem is rather to create a focus on results throughout the organisation, and where the selection of the model is of secondary importance. The English language that is often used to describe the chain of effects provides a good basis for focusing on the right link in this chain on different occasions in the contribution cycle and in reports – even at aggregate level. Our conclusion is that Sida can have, as its point of departure, the approach that was developed through international cooperation and that this can be done without any conflict arising vis-à-vis the management of objectives and results-based management of Swedish government agencies approved by the Swedish Parliament.

Alignment, harmonisation and donor coordination affect results-based management at Sida. It is of greatest strategic importance that Sida actively participates in relevant international working groups in these fields in the UN system, OECD/DAC, Nordic+ etc. In order for the Swedish development policy to have an impact, Sida must use the arenas that are created. This has not been done systematically. At the same time it is important that Sweden takes advantage of the experience of other countries of results-based management of development cooperation. DFID's model merits closer study.

The capacity of the partner countries to collect and analyse information on results should constitute the foundation of results-based management by the donors. It is important to support the developing countries in the creation of internal management systems that correspond to best practice. Otherwise the risk of corruption and shortcomings in efficiency increases and there will be fewer opportunities for the donors to support the development plans/PRS of the partner country through sector programme support and budget support. Our conclusion is that Sida should actively exert an influence on the partner countries and other donors by implementing long-term contributions to integrate results-based management into the budget processes in the partner countries. These contributions should be implemented with financial and professional support from Sida and/or other donors.

3.2.2 Structure of goals

The possibility of following-up the degree of goal fulfilment in arrears requires the formulation of specific goals that can be followed up in advance. The structure of goals in the Government's annual directives to Sida for 2004 has the effect that goals for a certain policy or operational area are common to several agencies working in the field in question and are responsible jointly for ensuring that their respective activities contribute to the overall, desired effects.

In one of the four country strategies studied (Mozambique), there is a specific structure of goals and links between the goals in the country strategy, country plan and the contributions. In the country plan the contributions have been arranged in clusters under these goals. This could serve as a model for the development of Sida's results-based management, with interrelated chains of goals from the MDGs, Government's annual directives, country strategies, and country plans to individual contributions.

As mentioned in section 2.4.2 above, the Government has not formulated goals for a number of Sida's operational areas. Nor is it given that this will be done in accordance with the government model for management by objectives and results-based management. However, the structure that has been introduced provides an appropriate point of departure for Sida to supplement with goals for areas where there are none today. There should be goals for all Sida's activities. In turn this would also make it possible to have clearer linkages between financial management and results-based management.

3.2.3 Country strategies and country plans

This study shows that there is a lack of a clear link between the selection of contributions and predetermined goals for development cooperation based on the country strategy. The country plan process has been changed with the aim of determining clearer strategic choices in the medium term (two years). One justified question is therefore whether it is appropriate to lock country strategies in a three-five year perspective. Naturally, there is a need of a long-term strategy that can ensure sustainable support, where a long-term perspective is necessary. At the same time, it is necessary that the management tools make rapid reaction possible to changes in conditions (for example an increase in corruption or natural disasters). In our opinion, it would be more appropriate with a rolling strategic planning process at country level instead of the existing country strategy process and country plan process. In our opinion, this process should be based on the partner country's country strategy/PRS⁴². The question for Sida should refer to the parts of the poverty strategy of the country that Sida wishes to support. The study shows that PRS are only used to a small extent in the production of the country strategies. Hitherto, the point of departure has rather been Sida's earlier experience and Sida's country analysis.

The country strategy, country plan, country analysis, results analysis and country report should, in our opinion, be replaced by a rolling planning and follow-up document which would be revised once a year and in addition to this whenever necessary. As a suggestion it could contain the following:

1. Summary of the country's PRS (equivalent), with a description of the country's requests for support according to the PRS.
2. Analysis of, for example, the country's capacity, Sida's experience of earlier cooperation, the support provided by other donors, conditions and risks.
3. General description and assessment of Sida's considerations (selection of areas for cooperation, scope, and form of the policy dialogue).
4. LFA matrix of Sweden's undertakings, including the financial resources.
5. Results report, based on the matrix. Methods for the collection of information, follow-up and evaluation of results.

The advantages with this structure are, for example, that it can increase the dynamism and flexibility of development cooperation and, at the same time, improve results-based management at Sida. The management processes are adapted to the partner country's management processes. There would be clearer links between the partner country's priorities and how Sida responds to these priorities. Changes in conditions can have a rapid impact on the composition of the portfolio of contributions. The results report and the results analysis are produced continuously. All in all, the possibility for a long-term perspective in the programmes of cooperation would be improved, at the same time as there would be greater levels of preparedness to modify the composition of the contributions portfolio and the individual contributions on the basis of the results reports and results analyses.

3.2.4 Balance between ownership and the responsibility for control

In the discussions of Sida's internal management and control it is necessary to have, as the point of departure, the context in which Sida's internal management and control meets reality in the partner country, where the effects of cooperation shall arise. Sweden's approach to partners in cooperation – states, companies and organisations – are that they must eventually be responsible for their programmes/projects, i.e. they shall "own" their development. It is reasonable that the goals of Sida's internal work focus primarily on the development of knowledge, changing attitudes or similar effects at the

⁴² PRSP, I-PRSP or Government Development Plans. Sometimes there is reason to use corresponding documents at a lower level (state, province, region)

partner in cooperation and the way in which (and the extent to which) this has affected, in turn, the final effect (outcome/impact) on the section of the population concerned by the actual actions of the partner in cooperation (which is also affected by other factors).

Sida is responsible for ensuring that activities supported by Sweden achieve the goals and that the funds are used efficiently. Sida's responsibility for exerting controls should be exercised in such a way that the partner in cooperation retains its "ownership". In every contribution, Sida's staff shall find a practical, feasible balance between promoting ownership and exercising the control responsibility. The balance between ownership and control is expressed in the conditions and terms that Sida set up, and thereby in the forms of support that Sida uses⁴³. The development of efficient and result-oriented forms of cooperation with a focus on the principle of ownership is therefore a strategic priority for the period 2004–2006. This has been given attention in the countries we have studied, but it is too early yet to assess the result.

One important question refers to the way in which Sida's internal management and control processes should be designed and organised in relation to the responsibilities of the partner in cooperation. An alternative to one partner exercising controls over the other is that both parties assume a joint responsibility for developing a system that secures the result (result assurance, quality assurance).

3.2.5 Project Committees' role in results-based management

This study shows that assessment memoranda are of much higher quality today than has been the case in earlier studies. However, as mentioned above in section 2.5.4, the PCs' assessments of proposals for contributions enter the decision-making process too late, particularly where Sida's central PC is concerned. This means that there are few possibilities available to make changes to a contribution or to prevent it being implemented. The dialogue with the partner country has often made considerable progress and time does not permit making a start on the preparation of totally new alternative contributions etc. At the embassies, the assessment should also refer to the appropriateness of the planned contribution in the contributions portfolio as a whole, in relation to the prospects of achieving the goals in the country strategy.

Standardisation, which is an important task for PCs at Sida-S and the embassies, should be based on an analysis of results achieved. However, the PCs only examine planned contributions. In our opinion, the PCs could also fill an important function in assessing the results of contributions over a certain size when they have been implemented. In the PC's decision on the planned contribution, an assessment should thus be included of whether, and if so, when it is suitable that a results analysis is discussed in the PCs. The results analysis should be analysed by a discussant in the same way as a proposed contribution at the meetings of the PC.

3.2.6 Poverty indicators in the operational planning process

The study shows that results-based management needs to be further developed in order to focus on poverty reduction from the perspective of the partner countries' strategy and programme documents. This assumes that the results analyses at the aggregate level provide better information than the existing results reports. For example, the results indicators need to be developed.

The study shows that monitoring results only provides a limited amount of the information required to meet the new requirements for Sida's reports in the Government's annual directives for 2004. Only every third contribution that we studied provides information of this type. It is a responsibility of the *From Words to Action* project to produce indicators that can link together the directions and follow-ups of the operational planning to the new goal for development cooperation. The development work required (based on the requirements expressed in the Government's annual directives and the strategic priorities)

⁴³ Supporting Ownership, Sida Evaluation 02/33

to follow up the results of Sida's work in the light of PoP should be processed in one context. The planned follow-up of *From Words to Action* can be used to advantage as a "pilot" for the development of the results follow-up system, that is required for reports to the Government, since the points at issue are largely the same as for the development of Sida's ways of working. This is currently being discussed by the project and EVU.

The annual report should contain an assessment of whether Sida is on the right track in relation to the long-term goals, and of whether short-term goals for results have been achieved and the desired changes in direction have been made. There are poverty indicators linked to the MDGs that are used globally, in which available data have an acceptably high degree of validity and reliability. Certain donors have developed reporting systems that are linked to these indicators, which take into consideration the organisation's own goals (for example DFID). Sida can also use a number of these indicators to report development in the partner countries. Thus, it can be laid down in the reports whether development in Sida's partner countries is proceeding in the right direction or not. Moreover, assessments can be made in many cases of whether development is proceeding at the pace required by the goals. A few poverty indicators should be selected initially that can describe with reasonable certainty the development of *impact* in development cooperation. These indicators should be limited to areas that are of central importance for favourable trends in poverty reduction. To ensure that possibilities are available to follow trends over time, these indicators should only be replaced in exceptional cases. On the other hand there may be reason to add in arrears further poverty indicators in the reports that are motivated by changes in the strategy.

On the other hand it is not possible to see Sida's contribution to development from these results indicators since, in a certain partner country, Sida may only account for 1 % of the contributions made by donors to the programme budget, which in turn represents 10% of the total cost in the partner country of achieving the actual goal. Nor is it possible in general to see what would have happened without Sida's engagement. Nonetheless, in the report there should be a results report at this level, even if it cannot be the only report.

However, in the short-term perspective it is very difficult to identify any relationships between operational changes at Sida and changes in impact in the partner countries. Accordingly, other types of indicators are required in the operational planning process that can provide guidance on strategic considerations on resource allocation, selection of methods etc. Of decisive importance for the assessment of the types of indicators needed is the aim of the results follow-up, which is therefore discussed in the next sections (3.2.7–3.2.10).

3.2.7 Results follow-up and results analysis in contributions

The agreements do not state the level at which analyses of results shall be made. It is important to focus on the right level in the chain of effects when the result is to be measured or assessed and that any deviations from the goal are analysed, thereby creating information for learning and remedies. The fact that activities are being implemented according to plan should not be confused with results. The results analysis should focus on *outputs* and, above all, *outcome*. Assessments of *impact* can also be made, but usually effects of this type can only be determined in the long term. The analysis of results in every contribution should also contain a section on *lessons learned* with a discussion of success factors, problems and mistakes. These results analyses then need to be aggregated whenever possible at sector and country level (if it is not a programme of sector support). The results analysis should be reconciled with the current country strategy. In other words the results analyses should be made at several levels: (1) contribution, (2) sector and (3) country. The analyses shall be made against stipulated goals, i.e. the expected results at each level.

The follow-up and evaluation of results that corresponds to the needs of feedback of experience for learning purposes should be planned for all contributions from the very outset. The need of informa-

tion on results should govern the level of ambition. Sometimes it is necessary to have in-depth evaluations made by external evaluators, in other cases it is sufficient with Sida's own evaluations or peer reviews. This should be laid down in the agreement. It is also a good idea to have evaluators engaged from the beginning, i.e. during the preparation of contributions, to safeguard the collection of information. A formative evaluation approach should always be considered. The main challenge presented by a results analysis is above all to identify the Swedish contribution to results in the partner countries. Information on results linked to MDGs or the PRSP should therefore be supplemented with an analysis of Sida's contribution to development. As a basis for this analysis, information should be collected on the progress of contributions that enable standpoints to be adopted by Sida's staff and assessments to be made of Sida's partners in cooperation.

3.2.8 Results follow-up at Sida

There are several reasons why it is important to follow up the results of Sida's work. In a somewhat simplified fashion, they can be categorised in the following ways:

- Control (for example the result shall be reconciled against the input of resources and reported to the Government)
- Insurance (regular reconciliations are needed on route to the goal in order that corrective measures can be taken if necessary)
- Development (learning at all levels at Sida for the continuous improvement of activities)

If the workload is to be reasonable for Sida's staff, a results follow-up system should be developed that can meet different needs at the same time. Furthermore, Sida should try to find forms that can aggregate and report as far as possible the results at different levels in the organisation. The follow-up and evaluation system that has been developed for International Training Programmes meet these criteria and could serve as a model at Sida.

In a results follow-up system, data can be collected on both results actually achieved and on changes in direction. In the reports to the Government on 2004, the requirements largely take up showing that the changes are proceeding in the right direction. However, in addition to this it is important also to increasingly develop indicators that can be used to report results actually achieved in relation to MDGs and the goals laid down by each partner in cooperation in the basis of the country's PRS.

3.2.9 Where can Sida's work be evaluated in the chain of effects?

Traditionally the chain of effects is described in a one dimensional form as an instrumental relationship between input, activities, output, outcome and impact. The goal: *to contribute to making it possible for poor people to improve their living conditions*, means however that there are at least three sequences of chains of effects of this type between Sida's internal work and the *impact* in the partner countries:

1. The design of the contribution in the dialogue between the partner country and Sida and sometimes also other donors
2. How *making it possible for the poor* is created through the implementation of the contribution in the partner country
3. The actual use made by the poor of these new conditions in order to improve their living conditions.

In theory, the first chain of effects comes to an end when the second starts. However, efficiency in implementation is affected by the initial dialogue. The second and third chains of effects partly overlap in most contributions. The three types of chains of effects thus appear both sequentially and in parallel.

Where the development of knowledge is concerned, several stages can be identified in the chain of effects – from implemented activities, via enhanced/new knowledge, changes in attitudes and changes in behaviour, to concrete effects of a new way of acting. In general, these stages are found in all three

sequences of the chains of effects – from how the contributions are designed to how the poor use a new right/opportunity, i.e. the new conditions.

Our judgement is that, in practice, it is only possible to handle causes and effects in all the three sequences of chains of effects in major evaluations. On the other hand, it is unsatisfactory in a follow-up to stop at the intentions (the first sequence in the chain of effects), even if it is largely this part that Sida is directly involved in. In implementation Sida usually has a less prominent role, in accordance with the principle of ownership. However, there is always a need to be able to follow up what is happening in the partner country when a contribution is being implemented, in order to enhance knowledge of ways in which the initial dialogue can contribute to efficient implementation.

The focus of the follow-up should therefore be on both the first and second sequence of chains of effects and particularly the relationship between them. The results indicators in these parts of cooperation are of the character that requires qualified assessments of ways of working, approaches, internal processes, quality of the dialogue, effects etc. The measurement of results cannot thus be made with objective indicators, apart from in exceptional cases. On the other hand, qualified assessments can be made by Sida staff who are involved in the design of the contribution and their colleagues in the partner country/partner organisation. These persons should also, on the basis of their role as the “owner”, be able to assess what is happening during the implementation of the contribution and how this has been affected by Sida’s participation in the process/dialogue for the design of the contribution.

Since assessments are always subjective, it is an advantage if assessments of contributions can be made together with other donors. Web-based questionnaires distributed to Sida staff and their colleagues in the partner organisations can be an example of a cost-efficient way of following up Sida’s support during the preparation phase and during the implementation of the contribution. The focus of the questionnaires should be on the interaction between the donors and the partner country in the first sequence of the chains of effects and how this affects (and is affected by) what happens in the second sequence. The system used by ITP can also be used for this purpose.

In those cases in which the assessments made by different parties in the process are unanimous, they can be considered to have a high degree of reliability. If the assessments prove to be different, this provides an important basis for the further development of Sida’s approach, methods and processes. In such cases there is reason to consider why the assessments are different, what consequences this has, and needs of action to be taken.

3.2.10 Results reports and dialogue on the results

Sida makes advanced evaluations that contribute to learning in the organisation. However, it is difficult to aggregate the results of these evaluations at a more general level in order to relate the outcome to the goal of poverty reduction.

The regular internal follow-up at Sida refers mainly to finance and, to a lesser extent, to the results of operations. It is important to have a management information system that gives management information at an early stage on whether work is proceeding according to plan and providing the expected effects or not. A signal system of this type should be simpler, so that feedback can be given rapidly. A good example is DFID’s quarterly report⁴⁴, in which progress is reported on the basis of the *traffic light model* (green = on the right track etc) against DFID’s four-year Public Service Agreement. This is based in turn on the MDGs. Sida needs a similar management information system that would provide Sida’s management at regular intervals with reports not only on finance but also on the results of operations.

At other levels in the organisation it is important to have corresponding information for results analysis and a dialogue on the results. Some examples are provided below that can illustrate this.

⁴⁴ DFID: Management Reports

In a results analysis and a dialogue on results at division/embassy level, it is important to:

- Identify your own strengths and weaknesses in relation to the rest of Sida in order to focus on the most important aspects in internal development work and to know where in the organisation the good example can be found, an example that one can acquire and be inspired by.
- Identify similarities and differences in the ways cooperation is experienced by the partner in cooperation and the division.
- Specify the relationships in the chain of effects as a basis for the division's development and for quality enhancement.

The results can be compared with other organisational levels in order to identify strengths and weaknesses in, for example, different regions or in other ways that are of interest for general learning in the organisation. The results analysis is also a basis for the strategic priorities in the operational planning process.

The results and results analyses of Sida's internal work provide important information for the formal *report on results* in Sida and Sida's reports to the Government. Moreover information is created for a *dialogue on results (partly expected, partly achieved)*:

- In the management group
- In each department
- In planning and development talks at management level
- In discussions between heads of divisions and their staff on how operations can be further developed
- Between embassies/Sida-S and the partner countries
- Between Sida and the Government Offices (Ministry for Foreign Affairs)

Our conclusion is that Sida should make an annual follow-up of the results of its work on the basis of the above principles.

3.3 Comparison with other government agencies and other countries

3.3.1 Comparison with other government agencies

Does results-based management function better or worse at Sida than at other agencies? Since management by objectives and results-based management were introduced at the end of the 1980s, there have been clear tendencies towards the emergence of a culture that did not exist before in the government administration. However, the Financial Management Authority has produced a report that shows the weaknesses in results-based management and in the interaction with financial management. The Financial Management Authority states that an entity has not been created between overall financial management in the form of a ceiling on expenditure and the framework management model, as well as the need of being able to show the citizens the results that have been achieved, which lies behind results-based management. Furthermore, there is no specific link between decisions/priorities at political level and the management and follow-up of the agencies and their activities. The weak progress made by of results-based management is also due to structural factors in the Government Offices.

The Ministry of Finance has examined the Government Offices' management and control of government activities. The conclusion was that controls of goal fulfilment and use of resources could be improved considerably. The study proposes among other things that the agencies should produce key ratios that reflect goal fulfilment in activities.

The general picture of the agencies' results-based management presented by the Ministry of Finance and the Financial Management Authority largely corresponds to what has emerged in respect of Sida

in our study. The problems that have been identified in results-based management at Sida are consequently partly caused by the general conditions in the Swedish government administration. Despite this, the development of methods, processes and documents for internal management are necessary at Sida and must be adapted to the conditions and real management needs of the political level.

3.3.2 Comparisons with other countries

Does results-based management function better or worse in Sweden than in other countries? In a current study of financial management in central government in an international context, it is stated that the trends are the same in most EU countries. Results-based management is applied, at least to a certain extent, in all countries except Spain. Sweden and Great Britain are judged to be in the fore in respect of development work in general, but there are wide variations between different sectors and in the selection of models for application.

OECD/DAC has made peer reviews of development cooperation with some ten DAC member states, including Sweden⁴⁵. In the review made in Sweden in 2000, recommendations were made for an improvement of results-based management, for example in the formulation of qualitative and quantitative indicators. Furthermore, it is stated that country analyses and country strategies lack methods and data for measuring and analysing effects. The latest peer reviews, made in France⁴⁶ and Japan⁴⁷, mainly show the same problems and development needs as in Sweden.

Sida is one of the few donor organisations that can give assignments to embassies and can delegate the authority to use budgets to the head of an embassy. This has the effect that Sida, together with, for example, DFID, is well to the fore where the field orientation of activities is concerned, compared to other bilateral donors. Several countries have NPOs (e.g. England, Holland, Canada and Australia). Among these, DFID has made most progress among the bilateral donors where offering NPOs career paths is concerned (for example the possibility to be head of a country office).

There is broad support for the importance of harmonisation⁴⁸. An action plan has been produced⁴⁹. In 2004, the *Joint Marrakech Memorandum* laid down five basic principles for results in development cooperation. These are, in brief, (1) that all phases focus on the result, (2) implementation, follow-up and evaluation are based on expected results, (3) simple, user-friendly and cost-efficient reporting systems, (4) internal management processes are based on expected results, and (5) information on results shall be used for learning, decision-making and for demanding accountability⁵⁰. The Swedish participants from the Ministry for Foreign Affairs, the Ministry of Finance and Sida stated that this required greater efforts from the Swedish side in these matters. Prior to the UN review of the MDGs in 2005, the work on harmonisation has been followed up. In this respect it was stated that there is a greater need for exchanges of experience, networking, and monitoring results⁵¹. In our opinion, considerable progress has been made in respect of the common view held by the partner countries and the donors on results-orientation, focus on poverty, management principles, responsibilities, division of roles and forms for cooperation. In our study it emerged that there have been shortcomings in continuity regarding Swedish participation in strategically important international processes on results-based management, harmonisation and donor coordination. It is of great importance that Sida is represented on these occasions and that requisite resources are allocated for active participation in the working groups that draw up documentation for decision-making purposes.

⁴⁵ The DAC Journal on International Development – 2000, volume 1, No.4.

⁴⁶ OECD: France: DAC Peer Review. Main Findings and Recommendations (2003)

⁴⁷ OECD: Japan: DAC Peer Review. Main Findings and Recommendations (2003)

⁴⁸ Rome Declaration on Harmonization, 25 February, 2003

⁴⁹ See further Action Plan on Managing for Development Results (Second International Round Table on Managing for Development Results, Marrakech, 4–5 Feb. 2004) and Draft Work Programme for the Joint Venture on Managing for Development Results

⁵⁰ Promoting a Harmonized Approach to Managing for Development Results: Core Principles. Annex I to the Joint Marrakech Memorandum

⁵¹ Statement adopted by members of the OECD's Development Assistance Committee High Level Meeting, 15–16 April 2004.

Appendix 3

Examination of contributions

The examination includes four case studies: the embassies in Mozambique, Zambia, Bangladesh and Sri Lanka. The entire contribution cycle of 6–10 contributions has been examined in each case study. The sample is intended to reflect the breadth of Sida’s contributions, for example sector, form of support, duration, and scope. A total of 33 contributions have been examined. Some of the contributions have included several components. We have selected contributions in different stages – from entirely new contributions to finalised contributions. The checklist below has been used for the examination. It contains more than 30 subject areas.

We examined all the available written documentation on these contributions at each embassy and at Sida-S. Management and programme officers at the embassies concerned were interviewed. Programme officers concerned at Sida-S were also interviewed. We weighed up all the information and made an assessment of the extent to which each of the contributions has been managed on the basis of Sida at Work. The examination was documented in a record for each contribution. Thereafter, we classified our assessment for each contribution for each of the 30 questions. A four-point scale was used (from 0 to 3). If the minimum requirements were fulfilled, i.e. the response to the question was “yes”, the contribution was given the rating 3. If the requirements were not fulfilled, i.e. the response to the question was “no”, the contribution was given the rating 0. If the requirements were mainly fulfilled but there was a reservation of one type or another, the contribution was given the rating 2. If the requirements were partly fulfilled, but only to a small extent, the contribution was given the rating 1. In the table below there is an additional column for “not applicable, cannot be assessed or too early to judge” This refers, for example, to new contributions where it is not possible to make an assessment of results follow-up since no such activity has taken place yet, or to older contributions that had not been discussed in the embassy’s PC since this did not exist when the contribution was prepared. It can also refer to contributions where the programme officer has been replaced and the new programme officer is not aware of what happened earlier and there is a lack of written information. The latter is relatively common where the dialogue with the partner country and with other donors is concerned.

The total of the contributions that have been assessed on the scale from 0 to 3 has then been divided by the number of contributions assessed. This provides an index which is reported in the last column. Accordingly, the index can be between 0 and 3. This index only includes the contributions that have been possible to assess. This means that the index can be just as high in respect of questions relating to results follow-up as to questions relating to preparation, despite the fact that many contributions are new. The level of the index for each individual question is interesting in itself, but it is even more interesting to analyse the aspects that have been administered most satisfactorily and least satisfactorily.

The examination shows that the aspects that have a low index are those that refer to the link between the contribution and the goals in the country strategy, the link between the contribution and the goals in the country plan, the processing of the contribution in the embassy’s PC, existence of preparation plans, and implementation of evaluations. However, as can be seen from the presentation, several subject areas have received a high index, i.e. between 2 and 3. This indicates that results-based management, with the exception of some important aspects, functions relatively well at contribution level. The results of the examination are analysed in more depth in appendix 2.

One of the 33 contributions is a direct continuation of an earlier contribution, which is also included in the sample. These two contributions have been regarded as one contribution for the purpose of the presentation. Another contribution in the sample is a separate evaluation of another contribution included in the sample. We have also regarded these two contributions as one contribution in the examination. The presentation below thus includes 31 objects.

	Yes (3)	Yes, in the main (2)	Yes, to some extent (1)	No (0)	No applicable, cannot be assessed or too early to judge	Index
Is there a clear link between the contribution and the country strategy?	29			2		2,81
Is there a clear link between the contribution and the goals in the country strategy?	9			22		0,87
Is there a clear link between the contribution and the country plan?	26			1	4	2,89
Is there a clear link between the contribution and the goals in the country plan?	9			18	4	1,00
Does the contribution refer to the main areas specified in the agreement on cooperation between the countries?	29	1			1	2,97
Have the goals of the contribution been produced together with the partner in cooperation (production of factual material, dialogue on levels of ambition, specification of goals in the entire chain of goals)? Has the dialogue on goals taken place with – and in – the partner country?	16	7		1	7	2,58
Has the process been adapted to the results-based management process in the partner country?	18	1	3	4	5	2,27
Has cooperation with other donors on the contribution been satisfactory from a results-based management perspective?	12	1	2	3	13	2,22
Have the requirements in respect of results been specified on the basis of LFA or the equivalent?	14	3	2	6	6	2,00
Is there a clear link between the goals of the contribution and the poverty goal?	15	2	4	4	6	2,12
Can it be seen that earlier results analyses have been used as a basis for the design of the contribution?	20	2	2		7	2,75
Has the design of the contribution been influenced by earlier experience described in the results analyses?	20	2	2	1	6	2,64
Has "good practice" been taken into consideration in the design of the contribution? What other experience than Sida's has been used?	17	3	4		7	2,54
Is the division of responsibilities for implementation and goal fulfilment clearly specified?	21	1	1	2	6	2,64
Is the division of responsibilities between Sida and the partner in cooperation for monitoring results and reports on results clearly specified?	17	4	1	3	6	2,40
Is the results concept perceived and understood in the same way by those engaged in the contribution?	12	4	1	5	9	2,05

Are there differences in approaches to results-based management of the contribution between Sida and its partners in cooperation (recipient and other donors)? ¹	8		5	9	9	1,68
Are there any measurable indicators?	26		2	3		2,58
Are there any in-depth or evaluation activities that were planned at the outset? Have funds been allocated for these purposes?	17		2	6	6	2,12
Does the assessment memorandum meet requirements stipulated in Sida at Work?	18	1	4	3	5	2,31
Has the division of roles between different functions at Sida-Stockholm and the embassy been appropriate during the preparation of the contribution?	15	6	1	3	6	2,32
Is there a preparation plan for the contribution?	7			9	15	1,31
Have goals and the monitoring of results been discussed in the embassy's project committee?	7		1	12	11	1,10
Are the goals and the way in which results are to be monitored evident from the agreement on the contribution between Sweden and the partner country?	20	2	1		8	2,83
Have the results of the contribution been monitored regularly in the agreed way?	15		1	3	12	2,42
Has there been a dialogue on results between the partner country and Sweden during the implementation of the contribution?	17	3		2	9	2,59
Do the Agreed Minutes (equivalent) contain results analyses and/or a discussion of results?	15		1	4	11	2,30
Do the Agreed Minutes (equivalent) contain, where necessary, agreements on measures to improve goal fulfilment?	14		1	5	11	2,15
Does Sida provide feedback in other forms than reports?	11	2	1	6	11	1,90
Has the contribution been evaluated (e.g. mid-term review)?	11			11	9	1,50
Have revisions of the contribution been made on the basis of experience gained from monitoring results, evaluations, or the dialogue on results?	11	2	3	5	10	1,91
Do the goals and follow-up of results provide requisite information for decision-making purposes?	18	2		3	8	2,52
Are reports on results given to the implementing organisation and other stakeholders for organisational learning?	11	3	3	4	10	2,00
Have the formulation of goals, follow-up of results and results analyses in the contribution cycle followed the requirements laid down in Sida at Work?	12	4	2	6	7	1,92
Does the follow-up of results provide requisite information to meet the requirements for reports specified in Sida's annual directives for 2004:	10	2		10	9	1,55
• Evaluate, measure and report on all activities that have the aim of achieving the goal of Sweden's international development cooperation • Report on the ways in which development cooperation has promoted and been permeated by the two perspectives and the central component elements.						

¹ Where this question is concerned, the rating is reversed, i.e. No = 3

Reports from Sida Internal Audit

- 00/5 Sida's work with humanitarian aid.
Wiveca Holmgren
- 01/01 Sida's research collaboration – a review of SAREC.
Wiveca Holmgren
- 02/01 Sida's support to the Western Balkan Countries.
Mats Alentun
- 02/02 Review of Swedish Embassy in Windhoek.
Wiveca Holmgren, Thorbjörn Bergman
- 02/03 Review of Swedish Embassy in Vientiane.
Wiveca Holmgren, Thorbjörn Bergman
- 03/01 Sida's contract financed technical collaboration
– a review of INEC/contract-financed technical cooperation and Sida-East.
Wiveca Holmgren
- 03/02 Review of Section for development cooperation in La Paz.
Wiveca Holmgren, Thorbjörn Bergman
- 04/01 Sida's Control Environmen – a Feasibility Study.
Arne Svensson, Wiveca Holmgren
- 04/02 Sida's management of Contributions in Corruption-Prone Environments.
Mats Alentun
- 04/03 Rapporter från Sidas internrevision 1995–2003 – en sammanställning.
Folke Hansson
- 04/04 Organisationskulturer på Sida
Carin Eriksson, Barbro Forsberg, Wiveca Holmgren
- 04/05 Organisation Cultures at Sida
Carin Eriksson, Barbro Forsberg, Wiveca Holmgren
- 04/06 Resultatstyrningen inom Sida
Wiveca Holmgren, Arne Svensson
- 04/07 Fältvisionens konsekvenser för styrningen inom Sida
Wiveca Holmgren, Arne Svensson
- 05/01 Sidas rutiner för direktbokföring vid utlandsmyndigheterna
William Stannervik
- 05/02 Sidas rutiner för bokföring vid sektionskontoren
William Stannervik
- 05/03 Rekrytering av Sida-personal
Carin Eriksson, Erik Bjurström
- 05/04 Consequences of the Field Vision for Internal Management Processes at Sida
Wiveca Holmgren, Arne Svensson



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