

Annual report

2004





Sida's mission statement

A world without poverty and oppression would be better for us all. In order to overcome the great challenges of our time—poverty, environmental degradation, conflicts—joint efforts are necessary.

International development cooperation is an investment which enables poor people to have a better life, which protects the environment, and which promotes peace, democracy and equality between women and men. Cooperation shall pave the way for equal relations and make development cooperation superfluous.

Sweden is participating in this cooperation, in this global assumption of responsibility. Development cooperation engages Swedish society and contributes to the internationalisation of Sweden. Sida's mission is to create the requisite conditions for change and for sustainable social, economic and environmental development.

There can be no development without peace and security. The prevention of conflicts and disasters are important parts of our mission. The partner countries are responsible for their development. Sida's role is to channel resources and to develop knowledge and capacity.



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Introduction

2004



Introduction

The last days of the year were marked by the tsunami disaster that struck a number of countries around the Indian Ocean. The disaster was of unimaginable proportions. Almost three hundred thousand people lost their lives and many more lost relatives, homes and livelihoods. As a consequence of globalisation, this disaster also came close to us in Sweden since it also affected many Swedes who had travelled to Thailand on vacation.

Sida started work rapidly and the day after the tsunami the first formal decisions were made to provide support, for example via the Swedish Rescue Services Agency and the Red Cross. In the first acute phase after a disaster it is the local community that bears the burden. Sida has therefore developed routines for making resources rapidly available to locally based organisations.

In both Sri Lanka and Aceh Province in Indonesia, there are ongoing conflicts which have proved difficult to solve. In Sri Lanka the cease-fire was maintained during 2004 but no peace negotiations were started. In Aceh Province the conflict continued unabated up to the tsunami disaster. It now remains to be seen whether the disaster can contribute to settling the conflicts and preparing the way for peace, or whether the conflicts will continue and thereby make the necessary reconstruction work difficult.

THE SILENT DISASTERS

Disasters such as the tsunami show how fragile life is, how suddenly everything can change. This unpredictability is something that Sida is constantly working with since events in the world have a considerable impact on our work. Natural disasters and conflicts can create needs for humanitarian support and reconstruction work in a very short space of time.

At the same time the largest disasters attract very little attention since they do not have the same drama for the media as natural disasters. Every day 28 000 people die of starvation or deficiency diseases. Every day 8 500 persons in the world die of HIV/Aids. These disasters also have a considerable effect on our development work. In 2004, we decided to give emphasis to combating HIV/Aids as a strategic priority for Sida. Our

contributions to combat HIV/Aids will increase substantially, with a special focus on Africa where all embassies have been given instructions to considerably increase the scope of our contributions to counteract HIV/Aids.

GREATER INTERNATIONAL CONSENSUS

The possibilities for combating poverty have never been greater. Since the end of the 1990s, there has been a greater degree of international consensus than ever before. The countries of the world have adopted the Millennium Declaration and given their full support to the UN's Millennium Development Goal of halving the proportion of poor people in the world by 2015. Hitherto, the results have shown that the goals can be achieved in Asia, while it can be more difficult to achieve them in Latin America and extremely difficult in Africa. Sida is therefore substantially increasing the emphasis on Africa in its programmes of development cooperation.

The achievement of the Millennium Development Goals necessitates investments in people, the environment and infrastructure. The importance of investing in infrastructure was one of the issues taken up in DAC's Povnet last year since donors' support for public investments, as well as private investments, in roads, electricity and ports etc have decreased considerably since the mid 1990s. However, Sida's support for infrastructure has remained at a fairly constant level.

The subject of donor harmonisation and alignment has been given a high position on the agenda in a growing number of partner countries. This has the effect that support for development can be better coordinated and more effective. Harmonisation is also essential in order to reduce the burden on the administration in the partner countries. Sida has therefore participated actively in the work on harmonisation in OECD/DAC and the EU and has produced an action plan for increasing harmonisation, together with the countries in the Nordic+ Group.

Positive steps were also taken for further reform of the UN system at the General Assembly's three-year review of UN development cooperation. The review emphasised the importance of further work on simplification, harmonisation, consensus and alignment.

Where issues concerning sexual and reproductive health and rights are concerned, there has been an international setback since the USA and several Muslim countries are pursuing a line that limits women's rights. Sida is actively emphasising the importance of sexual and reproductive health and rights in international forums and has increased its support in this field.

During recent decades the number of democracies in the world has increased considerably. This trend continued last year when a number of countries made democratic progress, even if there was some deterioration in this respect in a small number of countries.

CONFLICTS ARE AN OBSTACLE TO DEVELOPMENT IN ASIA AND THE MIDDLE EAST

Ongoing conflicts are making the prospects of achieving development difficult in several countries in Asia and the Middle East. In Iraq, the USA handed over responsibilities to an Iraqi administration during the year which started making preparations for elections in January 2005.

In Afghanistan successful elections were held during the year and a legitimate government was able plan the country's reconstruction. However, the security situation remained difficult. Sida's support continues to focus on the stabilisation of society and, among other things, we are providing extensive education support, with a special emphasis on the education of girls.

Also on the West Bank and in Gaza, the conflict continued and led to a deterioration in the situation of the civil population. A growing number of people are living in poverty. Sida's programmes of cooperation are thus focusing increasingly on alleviating the effects of the conflict, while support for long-term development of democratic institutions is being reduced. Arafat's death in November concluded a chapter in the history of the Middle East. The planning of a presidential election was started, which raised certain hopes that it would be possible to break the deadlock in the conflict.

In India an unbacked party surprisingly won the election and the new government announced a more positive attitude towards developing cooperation than the previous government. However, India refrained from accepting humanitarian assistance after the tsunami disaster, thereby clearly demonstrating that it is one of the countries in Asia that has started to be part of the circle of donors.

HIV/AIDS—A CRITICAL ISSUE FOR AFRICA

HIV/Aids is a critical issue for Africa where over 25 million people have HIV. This figure represents 7.4 per cent of the adult population. The countries most severely affected are in southern Africa where over 10 per cent of the adult population have the HIV virus. An increasing proportion of those infected are women, which is a manifestation of the unequal power situation between

women and men. It underlines that issues of gender equality are important in the work of counteracting HIV/Aids. At the same time, the decline in the incidence of HIV/Aids in some countries in East Africa shows that it is possible to combat the disease. However, the rapid spread of HIV/Aids has the effect that in Africa the pandemic is a crucial issue for the possibility of achieving sustainable development and of reducing poverty.

Conflicts are also making it difficult to reduce poverty in Africa. However, in 2004 hopes for peace were sparked in several ongoing conflicts. In Somalia a transitional government was created at the end of the year, which gives some hopes of peace in this devastated country. In southern Sudan a peace agreement was signed between the government and the rebels in SPLA. Under the agreement southern Sudan will be given a considerable degree of autonomy for six years and thereafter a referendum will determine whether or not it will remain part of the Sudan. As a brutal contrast, despite the peace agreement, violence and the humanitarian crisis continue in Darfur, and Sida considerably increased its humanitarian assistance to the area.

Ongoing conflicts continued in other places in Africa. In northern Uganda the long, drawn-out conflict is continuing. This conflict has resulted in some 1.5 million internally displaced persons. In the Ivory Coast, an old conflict flared up again in November, but the situation stabilised later.

At the same time, one positive and clear trend is that in Africa there are fewer conflicts and a larger number of democratic states. An increasing number of countries are now in a post-conflict situation. The African Union has also assumed a growing responsibility for peace and security in the region. Sida has extended its support to regional organisations in Africa in order to strengthen regional integration.

Successful elections have been held in several African countries. This shows that democratic processes have become part of daily life in Africa in less than two decades. South Africa, Mozambique, Malawi and Namibia are among the countries that held elections during the year. However, political and economic trends in Zimbabwe continued to be negative. Support for processes of democratisation are an important part of Sida's development cooperation in Africa.

ECONOMIC RECOVERY IN LATIN AMERICA

A positive economic recovery took place in Latin America in 2004 after several years of deep economic crisis. In Latin America, average growth was 5.5 per cent, while some countries had record rates of growth: 18 per cent in Venezuela and 12 per cent in Uruguay. After several years of economic crises and growing poverty, these economic upswings provide an opportunity to regain lost ground.

The political map of South America has also

changed character. Socialist governments are now in control in several countries. For the first time in Uruguay's history, the election in 2004 was won by a socialist government and Uruguay could thus join the ranks of Brazil, Chile, Argentina and Venezuela, all of which have left wing/socialist governments. It remains to be seen whether this political change will also have an effect on the situation of the poor.

The turbulent political situation in Bolivia continued. A referendum was held in July which gave support for state control of the country's assets of oil and natural gas. The referendum was able to reduce, at least temporarily, the social dissatisfaction of large groups of the poor indigenous population that have been excluded from participating in the country's development. However, it was clearly shown that there is still a considerable amount of dissatisfaction in the local government elections held in the autumn when the established parties lost support. During the year Sida changed the focus of its support to Bolivia in order to participate to a greater extent in contributions that promote dialogue and which contribute to including the perspective of the poor in the country's policy for poverty reduction.

The political situation in Central America was relatively calm during the year with the exception of Nicaragua where conflicts between the president and the two major parties which dominate parliament led to a constitutional crisis in which parliament reached a decision to reduce the powers of the president. In El Salvador, Sida phased out its long-term programme of development cooperation and only small contributions through non-governmental organisations (NGOs) and contract-financed technical cooperation will continue.

EU INTEGRATION DRIVES REFORMS IN EASTERN EUROPE

The major change in Europe was the enlargement of the EU by ten new member states. As a consequence of the entry of the Baltic States into the EU, Sida concluded its programmes of development cooperation with Estonia, Latvia and Lithuania. The successful programmes of cooperation with these countries were celebrated with a Baltic week at which many of those who had been actively involved in the programmes participated in seminars. The Baltic States are now donors themselves through the EU's programmes of development cooperation. Sida and the Baltic states are continuing to develop three-party cooperation for development cooperation purposes.

EU integration also constitutes a driving force for political, economic and social reforms in other parts of Europe. The Balkans were characterised by a consolidation of the political situation, which contributed to hopes of EU membership in Croatia. Even in the poorest country in Europe, Moldova, there was a closer association with the EU.

Sida's support is gradually being shifted eastwards

and an increase has taken place in programmes of cooperation with southern Caucasus and Central Asia. At the same time, Sida was commissioned by the Government to establish an office in Visby on the island of Gotland in 2005. This office (a division of Sida) will support the development of long-term relations between popular movements and municipalities in Sweden with their counterparts in the Baltic States and Poland. This assignment involves a new role for Sida, outside the goals and budgets for development cooperation.

In Russia political developments took a negative direction. Power was concentrated increasingly in the hands of the president and the freedom of the mass media was reduced.

Elections were held in Georgia at the beginning of the year. Thereafter the new government started an extremely active reform process which kindles hopes for positive developments in the country. The democracy process in Ukraine took a new turn when a massive protest movement showed that the opposition did not accept the extensive election rigging that had taken place during the presidential elections in November. Sida provided important support to this process by financing exit polls at voting stations during the election. A re-election was held at the end of December which had the result that the opposition candidate, Victor Yushchenko was elected president.

NEW POLICY WITH A STRONGER FOCUS ON POVERTY

A new policy for global development was adopted by the Swedish parliament in December 2003. The process of change to implement the new policy will be a strategic priority for Sida during the next few years.

The new goal of Swedish development cooperation, together with the perspectives of the poor and the rights perspective which permeate the policy, means a strong focus on poverty for Sida's work, including its programmes of cooperation with Europe. The goal underlines that the poor themselves have the power to create development in their communities—if they are given the opportunity. It also underlines the role of development cooperation—to contribute to making this possible. Development can never be created from the outside. However, development cooperation can provide an important contribution to the ambition of the countries to combat poverty.

The point of departure of the new policy is the perspectives of the poor and the rights perspective. It emphasises that we shall put the needs, interests and conditions of the poor in the centre of our work. The two perspectives make it necessary for us to listen to the poor either directly or indirectly through their elected representatives. Participation in decisions concerning the government of countries as well as in decisions on matters that concern people themselves is a human right and a necessity to exert an influence on respect for other rights. Sida works in this

direction, for example by providing support for popular participation in the production of national poverty strategies, PRS. We have also extended our work to make analyses of power structures.

Poverty has many different dimensions and our work cannot therefore be one-dimensional. Democracy and human rights, equality between women and men, protection of the environment, economic growth, social development and conflict management are other fundamental conditions for development and therefore cornerstones of Sida's work. Next year we will also work on adapting policies and developing methods and support functions that contribute to a consolidated focus on poverty in our work.

The new policy emphasises that a holistic view should be taken of multilateral and bilateral development cooperation. Sida participates actively in cooperation with multilateral organisations and cooperates for example with the World Bank on making poverty analyses as a form of support for reform processes. In order to develop our multilateral cooperation we started a review of forms, methods and organisation for the work with multilateral issues.

We have also reinforced our trade-related support and continued to give high priority to the work of donor harmonisation and alignment as a step in the implementation of the policy for global development.

The new policy states that all parts of Swedish society shall be engaged in the cause of global development. Sida does not have the responsibility for coordination but now has greater responsibility for contributing development expertise. Where international development cooperation is concerned, proposals are made for further development of cooperation with organisations in the public sector, for consolidation of cooperation with NGOs, and for making good use of the experience of industry and the trade unions. Work was started during the year on defining ways in which these proposals could be given concrete form.

Several elements of the new policy have the effect that Sida will spend more time on dialogue and cooperation with other actors, in Sweden and internationally. These tasks are not directly linked to contribution management in programmes of development cooperation. This will make greater demands on Sida's capacity which will be faced with higher demands in the next few years since the development cooperation budget will increase without a corresponding increase being made in Sida's administration budget. Sida therefore considers that a greater degree of concentration to fewer countries and fewer sectors is important. This would ensure that the quality of development cooperation will be maintained at a high level, and we have started a process to promote a greater degree of concentration.

CORRUPTION HINDERS DEVELOPMENT

Corruption is a serious obstacle to development which affects the poor people most severely of all. At the same

time it is important that Sida ensures that our funds are used efficiently and effectively to create the requisite conditions to reduce poverty. Sida has therefore decided that counteracting corruption will be a strategic priority during the next few years. Sida has adopted a specific approach against corruption: we never accept corruption, we always act on suspicions of corruption, and we always inform openly on corruption, both at Sida and vis-à-vis the mass media.

During the year we decided to increase our efforts to improve the knowledge of our staff on ways in which corruption can be prevented, counteracted and detected. We have also started a programme to increase capacity for working with public financial management. Combating corruption is also an important subject in the dialogue with our partner countries.

THE SCOPE OF COOPERATION

Sida had extensive programmes of cooperation with some 70 countries.

The profile of our major partner countries was largely unchanged during the year. The ten largest partner countries for programmes of development cooperation were Tanzania, Mozambique, Afghanistan, Ethiopia, Russia, Uganda, Nicaragua, West Bank and Gaza, Bosnia & Herzegovina and Kenya.

Sida's international development cooperation amounted in total to SEK 12 364 million, excluding administrative expenses, in 2004. This is an increase of some 21 per cent, and can be compared with SEK 10 228 million in 2003.

The increase can partly be explained by the fact that, from 2004, the former policy area for cooperation with Central and Eastern Europe is included in the policy area for international development cooperation. The costs for countries that were previously included under the policy area for cooperation with Central and Eastern Europe amounted in 2004 to approximately SEK 601 million.

The operational area for peace promotion activities had an outcome of SEK 3 million in 2004 compared with some SEK 13 million in 2003.

At the end of the fiscal year Sida had an unspent balance of SEK 1.9 billion for development cooperation activities. As a consequence of the ceiling on expenditure, a further SEK 773 million could have been disbursed. Approximately half of this amount can be explained by the fact that some recipients were not able to meet the stipulated requirements and by the low demand for soft loans. However, several other factors also contribute to the result.

Predictability and stability in financial rules are of decisive importance for the possibilities available to Sida to pursue long-term, efficient and credible partnership-based development cooperation.

Sida would make the assessment that the financial

uncertainty that characterised 2004 has had a negative effect on Sida and contributed to the situation that the unspent balance at the end of the year is higher than that given in the forecast in the interim report.

Sida therefore clarified the difficulties created by financial restrictions in a communication to the Government.

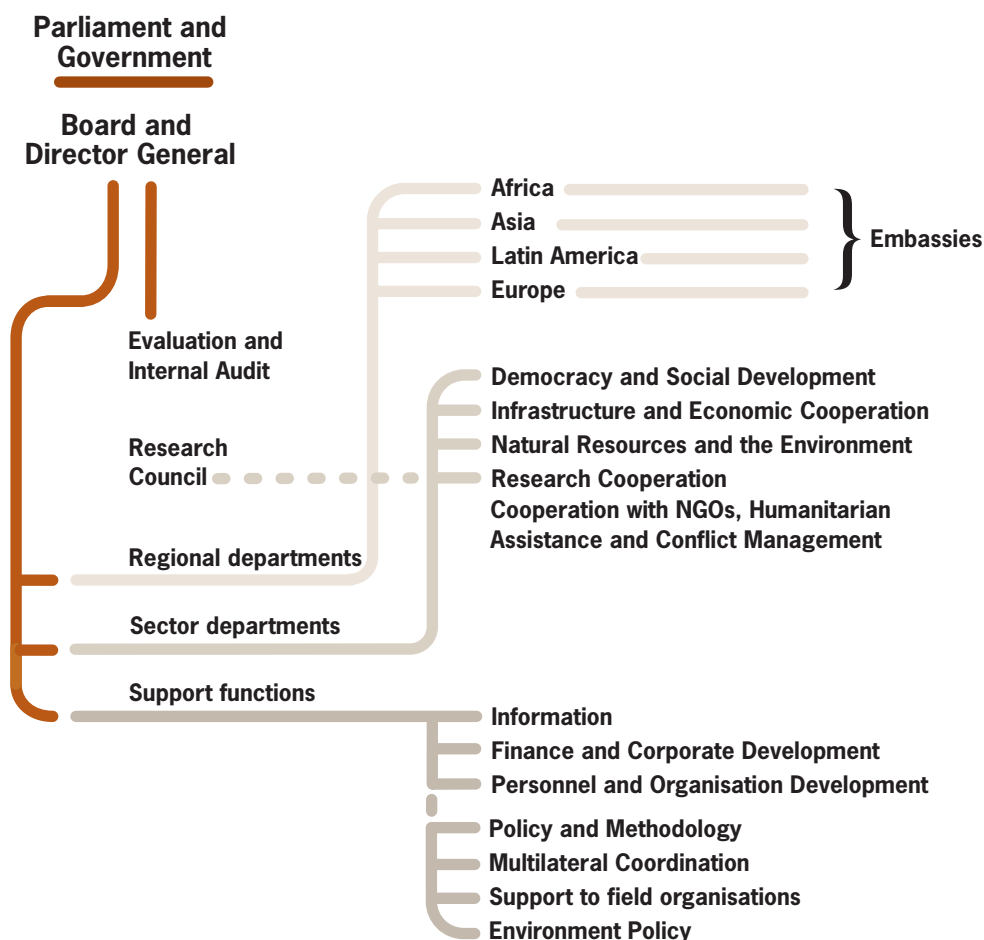
SIDA AS AN ORGANISATION

Sida continued the process of field orientation in its work and during the year a further four embassies were given the right to approve new contributions up to SEK 50 million. Twelve embassies have thus been given fully delegated powers. The process of field orientation also had the effect that the field offices were not affected by the savings requirement of two per cent of departmental budgets in 2004 and four per cent in 2005. The savings requirement has had the effect that the recruitment of

new staff to Sida was strictly restricted in 2004. Sida's personnel in the field increased by 13 members of staff, while the total number of employees (excluding those on leave of absence) decreased somewhat to 759 persons, compared to 769 the previous year. Sida has seconded staff at 47 embassies.

During the year Sida worked actively with learning and recruitment. A learning strategy project was finalised and provided recommendations for further work. A review of Sida's recruitment process was made and new recruitment routines have been produced to simplify recruitment to the 42 embassies. Sida also strengthened its work on diversity issues during the year by establishing a diversity committee with representatives of different departments. The diversity committee produces concrete measures to increase knowledge and understanding of ethnic and cultural diversity and issues relating to gender equality.

Sida's Organisation



Sida's board



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Member of Parliament (m)



Berndt Ekholm,
Member of Parliament (s)



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Sida's management 2004

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Jan Bjerninger *Head of Department*

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Jerker Thunberg *Head of Department*

Britt F Hagström *Head of Department*

Rolf Carlman *Head of Department*

Eva Asplund *Head of Department*

Berit Olsson *Head of Department*

Johan Åkerblom *Head of Department*

Torbjörn Pettersson *Head of Department (to 2004-10-31)*

Marie Ottosson *Head of Department (from 2004-11-01)*

Ingrid Wibom *Head of Department*

Klas Markensten *Head of Department (from 2004-05-24)*

Bengt Ekman *Planning director (from 2004-10-01)*

Under Sida's standing orders, the Head of the Secretariat for Evaluation and Internal Audit is not a member of the management committee, but is entitled to be present and to express opinions at the meetings of the committee.

Eva Lithman
Head of Secretariat

Policy area: International development cooperation

2004



Goal of international development cooperation

Sida shall evaluate, measure and report on all its activities against the goal of Sweden's international development cooperation.

The new policy for global development approved by Parliament changes the points of departure of Sida's work. The former sub-goals have been replaced by one single goal: "to contribute to an environment supportive of poor people's own efforts to improve their quality of life". Work towards this goal shall be based on a rights perspective and the perspectives of the poor. Furthermore, development cooperation is to promote and be characterised by eight central component elements: respect for human rights; democracy and good governance; gender equality; sustainable use of natural resources and protection of the environment; economic growth; social development and social security; conflict management; and global public goods. The central component elements partly correspond to the former sub-goals.

The new goal came into force in 2004. This had the effect that a central part of Sida's activities during the year concerned work on development and change in the light of the new goal. The emphasis of this report is on this work.

The new goal of development cooperation implies a stronger and clearer focus on poverty. It puts the individual in focus and emphasises the role of the individual as an actor, rather than a passive object. It is the people, individually and collectively, on the basis of their potential and opportunities, who can liberate themselves from poverty and create development in which the well-being, freedom and dignity of people can be enhanced in an equitable and secure society. Sida's partner countries have the main responsibility for creating the requisite conditions for development of this type. Development cooperation, and therefore Sida's role, is to contribute to making it possible.

The new policy for development cooperation lays down an approach and a view of poverty that has emerged internationally over a number of years. Poverty has many dimensions and is expressed in different ways in

different situations and times. Its core is a lack of material assets and powerlessness, which deprives people of the freedom to decide over their own lives. This approach is reflected in Sida's overarching internal directive *Perspectives on Poverty*. Sida therefore considers that it is well equipped to implement the changes in its activities that ensue from the new policy. However, this is long-term work and requires considerable further efforts to reach the level required by the goal. Sida would make the assessment that its development work in 2004 constituted a good start but is far from sufficient.

In order to steer Sida's activities in line with the new policy, a new Department for Policy and Methodology was created on April 15, 2004. The new department has the responsibility for leading, coordinating and supporting policy and methods work in order to ensure that the new goal of development cooperation has an impact in all Sida's activities, and for providing support and advice to the field organisation and departments at Sida. The department is led by Sida's Deputy Director General.

A document on goals, perspectives and central component elements of development cooperation has been produced as part of Sida's action plan for implementing the new policy.

Sida will gradually revise its internal policy and methods documents on the basis of the new policy (see *Perspectives* and main features). An integrated policy structure has been approved which has the aim of creating greater clarity and thus of improving Sida's efforts to achieve the new goal.

A project which concerned all parts of the agency, *From Words to Action, the project for a clear focus on poverty*, was started in 2003. Its aim was to make an action plan based on the new policy document *Perspectives on Poverty*. In 2004 the aim of the project was extended to include the directive that the new policy for development cooperation will govern all Sida's activities. Within the framework of the project three major regional seminars

were arranged for staff in the field in 2004, in Dar es Salaam, Maputo and Hanoi, and preparations were made for a further seminar in Chisinau in January 2005. The seminars took up Sida's work for the achievement of the new goal, on the basis of the two perspectives and the eight central component elements, as well as situation-specific poverty analyses and interpretations of the poverty concept. Seven half-day and one-day events with a similar focus were also arranged for staff at Sida Stockholm. A project to develop methods for poverty analysis at country and contribution level was started in 2004. It is expected that the project will be finalised in 2005. Reports received in the autumn from embassies and departments on their experience of working with a specific focus on poverty gave a mixed picture. While most of the respondents stated that a change had taken place towards a more specific focus on poverty and a greater understanding of the multidimensional poverty concept, difficulties in proceeding from words to action were often reported and the need for more and better methods support was also taken up.

The new policy has been reflected in the considerable focus on poverty in the country strategy processes in 2004. Poverty analyses were made as part of the preparation process for new country strategies for Russia, Ukraine and Kosovo. The importance of these analyses was underlined by the fact that these countries do not have strategies of their own for poverty reduction (PRS), and by a general lack of analyses of this type, above all in Kosovo and Ukraine. These analyses have also started to be used in a dialogue on poverty in these countries and with other donors and partners in cooperation. In Malawi and Tanzania a multidimensional view of poverty was the point of departure for the analyses made in the country strategy work. In Tanzania the analysis was based on the country's own analyses as a step in the formulation of a common strategy for most donors, based on the country's PRS.

Sida's activities are also coming in line with the new policy through the introduction of a more specific focus on poverty in country reports. According to the instructions, the half-yearly country reports should contain a description and analysis of main changes in areas such as: trends in respect of the poverty situation in the country, social development, political developments, conflict analysis, progress made towards poverty reduction according to the country's plans, ownership, donor coordination etc. The reports are linked to Sida's internal planning process.

The rapid development of national strategies for poverty reduction during recent years has had the effect that the focus of the development policy in most of Sida's partner countries is much more on poverty and it can thus function to a much greater extent as a common platform for development cooperation. In the new policy for Swedish development cooperation, the assessment is also made that these strategies should be the point of

departure for all international contributions. In other words, there is a natural linkage between adaptation of development cooperation programmes to meet the requirements of the new policy and a stronger linkage of development cooperation programmes to the countries' own strategies.

In order to enhance knowledge of these strategies and to improve the capacity to assess and analyse them, Sida and seven other donor organisations initiated a common training programme in 2003, primarily for personnel in the field. In 2004 six three-day intensive courses were arranged in the field with some 20 participants from Sida. The training programmes were extended in 2004 to include staff at Sida Stockholm. Six members of staff from Sida Stockholm participated in the first course in Copenhagen in September.

Methods development work is taking place at Sida with the aim of strengthening capacity to analyse and assess strategies for poverty reduction in respect of their popular acceptance and support, their quality and their realism. In three partner countries in Latin America—Bolivia, Honduras and Nicaragua—an international research institute, the Institute of Social Studies in The Hague, is assisting Sida in the production of annual analyses of the development and implementation of these strategies at national level. On the basis of these studies, seminars were held in all three countries in order to compare and exchange experience. In Moldova, Sida, United Nations Development Programme (UNDP) and the Department for International Development (DFID) initiated an extensive study of the poverty situation in the country, as well as its complicated development problems, in order to create a solid base of knowledge for future political elections and a dialogue. The study will be presented to the Moldovan government at the beginning of 2005.

National ownership of the development agenda is a basic foundation of Swedish development cooperation and is also essential for sustainable development. Increasing importance is therefore being attached to strengthening the analytical capacity of partner countries and to promoting possibilities available to democratic institutions and civil society to play an active role in the development of the national strategies. Support for research in partner countries has the aim of developing analytical capacity at national universities. These universities have an important role in the development of knowledge, for the supply of human resources, and for critical debate. Access to reliable and up-to-date statistics is of central importance in this connection. Sida supports, through programmes of institutional cooperation, capacity development at the statistical offices in several countries, for example Honduras, Nicaragua, Namibia, South Africa, Moldova, Armenia, Azerbaijan and Russia, as well as countries in the Balkans with the exception of Bosnia & Herzegovina. Support for the participation of civil society in the national strategy

processes was provided in, for example, Bolivia and Bosnia & Herzegovina. Some of this support is also being channelled through programmes of cooperation between Swedish and national NGOs. As an example, mention can be made of a programme of cooperation between Diakonia and the Swedish NGO Centre for Development Cooperation (Forum Syd) in Sweden and local organisations in Central America.

During the year, the approaches and principles laid down in the new policy for development cooperation have been given an increasingly greater impact in the dialogue with Sida's partners in cooperation and with other donors. In Africa all country strategists and managers have been instructed to give priority to poverty issues, with the new policy and *Perspectives on Poverty* as the point of departure in the regular dialogue. In Asia and Europe, the country strategy processes have not least offered an opportunity for an in-depth dialogue on the countries' poverty problems. In Latin America, in particular, the pronounced inequalities and the considerable differences in income have been given prominence in the dialogue as obstacles to poverty reduction.

The increasing importance being attached to the multidimensional holistic perspective on poverty has permeated Sida's practical work. Its impact has been plainest in the major contributions presented to Sida's central project committee. In the assessments of budget support (support for economic reforms), a poverty-focused holistic analysis is always included. However, a great deal of methods development and capacity development work remains to be done before all contributions have a strong and effective poverty focus. This applies not least to the development of guidelines and tools for poverty analyses in different situations.

ANALYSIS OF OUTCOME

Poverty has both general developmental and specific structural causes. A generally low level of economic and social development and a weak institutional framework is an expression of the former. The marginalisation of the poor in social development, injustices in access to social functions such as education and health care, and large economic and social differences between different groups in the population are examples of the latter. Poverty reduction therefore necessitates contributions of a more general nature, such as the development of basic institutions, as well as contributions that have the specific

aim of strengthening the position of the poor in society and making it possible for them to play a full role in social development. Sida's contributions are therefore classified into a few overall categories in respect of how they are expected to contribute to achievement of the goal:

- Contributions that have a direct effect on, and which focus on poor women, men and children, for example support for the development of economic and social safety nets, improved living conditions for children in institutions or the development of sanitary infrastructure and other forms of infrastructure in slums.
- Projects and programmes that reach several social categories, clearly including the poor, for example support to primary health care or micro credits programmes.
- Contributions with an indirect effect on poverty through policies and institutions, for example the promotion of democracy and good governance or support to the legal system.
- Support at the national level that indirectly contributes to poverty reduction, for example environmental contributions, investments in basic physical infrastructure or debt relief.
- Other projects, for example Sida's internal studies or methods development projects.

The breakdown between these types of contributions naturally varies between Sida's operational areas. As an example it can be mentioned that in the area of humanitarian assistance and conflict management, contributions with a direct effect on the poor or where the poor are directly included amounted to over 80 per cent of the funds used in 2004. On the other hand, in the operational areas of global development programmes and research, the emphasis was on indirect contributions. In total just under 25 per cent of activities, from the perspective of volume, were linked to contributions that directly have an effect on, and focus on, the poor. Contributions with an indirect effect represented more than 50 per cent of Sida's work, while projects and programmes that include the poor as well as other categories in society, constituted less than 20 per cent of the work. Compared to previous years, a certain shift can be noted towards contributions that have a direct effect on the living conditions of the poor.

Table 1. **Goal of international development cooperation**, outcome in SEK '000 and per cent of total outcome

Goal of development cooperation	2002		2003		2004		
	Outcome ODA	%	Outcome ODA	%	Outcome ODA	%	Outcome OA
Direct effect	1 705 071	16	2 129 738	21	2 729 312	23	72 370
Projects and programmes that include the poor	1 872 947	17	1 799 194	18	2 137 524	18	41 396
Indirect effects through policies and institutions	4 839 579	44	4 355 889	43	4 526 577	38	146 175
Indirect effects through national support	1 615 793	15	1 323 420	13	1 625 991	14	15 321
Other effects	893 979	8	619 944	6	744 252	6	325 437
Total	10 927 370	100	10 228 184	100	11 763 657	100	600 698

Perspectives and central component elements in development cooperation

Sida is to report on ways in which development cooperation has promoted and been permeated by the two perspectives and the central component elements.

The new goal of Sweden's development cooperation—*to contribute to an environment supportive of poor people's own efforts to improve their quality of life*—shall be permeated by a rights perspective and the perspectives of poor people. The two perspectives can be regarded as approaches and points of departure, ultimately to change reality in our partner countries. This means that the interests, needs and conditions of poor people as well as people's rights shall form the foundation of Swedish development cooperation. The two perspectives complement each other and should be seen in one context.

Development cooperation shall also promote, and be characterised by, respect for human rights, democracy and good governance; gender equality; the sustainable use of natural resources and protection of the environment; economic growth; and social development and social security. Special efforts will be made to strengthen activities related to conflict prevention and management, and public global goods.

Every person's right to a life in dignity, free from poverty, is a fundamental point of departure of Sida's activities. The rights perspective is based on the UN's Universal Declaration of Human Rights and the subsequent conventions as the basis of common global values. It provides a platform for dialogue, cooperation and follow-up. It involves a focus on individuals and groups that are discriminated against, excluded and marginalised, as well as the need of analysing power structures. The new policy increases the need of knowledge of ways in which power structures and relations affect and are affected by the development agenda and cooperation based on this agenda. In the practical work, the rights perspective has often assumed the form of specific contributions to strengthen human rights in the partner countries. However, the work of integrating a rights perspective in other types of contributions at project and programme level is still in the development stage.

Analyses of power structures have become an increasingly common and more important feature,

particularly prior to country strategy processes. During the year power structure analyses were made of Kenya and Burkina Faso, and analyses were started of Bolivia and Tanzania. In Bolivia, the points at issue are identified together with women activists, local researchers and representatives of the authorities.

In connection with the country strategy work for the Great Lakes region, an analysis was also made of the constitutional framework for human rights in Rwanda, while the new strategies for Laos and Vietnam drew up the lines for a special dialogue on issues relating to rights. Support for the development of institutional capacity for managing rights issues is not least important in the new countries, with an authoritarian past, in the Balkans and the former Soviet Union. New guidelines have been produced for human rights and democracy, the legal field and the environment for the programmes of cooperation with countries in the Balkans. In Tajikistan Sida is supporting a contribution that has the aim of strengthening observance of the conventions on human rights.

Methods for involving poor people in both the design and implementation of Sida-financed development projects are being used to an ever-increasing extent. As an example, mention can be made of a rural development programme in the Amhara region in Ethiopia, which was preceded by a large number of planning exercises with participants from the villages. Another example can be taken from Kenya, where the preparation of a road project was preceded by talks with the local population.

The eight central component elements in the goals of development cooperation are divided into three groups:

- *Basic values*: democracy and good governance, respect for human rights and equality between women and men.
- *Sustainable development*: sustainable use of natural resources and protection of the environment, economic growth, and social development and social security.

- *Other elements:* conflict management and human security and global public goods.

The need to adapt development cooperation to the situation in question requires making priorities that determine which of the central component elements that need to be given special attention in a specific situation.

At Sida, the responsibility for the eight central component elements has been given to different departments. However, the responsibility refers to the entire agency and in this respect each department must regard itself as a part of Sida's entire policy and methods function. The central component elements are a part of the holistic approach to poverty reduction of Sweden and Sida.

A policy and action plan for environmentally sustainable development and a policy for civil society were completed in 2004. In October 2003, policy guidelines for Sida's support for private sector development were approved. These have formed the basis of guidelines for market-based rural development and financial services for poor people, which were drawn up and finalised in 2004. Sida's policy for gender equality is being revised to permit a clearer definition of the linkages between gender equality and the goal of contributing to an environment supportive of poor people's own efforts to improve their quality of life. A new policy for peace and security in development cooperation, based on the new policy for global development and Sida's experience in this field, and a policy for humanitarian assistance are in the process of being finalised. Work on producing a new culture policy has started, inspired by a recent evaluation of this field.

The promotion of the central component elements human rights and democracy and good governance is partly being done in cooperation with international organisations, and partly in the form of direct contributions. Sida is participating in the network Govnet, administered by OECD's Development Assistance Committee (DAC), and is leading, together with Norway, a project that has the aim of further developing methods for analyses of power structures and actors for change, and coordinating the work between OECD's member states in this field. In the field of culture, Sida cooperated during the year with United Nations Educational, Scientific and Cultural Organization (Unesco) in a normative project for the production of recommendations for support to media in situations of conflict. This programme resulted in a declaration that was adopted at a Unesco conference in Belgrade in May 2004 on the theme "Media in Conflict Areas and in Countries in Transition". In Nicaragua, a week of activities with a focus on child rights issues was arranged in October as the result of a Swedish initiative. The aim was to get child rights issues included on the national political agenda. In Laos, the issue of human rights has been introduced for the first time in Sida-financed support for the legal system.

Corruption is a serious obstacle to development and

has a particularly severe effect on the poor. The prevention and prosecution of corruption is one of Sida's strategic priorities for the period 2005–2007. As a step towards a stronger focus on corruption, an initiative for internal capacity development in the field of public financial management has been started. In order to increase awareness at Sida and among Sida's partners in cooperation of the problem of political corruption, Sida arranged a conference on the theme of political corruption and the role of democracy-development cooperation. The conference attracted more than 150 participants.

Improved understanding and clarification of the linkages between poverty and gender equality was in focus in the work on gender equality during 2004. One important aspect of this work is to identify entry points where active gender equality work can be pursued strategically in order to promote social development and reduce poverty. As an example of this, mention can be made of a programme of cooperation with Burkina Faso where the country strategy, which was adopted in May 2004, was specifically based on a joint analysis of gender and poverty. Another initiative was a conference arranged by Sida and the World Bank in April 2004, with participants from 13 countries in eastern Europe, to collect and discuss experience of integrating a gender equality perspective in development cooperation. In addition to the work at field level, policy development and training activities have taken place at Sida in Stockholm. Sida's courses in gender equality were revised during the year in order to make the linkages between equality and poverty more specific.

Promotion of *sustainable use of natural resources and protection of the environment* was pursued in cooperation with a broad spectrum of other actors. Sida is supporting the World Bank's work of developing environmental indicators at the micro and macro level, with a focus on the relationships between environmental indicators and poverty issues, not least in connection with the development of national strategies for poverty reduction. In cooperation with the university in Pretoria, Sida is supporting a network in southern and eastern Africa in the development of methods for green accounts, and a programme of cooperation with Stockholm Environment Institute (SEI) has the aim of extending knowledge of human vulnerability from environmental degradation and improving methods for integrating environmental aspects in poverty strategies at policy level in order to achieve environmentally sustainable development. Inspired by the new policy for global development, in 2004 Sida reached a framework agreement with the Swedish National Environmental Protection Agency on future cooperation, and, together with the Ministry for Foreign Affairs and the Ministry of the Environment, a publication was produced that describes the content and importance of global environmental conventions for development cooperation.

The linkages between economic growth, employment

and poverty are in focus in a programme of cooperation between Sida, the International Labour Office (ILO) and UNDP. The country-based studies made for development cooperation purposes have shown considerable differences in the ability of growth to generate opportunities for employment, and the entry of the poor on the labour market. In 2004, Sida also undertook to coordinate a working group under DAC's network for poverty issues (POVNET) which has the aim of creating common approaches to the role of the private sector in poverty reduction.

As an example of a practical application of the new approach, mention can be made of the project "Export promotion of organic products from Africa" (EPOPA). This is also intended to strengthen poor people in various ways in their role as producers. An evaluation made in 2004 showed that the project had contributed to increasing the incomes of 20 000 farmers.

There is a close relationship between growth to reduce poverty and broad initiatives for institutional development, development of human capital, combating corruption, measures for conflict prevention and so on. As a concrete example of cooperation over sector borders and between different donors, mention can be made of the project "Business Environment Strengthening for Tanzania" (BEST Programme), which has the intention of improving the institutional environment for local entrepreneurship and investments on a broad front.

As a step towards promoting the central component element *social development and social security*, a new function has been developed within this field for operational cooperation between departments. Its agenda includes advising the Swedish resource base and increasing contributions in low-income countries. In 2004, a dialogue and policy journey for management was made within the framework of the central component element of social development and social security. Where the dialogue was concerned, which focused on policies for social development, there was participation by policy managers at United Nations Children's Emergency Fund (Unicef), UNDP, UN's Department for Social and Economic Development (DESA), the World Bank and the Inter-American Development Bank (IDB). Cooperation on policies is taking place with the World Bank in order to improve the poverty focus in health contributions and, in Central America, Sida is cooperating with the ILO to support the possibilities of poor groups to participate in and exert an influence on health services for the poor. In Europe in 2004, Sida intensified its cooperation with the

World Bank, for example in Russia, to develop methods for social care in order to contribute to reducing the new poverty in Eastern Europe.

Armed conflicts always lead to poverty as a consequence of the high costs of human suffering and material destruction. Sida therefore works on the fundamental principle that development cooperation is influenced by, and has the possibility of influencing, armed conflicts. In order to work effectively for the achievement of the new goal, development cooperation must be sensitive to conflicts and seek opportunities to promote peace and security. Conflict analyses have become an increasingly common and important instrument in the design of programmes of development cooperation, not least in connection with country strategy processes. In 2004, an in-depth conflict analysis was made as part of the regional strategy work for the Great Lakes region. Conflict analyses have also been an important element in the assessment of a number of major programmes, for example the Lake Victoria programme and the programme of support for the construction of the Caia bridge over the River Zambezi in Mozambique. An increasing number of contributions also have conflict management as their main goal. As an example, mention can be made of support for the reintegration of child soldiers in Colombia, in cooperation with UNICEF. In 2004 internal guidelines were produced for conflict analysis in strategies, sectors and projects.

Global public goods are goods that are not national in their character and therefore require global solutions and global forms of finance. Regional public goods, which are not naturally limited to one country without, for that matter, being genuinely global, can be seen as an intermediate form. Global public goods differ from the other central component elements in that they are not thematically demarcated. The demarcation lies rather in the fact that they are transboundary. Sida is closely following the policy work in this field, which is being done by a working group on global goods created by a Swedish-French initiative, and is also participating in a working group on the theme under the leadership of the Ministry for Foreign Affairs. As part of the internal work on the central component elements, a discussion paper was produced on Sida's handling of the issue of global public goods. A large part of Sida's work has important transboundary effects. Obvious examples are contributions to combat infectious diseases, conflict management, and the promotion of environmentally sustainable development.

Harmonisation and alignment

Sida is to report on the measures it has taken to strengthen harmonisation and alignment with partner countries and other donors.

Harmonisation and alignment of development cooperation has been given a greater emphasis in Sida's work, particularly after the adoption of the so-called Rome Declaration in February 2003. Sida has participated in the international work for harmonisation in OECD's Development Assistance Committee (DAC) the EU, and in the so-called Nordic+ group (the Nordic countries, Ireland, Netherlands and Great Britain). Sweden, through Sida, and the other countries in Nordic+ have drawn up a joint action plan for harmonisation. Within the framework of this plan, a template for agreements on joint financing has been adopted. Harmonisation was a strategic priority for Sida in 2004.

Within the framework of its work in DAC, Sweden provided, through Sida, a "self-report" on the implementation of the Rome Declaration and contributed to a study of incentives for harmonisation in the donor organisations. Sida also made a special presentation of the situation in respect of HIV/Aids contributions in Tanzania in DAC's working group. Sida has participated in the work of producing a report with recommendations in the EU's temporary working group.

Sida has participated in examining the activities of multilateral organisations in respect of harmonisation and alignment at country level in the Multilateral Organisations' Performance Network (MOPAN).

Sida has also participated in the work done by the Government Offices on preparing new guidelines for cooperation strategies, which strongly emphasise harmonisation and coordination under the leadership of the partner country. These also include new guidelines for general budget support to the national poverty strategies (PRS) of the partner countries, which are an important instrument for harmonisation and improving the efficiency of development cooperation. The joint arrangements for budget support have been the most successful mechanisms for harmonisation and coordination and Sweden participates in them, for example in Bolivia, Nicaragua, Mozambique, Tanzania and Rwanda.

Another instrument for harmonisation and efficiency

is the introduction of Sector Wide Approaches (SWAP) in different sectors. Sida is participating at the overall level, for example in the so-called "Fast Track Initiative" (FTI) in the education sector, as well as in a large number of sector programmes in different countries. Sida also contributed actively to a seminar on SWAP with the Inter-American Development Bank (IDB). This is considered to be particularly strategic since IDB, which is the major donor in Latin America, has hitherto lagged behind other donors in going over to sector programmes.

The work in Nordic+ at country level has focused on Zambia. In 2003, Zambia's government and the Directors General (or equivalent) from the Nordic+ countries signed an action programme for increased harmonisation. A follow-up of the results that have been achieved through this initiative was made in April 2004. Progress had been made, for example, in respect of joint analyses and project preparation, and the use of delegated cooperation had increased. A new action plan for future work was negotiated and signed by the original Nordic+ countries, and also the World Bank, the UN system and Germany.

A major problem for the public administration in the partner countries is the constant stream of visitors from donor organisations, for example for discussions of forthcoming support and follow-up. In the action plan for increased harmonisation that has been signed in Zambia, one of the items was that the donors would try to coordinate their contributions. A period without any visits by the donors was also introduced for the first quarter each year (when Zambia is working with its budget process). A joint calendar for activities was drawn up and the first period without visits was implemented in the first quarter of 2004.

In Malawi the country strategy process is being implemented in delegated partnership with Norway. Sida bases its cooperation strategy, as far as possible, on the Norwegian strategy. At present, Norway is working on the country analysis. In the joint review that was made of delegated partnership with Norway in Malawi, it was

stated that it was a pioneering way of working with harmonisation and division of responsibilities at country level.

One efficient way of reducing the workload of the central functions in partner countries is to abstain as far as possible from bilateral discussions and use instead joint follow-ups and dialogues, for example the so-called Consultative Group Reviews (CGR) or Annual Progress Reviews (APR). Agreements on arrangements of this type in which Sida is participating have been concluded, for example, in Bolivia, Burkina Faso, Mozambique and Tanzania. Sida participates in the donor group that draws up joint comments and contributions at APR meetings.

In Tanzania Sida is supporting the country's capacity to assume a leading role in the harmonisation process by financing a person to be responsible for the Tanzania Assistance Strategy (TAS), which sets the framework for development cooperation with Tanzania.

In Bosnia & Herzegovina Sida has taken an initiative to hold discussions at the highest possible level with donors and recipients from the prime-minister down. Sida has also given capacity support to the government in Bosnia & Herzegovina to strengthen its role of leading the harmonisation process. This has been done by co-financing and facilitating the PRS process together with the World Bank, which has now resulted in the acceptance by parliament of the Mid Term Develop-

ment Plan (MTDP). Sida is also supporting the work done by the government in Serbia and Montenegro on coordinating support by developing a database and an information management system for the flows of development cooperation funds.

In Vietnam Sida has contributed to the programme for harmonisation that has been developed by the local group of "like-minded" donors. The programme has mainly consisted of support for the government's capacity, for example for drawing up an action plan for harmonisation. In Cambodia, Sida, the government and eleven other donors have signed a joint declaration with concrete undertakings for the implementation of the Rome Declaration.

Sweden, through Sida, has taken a very active role in the harmonisation process in several countries in Latin America. For example, Sweden was chairman of the donor coordination groups in Guatemala during the year.

Sida has continued to participate actively in the work with Good Humanitarian Donorship which was started at the international meeting in Stockholm in 2003. The ambition is to achieve, through better donor coordination, a better coverage of the needs between different crises. In 2004, OECD/DAC decided to pay greater attention to humanitarian assistance through the framework of the regular examinations that are made of the OECD countries' development cooperation programmes.

Africa

The operational area includes international development cooperation with sub-Saharan Africa with the exception of those programmes financed under the operational areas for research, humanitarian assistance and conflict management, financial support and NGOs.

The overall goal of Sida's work is to contribute to an environment supportive of poor people's own efforts to improve their quality of life. Where cooperation with Africa is concerned, this has been interpreted in current country strategies as assisting the partner countries to reduce poverty principally through contributions in the fields of human rights and democratisation, social development and sustainable growth. Approximately 24 per cent of the support is allocated to human rights and democratic governance, 35 per cent to social sectors and 35 per cent to agriculture and forestry, infrastructure, private sector development and urban development.

The point of departure for cooperation in Africa is, to an increasing extent, the countries' own Poverty Reduction Strategies (PRS). Of the 20 main partner countries in 2004, ten have drawn up PRS that have been discussed and found to be acceptable by the boards of the World Bank and the International Monetary Fund (IMF), and two have presented interim PRS.

A report is provided below of the ways in which Sida, in the relevant sub-sectors concerned, has implemented contributions to reach the goals formulated in the country and regional strategies. In each sub-sector the two or three largest countries in terms of volume are identified in the text and one to three examples from these countries have been selected for presentation.

DEMOCRACY AND HUMAN RIGHTS

Human rights

In the field of human rights Sida has financed major contributions in Kenya, Mozambique, Zimbabwe and Tanzania.

In Mozambique Sida's support for the improvement of human rights is mainly channelled through NGOs. The support is mostly provided in the form of general budget support to local NGOs. Swedish NGOs, for example Diakonia, are increasingly functioning as umbrella organisations. In connection with the elections in 2004,

a certain amount of capacity support was also disbursed in order to improve media coverage and capacity, for example through local radio initiatives.

The embassy in Kenya has finalised the assessment of programmes of support to local NGOs that work with human rights, including gender equality, and the rights of women, children and the disabled. The support has been channelled via UNDP, Unicef and United Nations Development Fund for Women (UNIFEM). Unicef and UNIFEM also channel funds for the same purpose to government institutions such as Kenya's gender commission and ministry for social affairs, equality and sport.

In Zimbabwe the work with contributions for human rights is difficult. Sida's support is being channelled through NGOs. The support is mainly allocated to strengthen the organisations' capacity and to finance their activities. Sida's contributions to support children's rights in Zimbabwe are characterised today by short-term contributions that focus in particular on children with HIV/Aids and orphans.

Legal system

Programmes of cooperation to strengthen the legal system are being implemented in, for example, South Africa, and in the Lake Victoria programme. Furthermore, in 2004, Sida made assessments of contributions to programmes in the legal system in four countries in East Africa (Kenya, Tanzania, Uganda and Ethiopia).

In South Africa support has been disbursed for cooperation between Swedish and South African police for a project to implement legislation on the legal rights of children (Child Justice), for a programme to make the legal system more accessible: Integrated Criminal Justice System (ICJ-S), for an organisation that works with legislative issues in relation to Aids, and for a university institution working with legal issues in relation to the rights of women and children. A review has been made prior to the possible prolongation of support to these programmes.

The child rights project has been delayed and the level of activity has been low due to uncertainty as to whether the legislation will be passed by parliament.

The ICJ-S project was evaluated. This led to a reorganisation of the management structure and a prolongation of Swedish support to the end of 2006.

The project on Aids-related legislation was prolonged to 2006 and Sida concluded an agreement on this in 2004.

University cooperation for reform of the legislation, research and lobbying was finalised in 2004.

Democracy

In terms of volume, Sida's most extensive programmes of support for democracy are being implemented in Kenya, Mozambique, Zimbabwe and Malawi.

In the country strategy for Kenya 2004–2008, the conclusion is drawn that fundamental causes of poverty in the country are the lack of respect for democracy and human rights, corruption, and difficulties in demanding accountability. Therefore, during the year, Sida continued to support the reformation of Kenyan society through a focus on democracy and effective distribution of social services. This is done in practice by advocating and supporting principles relating to democratic and human rights in the planning, implementation and evaluation of the Sida-supported projects and programmes in the fields of roads, water, urban development, agriculture, health and justice. UN organisations and civil society are involved in the dialogue, and capacity development and support is given to the work on gender equality.

In Malawi, Sida and Norway are supporting several contributions in the field of democratic governance. One example is the support being provided for constitutional bodies such as the anti-corruption office, ombudsman institutions and the commission for human rights.

Furthermore Sida has financed support for the preparation of elections in, for example, Mozambique, Democratic Republic Congo, Tanzania, Ethiopia and Malawi. In Mozambique and Malawi, programmes for training the electorate and election observation programmes have been financed by Sida.

As shown below under the theme of participation, support has also been given for various participatory processes, decentralisation processes and parliamentary development programmes.

Public administration

Sida is providing extensive support for reforming the public sector and making it more efficient in, for example, Mozambique, South Africa and Tanzania.

Mozambique receives support for decentralisation, reform of the public sector, financial management in the public sector, and external and internal auditing. In the field of financial management, Sida played a leading role during the year as a representative in a steering committee and in a quality assurance mechanism. However, the pace of reform in the field has been slow.

Despite this, discussions have started on further cooperation. In connection with these discussions, Sida has established contact with the Swedish National Property Board, the Swedish National Financial Management Authority and the Swedish National Debt Office.

Sida is supporting the provincial government in Eastern Cape Province in South Africa by building up a personnel management system, personnel development, financial management and a programme to combat HIV/Aids. The second phase of the programme was started in 2004. Through a donor consortium consisting of Sida and the Department for International Development Cooperation of Great Britain (DFID), support is being provided for the South African official statistics agency. The aim is to develop its capacity to follow trends in poverty and HIV/Aids. An agreement in the form of a memorandum of understanding was negotiated in 2004.

Below, under the theme of decentralisation, a report is provided on the Sida-supported programme in Northern Cape Province.

In Tanzania, Sida made an assessment of a project proposal on a second phase of a programme of support for the country's supreme audit institution as part of the comprehensive reform of the systems for financial management. Agreements were signed on support amounting to SEK 55 million, of which SEK 33 million will be provided by Sida and SEK 22 million by the Swedish National Audit Office. The programme of support to the income tax authority was phased out during the year.

SOCIAL DEVELOPMENT

Education

In the education sector, the largest contributions are being financed in Tanzania, Ethiopia, Mali and Namibia.

The contribution in Tanzania is designed in the form of programme support for the period 2002–2006 for development of primary education—the Primary Education Development programme (PEDP). In 2004, the programme achieved quantitative goals, for example enrolment in primary school was 90.5 per cent in comparison with 59 per cent in 2000. However, more attention needs to be paid to aspects of quality in order to achieve the stipulated goals and to enhance efficiency in the sector.

In Namibia, Sida has participated in the production of the country's first sector development programme in the education sector. Namibia's government regards the programme in the education sector as breaking new ground and has hopes of being able to encourage donors to go over to sector development programmes in other sectors. The programme supported by Sida is based on a follow-up via efficiency indicators and a long-term plan and budget for the sector. A HIV/Aids unit has been formed in the Ministry of Education and a large number of schools started HIV/Aids support groups in 2004. A special institution and capacity development

[Picture removed]

The largest recipients of Sida's health support in Africa are Zambia, Uganda and Malawi. In Zambia the lack of qualified personnel is a serious problem.

mechanism has been created with support from Sida, among others. In 2004, policy and planning functions and budgeting and follow-up work were improved. Namibia is on the way to achieve the Millennium Development Goal in respect of school enrolment but has problems with quality in teaching. The total outcome for the education system does not correspond to expectations, particularly in view of the large proportion of the country's total budget that is invested in the sector.

Health

The largest programmes of support in the health sector are in Zambia, Uganda and Malawi. Large contributions have also been made to a number of regional organisations and initiatives in the health sector.

Sida's contribution in Zambia is designed as a form of support for the country's sector development programme. In 2004, Sida was engaged in a dialogue on an extensive reorganisation of the programme and the health

sector. After the reorganisation, the donors are expected to focus more on policy issues and less on implementation.

The lack of qualified staff is a great problem in the health sector in Zambia, particularly as the HIV/Aids epidemic is worsening.

In Uganda, cooperation is also being implemented in the health sector as a sector development programme. The results—in the form of national ownership and progress in the sector—are encouraging. Coordination between the donors has improved and predictability in respect of donor support has thereby increased. This has made it easier for the government to plan. However, the level of ambition in the programme is high in relation to the available resources and the considerable lack of qualified personnel.

Sida is also giving support outside the sector development programme in the form of improving access to information and advisory services on HIV/Aids for young people. In 2004, Sida cooperated with two organ-

isations that are active in the field. The agreement with one of the organisations was signed in 2004.

The health sector in Malawi is also in an extremely difficult situation with a considerable lack of qualified personnel and the HIV/Aids epidemic which makes the situation increasingly difficult. With the aim of contributing to strengthening the health system, Norway therefore signed, at the end of 2004, on behalf of Norway and Sweden in accordance with the agreement on so-called delegated cooperation, an agreement on support to Malawi's sector development programme in the health sector.

SUSTAINABLE GROWTH

Development of trade and industry

Reforms that promote growth are supported by Sida, for example through contributions for private sector development. The largest contributions in 2004 were implemented in Uganda and Mozambique. Activities under the regional programme are also extensive.

In the Uganda programme Sida is an active participant in the group for private sector development and in a sub-group that works with business development services. In the latter area, a programme of cooperation with ILO for support to the business programmes of private radio stations is prominent.

Furthermore, Sida concluded an agreement with the Uganda Beef Producers Association in 2004. The goal of cooperation is to strengthen the association in order to make it a good lobbying organisation that provides relevant support to its members.

In 2004, the embassy in Uganda arranged a regional conference for Sida staff on private sector development. Furthermore, the embassy also arranged a seminar for Ugandan and Swedish industry to discuss the possibility of increasing trade and cooperation, particularly in the fields of infrastructure and natural resources.

The Economic Community of West Africa States (ECOWAS) is cooperating with Sida and the African Capacity Building Foundation in a project to strengthen its capacity to participate in international trade policy negotiations, for example through the training of personnel prior to negotiations with the World Trade Organisation (WTO).

Infrastructure and urban development

Major infrastructure projects are being financed in Mozambique, Tanzania, South Africa and Kenya.

In South Africa, several contributions are being implemented for urban development. Important components are housing improvements, development of local transport, water and improvements to sanitation, refuse collection and cooperation with the Swedish municipalities of Gothenburg and Gävle. Support to Buffalo City was extended during the year to the end of 2006. This includes, among other things, support to the municipality's

strategy to combat HIV/Aids that was presented during the year. Furthermore, an architectural competition was held in which over 100 proposals competed, the programme for urban development in Galeshewe was presented at the World Urban Forum in Barcelona, and study visits to Latin America and Sweden were made by local government officers in 2004.

The energy sector has been an important field for cooperation between Tanzania and Sweden for a long period of time. In 2004, institutional support was given to the Ministry of Energy and the state energy corporation, and support was also provided for the development of an agency for rural energy.

Three agreements on rural electrification in different districts were signed in 2004 and preparations for cooperation in three more districts were started during the year. Feasibility studies for a hydropower dam and an electricity distribution network were started in 2004 with the aim of preparing a possible forthcoming Sida credit.

The town of Bagamoyo has started a programme of cooperation with Sida to implement an integrated development and conservation project. The aim is to conserve cultural values and, at the same time, to improve the living conditions of poor people in the town. A gender study and socio-economic study were made in 2004.

Progress was also made in all components of the rehabilitation project for the Stone Town in Zanzibar. For example, Tanzania's agency for vocational training approved a new curriculum for building technicians with a focus on conservation and traditional building methods.

The project to improve the security situation in Dar es Salaam with a special focus on violence against women, on children and other vulnerable groups continued. Progress has been made with the coordination and strengthening of institutional capacity for crime prevention. Local units that will work with these issues have been created in each district of the city with their own budgets. An evaluation was made during the year. The main conclusions of the evaluation are that the project has contributed to concrete and sustainable improvements in security for the inhabitants. However, management and the institutional framework can be improved in order to achieve greater efficiency. The evaluation recommends further support to the project.

Discussions also took place in Kenya during the year on urban development with a focus on slum areas. Among other things, discussions were held with a consortium of NGOs in order to involve these organisations in Kenyan-Swedish development cooperation and to learn from the experience of the organisations.

Agriculture

Support for growth through rural development is prominent in Ethiopia, Tanzania and Zambia.

An extensive rural development programme in the Amhara region in Ethiopia is being implemented in

cooperation with Sida. The agreement was prolonged by six months in 2004 to make possible an assessment of a third phase of the programme for four years from July 2004. Based on a programme proposal from the regional government, Sida made an assessment of, and a decision on, the third phase with a budget of SEK 300 million. Most of the planned activities were implemented during the year and the regional government supplied Sida with a final report from the second phase. Among other things, the component for land administration aroused considerable interest among the farmers who were involved in the pilot project and the government has decided to implement similar programmes in other municipalities. Sida continued the dialogue with the micro credit institution on changing over, as soon as possible, to commercial borrowing in order to guarantee sustainability. An audit of activities showed that, despite some progress, the follow-up systems in relation to budgeted funds must be improved.

In Zambia an agricultural development programme is being implemented that has now become well established with personnel, routines, human resource development, and cooperation with relevant stakeholders, for example the Ministry of Agriculture and Cooperatives. The 20 000 participating farmers have produced business plans and have started activities to reach their goals. The programme developed special programmes in 2004 for the commercialisation of cattle breeding, for utilising funds allocated for the development of infrastructure, and for improving the programme's follow-up system. The government has not, as expected, reached a decision on a national policy for agriculture. Sida's support to the Ministry's planning unit has thus been postponed. A pilot project for the development of organically cultivated products started during the year.

SIDA'S ASSESSMENT

The work towards achieving the Millennium Development Goals continues. Follow-ups made in 2004 show that several countries are making progress, but also that many African countries will probably not reach the goals by 2015.

Development cooperation between Sida and African countries and organisations is changing in line with the new goal of development cooperation. More specific emphasis is now being given to poverty reduction, the rights perspective and the perspectives of the poor, national ownership, and harmonisation of procedures and conditions for development cooperation with the partner countries' own systems and between donors. Sida would state that the relevance of development cooperation is thus made more specific and the possibility of achieving lasting results is improving. At the same time, development cooperation is becoming more dependent on the partner in cooperation's institutional and human skills and capacity. As shown above, shortcomings in

capacity and skills have often caused delays in projects and programmes, and the goals have not always been achieved. The capacity of the partner countries is also affected by the HIV/Aids epidemic, which is the greatest single threat to development, particularly in southern Africa. The proportion of people infected with HIV among the active population amounts, in some countries, to 20–30 per cent. In addition to the human suffering caused by the epidemic, certain countries can now see a clear reduction in personnel in important occupational categories, for example in the public administration, health and education sectors.

However, the process of adjustment has already started to be consolidated since both the partners in cooperation in Africa and the donors have developed their positions in respect of poverty reduction strategies, participation by the poor in analyses and in drawing up strategies, and increased national ownership. Some partner countries have already entered the second PRS cycle. Poverty analyses and strategies for poverty reduction have improved, consultations with the poor have been strengthened, and discussions on harmonisation, including a process of transition to an increasing amount of programme support, have taken several steps forwards. All in all, this contributes to common approaches and greater efficiency in cooperation. Sida is giving support to countries that work with PRS processes and consultations, and to a dialogue on the formulation of PRS. Sida also works actively for more harmonisation and efficiency in development cooperation through so-called delegated partnership. For some years, Norway has administered all Swedish development cooperation with Malawi and, in 2004, Sweden and Norway produced a similar agreement on cooperation with Mali, but with Sweden as the active donor. Delegated partnership can also be found in individual sectors and projects.

However, the low rate of growth in Africa constitutes an obstacle to a rapid reduction of poverty. Sida would state that, despite extensive programmes of development cooperation to contribute to reforms that promote growth and direct contributions to improve the opportunities for private sector initiatives, trade, investments etc, only a few countries have achieved lasting improvements.

Corruption is a serious threat to development in many countries. Several cases of corruption were detected during the year, for example in Mozambique and Uganda. Sida has taken measures to stop further disbursements, and to demand the repayment of funds that have been used for activities that have not been agreed.

Countries that are, essentially, too wealthy for traditional development cooperation include South Africa, Namibia and Angola. Sida and its partners in cooperation in South Africa and Namibia worked in 2004 to develop forms of broader cooperation based on mutuality and commercial and institutional cooperation, while the traditional grant aid is being phased in an orderly manner.

Armed conflicts have considerably exacerbated the

poverty situation in a number of countries. This has made it natural for Sida to become engaged in reconstruction work. Contributions in post-conflict countries have proved to be strategic and it is clear that, in situations of this type, development cooperation can really play a direct role for achieving change and for preventing a relapse into violent conflict. At the same time, there are great risks in this connection and uncontrollable events can have an adverse effect on programmes of development cooperation.

DIALOGUE ON THE PARTNER COUNTRIES' NATIONALLY OWNED PROCESSES

Sida, like most donors, follows up the implementation of PRS mainly by relying on the reports and analyses made by the partner countries. In Mozambique, Tanzania and Ethiopia, donor groups that provide budget support play an important role in the follow up as representatives of the entire donor community and as important partners in the dialogue for the partner countries. For example, the original members of the donor group for harmonisation in Zambia formulated joint comments prior to the processing of the Joint Staff Assessment of Zambia's PRS report by the board of the World Bank.

In Tanzania, Sida is working for greater harmonisation and donor coordination. In 2004, as a member of the Joint Assistance Strategy (JAS) core group, Sida participated in the preparation of a strategy, an initiative in which Tanzania states how it wishes to work with donors. It is anticipated that it will be possible for the document to replace the country strategies of individual donors and even to lay down the division of work between donors. Extensive donor coordination and harmonisation is taking place within the framework of budget support where a mechanism called Poverty Reduction Budget Support (PRBS) has been agreed between Tanzania and—hitherto—eleven donors, including Sweden.

Good local knowledge is necessary if the dialogue is to be successful, not least in the field of harmonisation of nationally owned processes. It will therefore, to a large extent, be the embassies that will be the driving force behind the dialogue. In Africa almost all embassies gave priority to harmonisation in 2004.

Harmonisation initially requires considerable resources and a focused discussion. For this purpose, the donor community has, in some cases, appointed small groups that represent the entire group of donors to conduct a dialogue, and to support and follow up harmonisation. The embassies in Mozambique and Ethiopia have been appointed as members of groups of this type. In Kenya, the Swedish embassy is the chair of the harmonisation and alignment group. In Zambia, Sida is playing a leading role on the donor side in supporting the country to develop an aid policy.

Sida is working to promote the participation of poor people and their representatives in discussions of priorities,

decisions, and implementation and follow up of strategies, projects and programmes for reducing poverty. Support is being provided to government bodies and to parliaments and civil society. Local ownership and responsibility for development efforts are of fundamental importance for successful development cooperation. Dialogue in connection with the production by partner countries of poverty reduction strategies, in which popular participation in the poverty analysis and formulation of the strategy must be integrated, is an extremely important stage in these efforts.

Here are some examples of ways in which Sida has supported participatory processes:

In Zambia, a contribution is being implemented with Sida's support for the reform of parliament. The goal of the contribution is to increase the independence and effectiveness of parliament to follow, change and reform democratic governance in the country. A number of activities are included: education and training, seminars, study visits and purchases of equipment. A similar project is being financed by Sida in Zimbabwe where Sida is supporting African Parliamentarians Against Corruption (APNAC) with the aim of developing capacity to combat corruption in the country.

In Angola, Sida has contributed to consultations in civil society on the country's PRS by supporting NGOs to develop a website and an electronic forum.

As an interesting example of a regional development strategy that has popular acceptance and support, mention can be made of the East African Community's vision and strategy for the development of the Lake Victoria region. The vision was approved in an extensive process with a pronounced participatory method. Well-prepared consultations involved approximately 12 000 people at village level around Lake Victoria, as well as some experts and decision-makers in the capital cities. The work was performed by national working groups, which also drew up country reports. These were harmonised by a regional working group. According to the ministerial council of the East African Community (EAC), the vision shall be used by all actors as the governing framework for development. In addition to providing financial support, Sida followed the entire process and supported it through a dialogue in different fora. Sida also participated as the only representative of the donors in the regional working group after being appointed to do so by the EAC.

Sida gives support to a South African organisation, Institute for Democracy in Southern Africa (IDASA), for so-called citizen-leadership with the aim of training future leaders at different levels from civil society, first and foremost in Eastern Cape and Northern Cape.

In Kenya, Sida has contributed, through the so-called Rich and Poor project to the publication of a study that has attracted a great deal of attention: Pulling Apart—facts and figures on inequality in Kenya. The study has contributed to drawing attention to perspectives of the poor and their participation in development efforts.

In 2004, Sida prepared an agreement on support via nine network and umbrella organisations in Ethiopia in the fields of HIV/Aids and reproductive health; democracy and human rights, including women's and children's rights; and the environment. These organisations shall channel support for capacity development and financial resources to grassroots organisations. One of the main aims is to contribute to a debate on development policies and the course that should be taken in the traditionally hierarchical Ethiopia.

In Kenya, Sida is cooperating with UNIFEM on support for a gender equality network.

In several African countries, radical decentralisation programmes are taking place in order to shorten decision-making processes and to allow people living in the districts to assume more responsibility for their own development. Sida has often been involved in rural development programmes and, in several cases, the programmes have developed into overall support for decentralisation.

Sida is providing support for two decentralisation programmes in Tanzania: the Land Management Programme (LAMP) and the District Development Programme (DDP). During the year, training programmes in participatory methods for local government planning were held in DDP.

Sida is supporting an extensive decentralisation programme in Northern Cape in South Africa to develop capacity in the local authorities at both political and staff levels.

Sida is providing support for a long-term provincial development programme in Niassa in Mozambique. The overall goal of the programme is to participate in making poverty reduction and human development possible in the province. The programme is based on, and is being implemented on the basis of, the country's PRS (PARPA) at provincial level. It consists of four main areas: support for the public administration, the private sector, civil society and infrastructure.

An external evaluation has been made of the programme of support for decentralisation in Rwanda. The project is being implemented by the international office of the Swedish Association of Local Authorities (SALA-IDA) in cooperation with Rwanda's ministry for local governance and Rwanda's newly formed association of local authorities. The project consists of an advisory function for the ministry of local governance, support to build up Rwanda's association of local authorities, and support at local level. The evaluation shows that the initial phase of the project has been very positive hitherto and follows the government's priorities. It has succeeded in delivering concrete results, particularly at the local level, and is functioning well as a pilot project to be used in other parts of the country.

Analysis of outcome

In 2004 Tanzania was the largest partner country, followed by Mozambique. In the next two countries,

Table 2.

Africa, expenditure in SEK '000

The five largest countries	2004
Tanzania	424 377
Mozambique	358 514
Ethiopia	269 546
Kenya	188 086
Uganda	182 731
Other countries/regions	1 342 386
Total costs	2 765 640
Forms of support	
Project support	1 978 724
Sector programme support	458 622
Technical assistance incl. contract-financed technical cooperation	35 069
International training programmes	2 471
Credits	13 351
Guarantees	0
Economic reforms	25 023
Humanitarian assistance	52 112
Research	24 312
Grants to NGOs	175 956
Total costs	2 765 640
Channels	
Multilateral organisations	341 694
Swedish organisations	464 888
Organisations in partner countries	1 381 955
Organisations in other countries	484 792
International NGOs	92 311
Total costs	2 765 640
Goal of development cooperation	
Direct effect	548 492
Projects and programmes that include the poor	711 475
Indirect effects through policies and institutions	1 018 962
Indirect effects through national support	456 523
Other effects	30 188
Total costs	2 765 640

Ethiopia and Kenya, Sida is financing growing programmes in accordance with approved country strategies.

Cooperation in the form of project support predominates. Sector programme support accounts for less than 20 per cent of the support. Contributions via NGOs is the third major form of cooperation, accounting for slightly less than 10 per cent of the support.

Where channels for support are concerned, organisa-

tions in the partner counties predominate—in line with Sida’s ambition to contribute to local ownership of development cooperation.

Sida’s outcome in respect of contributions classified as

having an indirect effect on poverty reduction amounted to just under SEK 1.5 billion. The corresponding amount for direct effects or projects and programmes that include the poor is approximately SEK 1.3 billion.

Asia, Middle East and North Africa

The operational area includes international development cooperation with Asia, the Middle East and North Africa with the exception of those programmes financed under the operational areas research, humanitarian assistance and conflict management, financial support and NGOs.

Asia

Sida's activities in Asia are implemented in many countries with different conditions for development. The Government's strategy for Asia has permeated the goals laid down in the individual country strategies. Within the framework of the overall poverty goal, the focus therefore often lies on sub-goals such as democratic governance, sustainable effects on the environment, and social development. However, the goals are highly differentiated.

The point of departure of cooperation with Asia is increasingly the countries' Poverty Reduction Strategies (PRS). In several important countries, for example India and China, there are no such strategies in the internationally recognised form. There the work is based on other basic documents on the countries' efforts to reduce poverty. Here Sida presents the ways in which it implements contributions in important sectors in order to achieve the goals in the country strategies. In each sub-sector, prominence is given to some examples that are particularly important for the year's work. Work relating to sustainable environmental effects is reported on separately (special reporting assignments).

DEMOCRACY AND HUMAN RIGHTS

Human rights

Sida has financed major contributions, for example in Sri Lanka and the countries in Indochina. In Laos and Vietnam, Sweden has built up a system for a continuous dialogue on human rights issues. In Sri Lanka and India, support is being channelled via a number of local NGOs. In Cambodia, two Swedish NGOs, Diakonia and Forum Syd, are channelling human rights support to local organisations. Sida's regional human rights adviser has built up a network that has created synergy effects between Sida-supported organisations in different parts of southeast Asia. Special support

is given, for example, to a network, Burma Border Consortium, which works with the rights of Burmese refugees in Thailand.

Legal system

During the year Sida has prepared new contributions to strengthen the legal systems in Vietnam and Laos. The points of departure were the performance analyses that were made as part of the country strategy process for these countries.

Democratic governance

A renewed programme of support was prepared during the year for the Partnership for Governance Reform in Indonesia. This will consolidate democracy in the country, and increase transparency and support other measures to prevent corruption.

Support has also been given to a number of election processes in different countries, for example for the registration of voters and the implementation of the presidential election in Afghanistan, which, for the first time, has given the country a president with reasonable democratic legitimacy. Support has also been approved for the implementation of the first direct presidential election ever in Indonesia.

Furthermore, support is being given to a number of projects that promote the participation of poor people in decisions on measures that affect their lives. Examples are the support provided for local government via the Society for Participatory Research in Asia (PRIA) in India and, also in India, support via the Society for Promotion of Area Resource Centre (SPARC) and the Community Led Infrastructure Funding Facility (CLIFF) to strengthen the negotiating position of slum dwellers on housing matters. The Chia Se programme in Vietnam is another example of a programme that has been built up to promote the participation of the poor, and particularly women, in the decision-making process.

Public administration

During the year, Sida provided extensive support, via the World Bank, to the Afghanistan Reconstruction Trust Fund (ARTF), which channels funds to the public administration in Afghanistan. The main aim is to contribute to enabling the public administration to function reasonably normally in its various operational areas during the stabilisation stage, which the country was still undergoing in 2004 when the first real democratic elections for many years were held. The donors' overall experience of the Fund's work is good. A major evaluation is planned for 2005.

For a long period of time, Sida and the authorities in Bangladesh have been preparing a project in support of decentralisation and development of a local administration in Fardpur. The support constitutes a form of renewal after the successful, but more technically oriented, Rural Employment Support Programme (RESP) which was phased out at the beginning of the 2000s. An independent consulting study made in 2004 showed shortcomings in local ownership of the proposed project. Therefore the proposal will be reviewed.

Cooperation with Mongolia proceeded during the year in a number of projects to build up the public administration. Sida has thus been able to participate in some key sectors with a high tendency for change. Budget support has also been prepared for the first time to the country.

SOCIAL DEVELOPMENT

Education

During the year, Sida continued to provide support to the education sector in Afghanistan via Unicef, the Swedish Afghanistan Committee and via a Bangladeshi NGO, Bangladesh Rural Advancement Committee (BRAC). The support has contributed to the successful functioning of considerable parts of the country's basic education system during a sensitive period for the country's stabilisation and future. Special attention has been paid to promoting a larger proportion of girls in the classes.

Extensive Swedish support has been given to East Timor and Cambodia via Unicef, in the first place for primary education and for developing capacity at the ministry of education.

In Bangladesh, Sida, in close cooperation with other donors, is supporting curriculum development, training of teachers and production of new methods within the framework of the country's education policy. The contribution is directly linked to the country's poverty policy and implementation of the Millennium Development Goals.

Health care

The major ongoing programme of support in the health sector in Vietnam includes Swedish participation in the dialogue on the orientation of the health care services to

poor groups and to certain strategic, partly new, public health problems, for example smoking. A special contribution for support for the development of the health care system in neglected rural areas in cooperation with the Asian Development Bank (ADB) was prepared during the year.

Arsenic in drilled wells is a serious problem in large parts of Bangladesh. During the year, Sida financed an analysis and assessment of the health effects of the incidence of arsenic. The study has led to a number of measures to reduce the effects on health.

HIV/Aids

Support has been given to a major programme for the prevention of HIV/Aids in Burma. Furthermore, during the year, Sida prepared programmes of support to a number of regional HIV/Aids prevention programmes. A proposal for support to a special, major fund for integrating HIV/Aids preventive activities into the work of the ADB had been more or less completed by the end of the year and is now awaiting approval.

Other aspects

In India, Sida has supported a considerable number of Indian organisations in their work with social orientation, often in cooperation with a Swedish partner. Another example is the programme of cooperation between a Swedish organisation, the National Swedish Association for Sexual Information and the Indian Health Institute for Mother and Child (MAMTA), for example courses and training in sexual and personal relationships via more than 150 local organisations in India. A further example is the initiative for innovative development of local water supplies via Unicef's drinking water programme in rural areas and via the innovative work of an Indian NGO, Tarun Bahrat Singh, to take advantage of rainwater in arid areas.

SUSTAINABLE DEVELOPMENT

Private sector development

Sida is supporting reforms for the promotion of growth and other measures through private sector development. In 2004, the emphasis was on Sri Lanka and Bangladesh.

The programme of support for Sri Lanka included both direct support for the development of entrepreneurs, for example via local chambers of commerce, and support for reforms, for example in the financial sector. In Bangladesh, support was provided for the development of local trade and industry in the Greater Faridpur region via a donor consortium. The support is given in the first place to newly started small enterprises.

Infrastructure and urban development

During the year, Sida continued to develop its programme of support to the road sector in Sri Lanka. It is expected that, in line with the country strategy, future

[Picture removed]

In Afghanistan, Sida has provided a large amount of support to a fund for the reconstruction work administered by the World Bank. Sida has also provided support for the registration of voters, a census, and for the presidential election that was held in October.

support will be given to the road network in neglected parts of the country. During the year, Sida submitted a proposal for a regional strategy for regional contributions in southeast Asia and for a number of countries in the region. The proposal gives priority to regional contributions related to the urban environment and bilateral contributions on Indonesia. In the Philippines, the programme of support is related to urban planning with a primary focus on water conservation and air pollution control.

Agriculture and rural development

An agreement on a major programme for rural development in Vietnam with an focus on agriculture was concluded during the year, the so-called Chia Se programme. The programme utilises the many years' experience of Swedish-Vietnamese rural development cooperation, for example in the forestry sector, in the country's

highlands. Preparations for a similar programme in Laos continued during the year.

SIDA'S ASSESSMENT

The work to achieve the Millennium Development Goals continues. Large Asian countries such as China, India and Vietnam are in the forefront where achieving the main goal of halving the proportion of poor people by 2015 is concerned. The picture is not so bright where some of the social goals are concerned, particularly in South Asia. The almost extreme lack of equality between women and men in South Asia and in large parts of the Middle East plays an important and negative role in this connection.

The new overall goal in respect of poverty creates partly new conditions for Swedish development cooperation in Asia. The situation differs considerably between

different groups of countries. In countries such as Afghanistan, Cambodia and Laos, most of the people are still poor. Measures for broad institutional and social development are still of importance as are measures in infrastructure and other fields that promote dynamic trade and industry. The role of Sweden and Sida in the dialogue with these countries in relation to both the poverty goals and the rights perspective has been strengthened and, in Sida's opinion, strongly relates to ongoing contributions. At the same time, there are still weaknesses in the public administration and in access to qualified personnel in these countries. These are serious obstacles to development which delay the contributions and have a negative effect on them.

Conflicts cast a shadow over activities in a number of countries. This is particularly the case in West Bank/Gaza and Iraq, where conflicts continue to stand in the way of long-term development cooperation. Sida's support will therefore, at least in the medium-term, work in the grey zone between humanitarian assistance and attempts to take long-term action.

The lack of democracy is considerable in some countries and puts into focus the multi-dimensional rights dimension of the poverty concept. This is particularly the case in the Middle East, but also applies to the special contributions for education and other forms of development with a human rights perspective that are being implemented in, for example, China and Vietnam. In Sida's assessment, meaningful development of knowledge and institutional development are taking place in these countries at the local level, which influences the situation of people in these respects, at the same time as the possibility of achieving overall effects at the national level must be questioned.

The possibilities available to Sweden, through Sida, to participate in and exert an influence on poverty strategies in the large countries are naturally limited. For example, China and India have their own ways of working with the extensive pockets of poverty in the countries. These two countries do not participate in the international work within the framework of the PRS concept. However, with a reasonable and limited level of ambition, Sweden can contribute to innovative activities of importance for the poor in limited but important fields. Examples of this in respect of India can be seen above.

It is difficult to find forms for effective cooperation with countries such as North Korea and Burma, which have closed and authoritarian regimes. On the one hand, the humanitarian and long-term needs in these countries are considerable. On the other hand, there is considerable hesitation on the part of Sweden to start direct cooperation at a high, public level.

Environmental issues remain particularly serious in the countries in East and South Asia, which are so very successful in other respects. In line with the Government's strategy for Asia, Sida has gradually extended its envi-

ronmental work in a number of Asian countries. In accordance with the Government's annual directives, this is shown in a special section of the annual report.

DIALOGUE ON THE PARTNER COUNTRIES' NATIONALLY OWNED PROCESSES

Approximately half of the world's population live in Asia. Sida's assignments in the region are extremely multi-faceted, both geographically and in terms of content. Sida's work, not least the dialogue on poverty issues, must therefore take place with a great deal of selectivity. This choice includes giving priority to the focus that is of strategic importance for the multi-dimensional poverty concept in a certain country. Since cooperation covers such a large geographical area, it is only possible for Sida to conduct a broad and systematic dialogue on poverty strategies in the countries where Sida has considerable field representation, in the first place the so-called embassies with full delegation in Dhaka, Colombo, Hanoi and Vientiane.

In countries such as Vietnam and Laos, where new cooperation agreements entered into force during the year, development cooperation follow two tracks. On the one hand, it is a case of conducting an active, supportive dialogue with the country and with other donors on poverty strategies that the countries have developed. The dialogue on economic and social issues has mainly focused on obtaining broad respect in donor circles, continuity (between different planning documents), and an impact in the countries for the nationally owned poverty strategies. On the other hand, it is a question of giving prominence to rights issues that are the part of the poverty concept that has the weakest position in the countries. In this respect, Sweden and Sida have stipulated special requirements that shall be followed up jointly, halfway through the strategy period. Forms for a systematic dialogue on democracy and human rights have been created. In Vietnam, Sida has finalised the preparations of a major pilot programme in minority areas where villagers, particularly women, are participating in the decision-making processes.

During the year Sida drew up a proposal for a new regional strategy with national components for Burma, Philippines, Indonesia and East Timor. Sida has had a dialogue on the situation in Burma with representatives of the exile government, and with NGOs and international organisations that are active in Burma and in refugee areas close to the border with Burma. The dialogue has taken up what it is reasonable to do to reduce poverty and suffering in a conflict perspective and in the prevailing situation. The dialogue has led to concrete contributions and created a basis for a partial review of cooperation in Burma. In line with the EU's common standpoint, no dialogue has been conducted with the Burmese government.

In the Philippines and Indonesia, the dialogue—as well

as the content of programmes of development cooperation—focuses on two areas: the environment (particularly air, water and sanitation) and democratic governance. These fields have been assessed as being of particular importance on the basis of the multi-dimensional poverty concept, partly with the point of departure in the process of transition in the countries to long-term, non-corrupt and stable democratic systems, and partly in view of the uncertainty in the long-term sustainability of economic and social development, due to the very extensive environmental degradation. The work is mostly taking place via direct contacts with the countries, but increasingly via UN agencies and Swedish stakeholders that are involved in the projects. Other development issues have largely been excluded from the dialogue and Sida's work.

In Afghanistan Sida has given priority to support for stabilisation and institutionalisation in the country. Normalisation of society is crucial for reducing poverty. Basic institutions, such as schools and transport systems, must start to function normally. Together with other donors, Sida is trying, in its dialogue with the country, to achieve a balance between long-term construction and the need for rapid measures which have a high degree of risk, in order to achieve normalcy. Therefore, during the year, a considerable amount of support amounting to SEK 175 million was provided for the special reconstruction fund that is being channelled via the World Bank. There are no possibilities at the moment of providing budget support, which would be better in a long-term perspective, due to the institutional weaknesses. In the education sector, special attempts have been made to introduce decentralisation and thereby to increase participation. Among other things, Sida has commissioned an NGO from Bangladesh, the Bangladesh Rural Advancement Committee (BRAC), for a trial programme in Afghanistan.

During the year Sida prepared next year's country strategy process for China. In the existing strategy, cooperation with China is not based on a multi-dimensional poverty analysis. China's own priorities are focusing increasingly on the poorer parts of the country, primarily western China. China would also like to see donors giving priority to these regions. During the year, Sida has familiarised itself with the views on different Chinese stakeholders on poverty issues and thus prepared the strategic choices that will be made in the new country strategy process.

Work in Sri Lanka has continued to be pursued in a conflict and post-conflict perspective. The reduction in material poverty can be seen as being strongly linked to peaceful development and normalisation. Support for the Norwegian peace efforts in the dialogue and in contributions will remain a central component in the programmes of cooperation with Sri Lanka. The dialogue on poverty strategy continues but has been given lower priority than peace matters.

In Bangladesh, Sida has participated, primarily via field staff, in a number of working groups where the different parts of the poverty strategy have been discussed. The final strategy was in focus for the annual donor meeting in Dhaka in May. Special focus was placed on anti-corruption issues and matters relating to the legal system.

During the year, the election in India and the ongoing reformulation of Sida's assignment in the country considerably limited the possibility of having a dialogue. In India, as in China, Sweden and Sida must select niches where Sida can exert an influence. Documentation for a government decision on the selection of niches was produced during the year.

The largely positive social development in Mongolia has had the effect that, during the year, Sida decided to propose budget support for the country. Sida has been active in various niches of importance from the poverty perspective. One example is support to an NGO that has played an active role to establish the legislation on violence against women that was adopted during the year. Violence against women is a very large social problem in the country.

Finally, during the year, as part of the work on the new regional strategy, Sida intensified its contacts with organisations that have regional activities, particularly ADB. An important issue raised in the contacts was a greater focus on recipients and the field in the Bank's work, which is associated with the Bank's role as a leading donor in most Asian countries. A special fund for coordination of activities in respect of HIV/Aids in the Bank's work has been established with Swedish funds. HIV/Aids is also, to a growing extent, a critical issue for poverty reduction in a number of Asian countries.

Middle East and North Africa

Sida's programmes of cooperation with the region have been guided by a study on North Africa and the Middle East made in 1999, a simplified country strategy for Iraq approved in May 2004, and country strategy for cooperation with the occupied Palestinian areas of the West Bank and Gaza. With the study on North Africa and the Middle East as its point of departure, Sida has produced operational guidelines for development cooperation with the region that apply from 2002 to the end of 2005.

The goal of Swedish development cooperation with the Middle East and North Africa (MENA) is to promote democracy and respect for human rights, particularly greater equality between women and men, and peace and security. Moreover, programmes of development cooperation are to be formulated in such a way that

exchanges and contacts with the region are promoted. A regional programme based on these goals has been produced in the fields of democracy, human rights, culture and the media.

Most of the development cooperation programmes have focused on the West Bank and Gaza and Iraq. They have given priority to support for human rights and democratic governance. In the country strategy for Iraq, prominence is also given to economic growth that benefits poor groups, while the strategy for the West Bank and Gaza emphasises the emergence of a politically independent and economically sustainable Palestinian state as an important goal.

Some examples are presented below of the results that Sida achieved in the most important fields in 2004.

DEMOCRACY, HUMAN RIGHTS AND CONFLICT RESOLUTION

In the case of the West Bank and Gaza, Sida and four other donors have discussed the establishment of a joint donor secretariat in the field of human rights in order to better coordinate support. The discussions have also resulted in a survey of the organisations that work with human rights on the West Bank and in Gaza.

During the year, where the West Bank and Gaza are concerned, children's rights were given priority and Sida worked to persuade other donors to support the special secretariat that has been established for children's issues.

With support provided by Sida, a Swedish organisation Kvinna till Kvinna (Woman to Woman) has worked on the West Bank and in Gaza since 2002 with strengthening women's organisations and increasing the participation of women in the peace process. In 2004 their activities were extended with a regional initiative based on experience gained of cooperation with the West Bank and Gaza.

After the death of President Arafat in November 2004, a presidential election was announced for the beginning of 2005. Sweden provided support for the central election commission for the preparations and implementation of the election.

The provision of support to the PLO's negotiation work, Negotiations Support Unit (NSU), has continued. It is a question of supplying the Palestinian negotiators with information that is in line with international standards. During the year this led, for example, to successful bilateral negotiations in the field of energy. NSU also played a decisive role in producing Palestinian positions when the question of the separation barrier was processed by the International Court in The Hague.

Three-party cooperation between South Africa, Palestine and Sweden was developed during the year and resulted in seminars, mainly in Gaza, but also in Ramallah and Jerusalem. The activities have been based on South African experience during the struggle against apartheid. Among other things, the discussions

have taken up ways to produce a common strategy and the process of transition to a democratic society. The talks have mainly taken up the internal problems on the Palestinian side.

In Iraq, approximately half of Sida's support is allocated to human rights and democratic governance. The support has been given to a reconstruction fund through the UN.

CULTURE AND MEDIA

Most of the support given to the West Bank and Gaza in this sector has been channelled through Swedish NGOs and Swedish institutes and has focused on children and young people. The evaluations made during the year of the music, theatre, cultural heritage and the child literature programmes show, for example, that access to music and theatre constitutes an important breathing space for children who live under difficult conditions on the West Bank and in Gaza.

In the field of children's literature, a manual for teacher training has been produced, the first of its type in the MENA area.

In the media sector, the Institute for the Further Training of Journalists in Kalmar has trained journalists on the West Bank and in Gaza in the role of journalists of supplying news and analysing the conflict.

During the year, it was possible to extend several of the activities in the culture and media field that started on the West Bank and in Gaza to regional programmes that include more countries in the MENA region.

ECONOMIC GROWTH

The support provided in 2004 to the World Bank's part of the reconstruction fund for Iraq was earmarked for the energy sector. The funds have mostly been used for infrastructure projects but it is not yet possible to present any results.

The support provided for the West Bank and Gaza for employment creation programmes focused during the year on creating job opportunities in northern Gaza through improvements to the infrastructure, and on the West Bank by renovating historically valuable buildings. It is estimated that a total of some 110 000 workdays were created during the year via these programmes.

In northern Gaza, cooperation in the wastewater and sanitation field focused on finalising the design of a new treatment plant and improving the treatment of surface water and wastewater for some 12 000 persons.

SIDA'S ASSESSMENT

In economic terms the MENA region can be designated as a middle-income region with a relatively small proportion of poor people in comparison with other developing regions. However, on the basis of an extended

poverty perspective, the region shows considerable shortcomings in respect of access to knowledge, to democratic rights and privileges, and to the participation of women in economic and political life. Swedish support has a clear focus on these issues and also a regional character since projects and programmes cover several countries. A great deal of time has been spent on surveying and identifying organisations and institutions to cooperate with.

During the year, the ongoing conflict affecting the West Bank and Gaza led to problems of logistics and security which, in turn, had the effect that it was not possible to implement most activities at the pace that Sida had planned. For most of the infrastructure and employment-generating projects, the expected results have mainly been achieved, but with considerable delays.

Support for human rights and democracy on the West Bank and in Gaza has been strongly affected by the consequences of the second intifada. The freedom of movement of the Swedish organisation's field representatives and their partners in cooperation has been restricted. It has been difficult to implement some of the projects' activities.

DIALOGUE ON THE PARTNER COUNTRIES' NATIONALLY OWNED PROCESSES

The point of departure of Sida's work with poverty issues, both in the regional programme and in cooperation with the West Bank and Gaza, has been that the promotion of peaceful development in the region with greater democracy and respect for human rights also counteracts poverty. The links between poverty and conflicts emerged clearly on the West Bank and in Gaza. There the escalation of the conflict between the Israelis and Palestinians has increased poverty in the Palestinian areas and, at the same time, made long-term development cooperation difficult.

None of the countries in the MENA region has drawn up a formal poverty strategy that the donors can follow. The interim government in Iraq, which took office in July, produced a national development strategy in the autumn that could form the basis of a dialogue with Iraq and other donors. During 2004, the dialogue on Iraq's role in matters relating to ownership and ways in which the participation of the poor can best be promoted was mostly conducted at the meetings of the steering group for the joint World Bank and UN reconstruction fund for Iraq, which are held twice a year.

The dialogue with the West Bank and Gaza on the increasing levels of poverty there has been conducted at different levels. The work with children and child rights issues in United Nations Relief and Work Agency for Palestine Refugees in the Near East (UNRWA) clearly defined the situation of the poor. This had a major impact during UNRWA's international conference on child rights that was held in Geneva. Sweden was also an active and

driving force for the national plan for children. Employment-generation contributions at local government level are an area that has made it possible for individuals to improve their situation. They have also given local authorities resources for improving poor environments. In the World Bank fund, Emergency Services Support Programme (ESSP), which is a form of support for the social sectors, a project took place that had the aim of improving the possibilities of the Palestinian authorities to provide broad social activities.

OTHER REPORTS REQUIRED

Sida shall submit a report on its support to the environmental field in Asia in respect of both costs and selection of form of support. The report shall include an analysis of results in the field.

The rapid increase in economic growth in the region has brought to the fore many issues relating to the exploitation of natural resources and to living conditions for the poor.

The fact that, from the environmental point of view, Asia is one of the most vulnerable regions was given prominence in a decisive manner in the strategy for Asia that was adopted by the Swedish parliament in 1999. In the strategy, the environment was given specific priority in development cooperation. Since then, Sida has given priority to environmental issues in different ways in both bilateral and regional work, and several country strategies, for example China, Indonesia the Philippines and Thailand, have had the environment as one of the main goals. The environment has also been given special priority in programmes of regional cooperation for several years.

To facilitate the increase in support for the environment in Asia, Sida reinforced its field presence, partly by appointing a special environmental adviser in Peking and partly by establishing the Swedish Environment Secretariat in Asia (SENSA) in Bangkok.

The establishment of SENSA took much more time than planned and a strategy for its work, which included the identification of four priority sectors, was first approved in September 2003. The two-year pilot phase has therefore been extended by one year to August 2005. The assignment focuses on defining actors, networks and issues relating to the environment and natural resources in which regional methods and approaches are necessary and give added value. Networking with organisations that are established in the region has been an important task in order to provide Sida with basic information for its decisions on support in the future.

During the period 2003–2004 SENSA participated in producing regional studies and analyses of regional cooperation in respect of the Mekong River. One study shows, for example, possible areas of future cooperation between ADB and the Mekong River Commission. SENSA works actively, together with regional and Chinese stakeholders, to initiate an increase in the exchange of information

between Yunnan province in China and countries downstream on the Mekong River.

In the area of illegal trade in forest products, Sida has succeeded in influencing the Association of Southeast Asian Nations (ASEAN) to take up the issue at the regional level. A meeting organised by ASEAN was held in the autumn of 2004 and, at the next ministerial meeting for the forest sector, it is expected that the matter will be discussed.

A regional study of hazardous chemicals in agriculture was made in 2004. The result shows considerable shortcomings in respect of legislation, information and use. A proposal for a regional action programme, based on the SENSE study, will be drawn up together with, among others, the Swedish National Chemicals Inspectorate.

In cooperation with the regional Sida adviser for disaster management, SENSE has also initiated a study that illustrates the relationships between natural resources and natural disasters in the Southeast Asian perspective. The study shows clearly the strong relationship between human rights and the right to utilise natural resources as one of the serious shortcomings that exist at national level in respect of observing the international conventions signed by the countries.

An inventory of regional organisations with an environmental and natural resource mandate was made in 2004.

Since 1997 Sida has supported projects that have had the aim of strengthening institutions in the education and research field in the forestry sector in South Asia. A contribution that is still receiving support is "Integrating Natural Resource Capacity in Southeast Asia".

In cooperation with the International Center for Research in Agroforestry (ICRAF), which is Sida's partner in the current project, Sida has made an evaluation of all contributions in agroforestry financed by Sida. Conclusions drawn in the evaluation are that the projects have varied from the perspective of results and effectiveness. The results are generally at an acceptable level but both results and effectiveness could have been better if the partner in cooperation and Sida had had better planning, control and follow-up.

A second phase of the Resources Policy Support Initiative (REPSI II) was finalised in 2004. The project was originally one of Sida's first regional initiatives with a focus on sustainable use of natural resources and the environment in the highlands of Southeast Asia. Through REPSI, NGOs, academic institutions and individuals in the region have been able to develop knowledge of research and methods development that have been important for the development of strategies and policies in the environment sector and to make them known for purposes of having a debate and exerting an influence.

In consideration of the importance of the Mekong River for both ecosystems and people in the region, during the period 2000–01 to 2003–04 Sida undertook a

considerable initiative for institution and capacity development for the management of aquatic resources in the region.

- I) Support for the Mekong River Commission (MRC), SEK 36 million, 2001–2003. Since 1998/99, MRC has continuously increased the momentum of its activities. At the same time, the organisation has succeeded in recreating trust in the donor community, which is reflected in the increase in the financial contributions it has received.

With the approval of a vision and strategy for MRC, the ground was also laid in 1998 for an environmental programme, a regional development plan, a water regulation programme, and a programme to counteract floods. The member states have agreed on a framework for future contributions in which the financing of key functions at MRC's secretariat will be taken over by the countries themselves in 2014. Rules for water use have been produced and approved. The framework of a process for transboundary planning through the regional development plan is making progress. For example, the countries have decided to introduce so-called River Basin Organisations which will integrate the plan's guidelines into the national planning systems.

The environmental programme has, among other things, revised a network for testing water quality; adopted a classification system for wetlands and initiated a project to produce an atlas on the region's wetlands; and published a report *State of the Basin* and the atlas *People and the Environment* with thematic maps for social and environment-related issues.

- II) Aqua Outreach Programme for capacity development at the local level in Laos, Cambodia, Thailand and Vietnam through the Asian Institute of Technology (AIT), SEK 24 million for the period 2001–2004.
- III) Masters scholarships for students from Laos, Cambodia, Thailand and Vietnam with a focus on natural resources management through AIT, SEK 32 million for the period 2004–2009.
- IV) Legal and policy frameworks and economic evaluations of wetlands in Laos, Cambodia, Thailand and Vietnam, 2001–2004, SEK 12.3 million.

Air pollution is a serious problem in Asia. With current rates of economic growth, the problem will grow worse unless action is taken. The countries need tools to work with their air environment, locally, nationally and regionally in order to produce data on which measures can be based. The transport and energy sector are major sources of pollution.

Sida is supporting a programme, Regional Air Pollution in Developing Countries, which ended its second phase in 2004. Among the results, it can be mentioned that measurement stations for air pollution have been installed in seven of the eight South Asian countries that are in the programme. Manuals have been produced, personnel have been trained and the first results of the measurements have arrived. It is intended that the countries should use the same measurement methods in order to compare results. This is essential for cooperation on air pollution, which disregards national borders. Furthermore, data has been produced in respect of the effects of air pollution on health, crops and corrosion.

Sida is supporting a project, Sustainable Urban Transport in Asia, which is to produce indicators for sustainable urban transport. The work is taking place in Pune in India, Hanoi in Vietnam and Xian in China. Via the above-mentioned projects, Sida is supporting the annual conferences on Better Air Quality where the main responsibility rests with the Clean Air Initiative in Asian Cities (CAI-Asia) at the ADB.

Sida is supporting, through a network of authorities, the efforts being made by the countries in Southeast Asia to phase out the use of ozone depleting substances. There is a programme of cooperation between customs authorities in South and Southeast Asia to prevent the smuggling of prohibited refrigerants.

A more exhaustive performance analysis of regional support in the environmental field is provided in the appendix to Sida's proposals for a regional strategy for Southeast Asia.

Also in programmes of bilateral cooperation, extensive contributions have been made in the environment sector. Some examples can be mentioned.

In Laos Sida has supported a programme, Strengthening Environmental Management, since 2001. The aim of the programme is to strengthen the capacity of the Science Technology and Environment Agency (STEA) and its cooperation with line ministries. In 2004, the inter-ministerial coordination committee's activities were improved through the production of a manual and the establishment of working groups for the uniform administration of environmental assessments. Study visits have also been made to Swedish agencies and international environmental organisations. The training of STEA staff has been implemented at central and provincial levels in environmental assessments in technical fields and in leadership, project management, and financial accounting. Furthermore, STEA's organisation for donor coordination has been strengthened. A programme to train and spread awareness of environmental issues among journalists and citizens was also produced and implemented in 2003 and 2004. A national strategy and action plan in this field has also been produced.

In 2004, a proposal for amendments to Vietnamese environmental legislation was produced through the programme of cooperation between the Swedish National

Table 3.

Asia, Middle East and North Africa

expenditure in SEK '000

The five largest countries		2004	
Afghanistan		343 210	
Vietnam		161 197	
West Bank and Gaza		160 369	
Cambodia		159 335	
Bangladesh		149 857	
Other countries/regions		775 452	
Total costs		1 749 420	
Forms of support			whereof Middle East and North Africa
Project support	1 109 733		235 888
Sector programme support	179 469		47 073
Technical assistance incl. contract-financed technical cooperation	95 020		20 082
International training programmes	1 640		0
Credits	41 594		25
Guarantees	0		0
Economic reforms	175 000		0
Humanitarian assistance	77 606		-160*
Research	8 296		0
Grants to NGOs	61 063		5 855
Total costs	1 749 420		308 764
Channels			whereof Middle East and North Africa
Multilateral organisations	757 164		100 006
Swedish organisations	517 272		89 497
Organisations in partner countries	366 407		111 591
Organisations in other countries	73 737		3 115
International NGOs	34 840		4 555
Total costs	1 749 420		308 764
Goal of development cooperation			whereof Middle East and North Africa
Direct effect	240 650		47 683
Projects and programmes that include the poor	236 791		20 124
Indirect effects through policies and institutions	710 634		151 932
Indirect effects through national support	273 612		60 495
Other effects	287 733		28 531
Total costs	1 749 420		308 764
* Negative due to a repayment			

Environmental Protection Agency and the Vietnamese environmental authority. A set of rules for the implementation of the new land legislation has been developed with the assistance of Swedsurvey.

In November 2004, a new five-year programme was started for the strengthening of institutional capacity at the recently integrated environmental and land administration (SEMLA).

Support to civil society is being provided through an environmental fund, Sida Environmental Fund (SEF), which, in 2004, financed 19 locally initiated pilot projects in the field of environmentally sustainable development in which schools, village committees, women's groups and other grassroots organisations built sanitation systems, worked with solid waste management, silviculture and sustainable agriculture, and conducted campaigns and training programmes in environmental matters directed towards the citizens. As a step in the further development of the fund, the board of SEF made a study visit to Sweden and visited environmental agencies, knowledge centres and NGOs working with environmental issues, research, and campaigns and information.

The interest shown by Chinese organisations in Swedish environmental technology and environmental work has been considerable. Among other things, Sida supported an environmental conference in Guangzhou, the Sino-Swedish Environmental Forum on Urban Environmental Management and Sustainable Development. Support to China Council, a Chinese organisation for environmental cooperation with China, is an example of long-term cooperation for mutual exchanges of knowledge at a high level on environmental matters. Support is being channelled via the Swedish National Environmental Protection Agency and Stockholm Environment Institute.

In India support is being given to Toxics Link, an

NGO working with the dissemination of information on substances that are hazardous to both the environment and health. A representative of the organisation visited Sweden to establish contacts with agencies and researchers in the field.

In 2004, the outcome was more than SEK 170 million for environment-related contributions in Asia (main sector agriculture) under the budget for Asia.

ANALYSIS OF OUTCOME

In 2004, the outcome for the operational area Asia amounted to SEK 1 749 million. Of this amount SEK 309 million was allocated to the Middle East and North Africa and SEK 1 441 million to countries in Asia. Afghanistan was the country that received most in the operational area and was also Sida's third largest partner country. Among other things, Sida contributed SEK 100 million to a development fund in Afghanistan.

In Vietnam and India the outcome was much lower than planned, in the former case due to delayed assessments and in the latter due to the work on the focus of the new guidelines for cooperation.

More than 60 per cent of the expenditure is associated with project support. Sida had an outcome of SEK 984 million for contributions classified as having an indirect effect on poverty reduction. For projects with a direct effect or projects and programmes that include the poor the corresponding amount is SEK 477 million.

Latin America

The operational area includes international development cooperation with Latin America with the exception of those programmes financed under the operational areas research, humanitarian assistance and conflict management, financial support and NGOs.

Two regional strategies guide development cooperation with Latin America, one for Central America and the Caribbean, and the other for South America. In both strategies, democracy and economic and social equality are particularly important areas for development cooperation, within the overall framework of poverty reduction.

Geographically, special priority has been given, on the one hand, to some of the poorest countries in the region in terms of gross national income GNI per capita (Honduras, Nicaragua and Bolivia) and, on the other hand, to some of the countries most prone to conflicts (Guatemala and Colombia). In accordance with the strategy, parts of the programme of development cooperation with El Salvador will come to an end. A limited amount of development cooperation is taking place with a few other countries in the region and in the form of contributions with a regional coverage.

DEMOCRACY, HUMAN RIGHTS AND CONFLICT RESOLUTION

In terms of volume, contributions linked to democracy, human rights and conflict resolution predominate and account for more than half the expenditure. The following examples illustrate some of the results that were achieved in this field in 2004. Criteria that have influenced the choice of the examples are whether or not an external evaluation or assessment of performance has been made, the volume of the contribution, special relevance to strategic goals, or that the example provides experience of special methodological interest.

Sida supports projects to counteract corruption in all major partner countries. Budget support was given to Honduras, Bolivia and Nicaragua in 2004 after the countries had demonstrated that they had taken concrete measures to strengthen transparency and financial controls of the state budget. Special contributions were made to strengthen the skills of both Sida's staff in the field and partners in cooperation in issues related to financial management. In Honduras, Sida evaluated the

first phase of a programme to establish a national system for procurements. The evaluation indicates an increase in the capacity of the procurement bodies as well as strengthened controls. The public financial management systems in Honduras, Nicaragua and Bolivia have been analysed with the aid of specialists in the light of the ongoing and planned programmes of sector support in the education and health sectors. Through greater knowledge of these systems, attention can be drawn to weaknesses in the system and these weaknesses can be rectified. This also implies a greater inclination on the part of the donors to join forces, in the form of a joint account or a joint basket, which reduces the risk of donors financing the same expenditure. The corruption issue is also given prominence in the dialogue with the recipient countries.

Swedish NGOs are working to strengthen the work being done on rights in civil society in Latin America. A special grants system was initiated in 2004 (with 100 per cent funding) to encourage Swedish NGOs to increase their active engagement in this field in Latin America. In its final report for the period 2001–2003, one of the largest recipients of the grants, Diakonia, makes the assessment that it has contributed to improving knowledge coordination and participation in civil society in Latin America. In Nicaragua, a contribution was made to strengthen knowledge and awareness of issues relating to child rights.

Support has been given to nine human rights ombudsmen in the region and, in 2004, they formed a joint network which Sida has decided to support.

After the unrest in Bolivia in 2003, cooperation with Bolivia has been adapted in order to give greater consideration to conflict issues. Sida is analysing, and has initiated, a number of contributions to reduce tensions in the country. In Colombia, peace ambitions are in focus for development cooperation. Sida, its partner in cooperation in Colombia, and Collaborative Development Action (CDA) held a "Do No Harm" workshop.

This training programme gave the partner in cooperation more knowledge of ways in which contributions can be designed from a conflict perspective, with the aim of minimising possible negative effects of the conflict. Support to *Iniciativa de Mujeres por la Paz (IMP)* in Colombia, which was evaluated in 2004, has had the aim of strengthening the women's movement for peace, increasing the participation of women in the peace process, and exerting an influence on the forms of the peace dialogue. The evaluation states that today IMP is recognised by the women's movement, the peace movements and external stakeholders as an organisation that represents women and women's work for peace. Thus, women have also been able to gain political power by creating a new political forum.

Where Cuba is concerned, there is a small development cooperation programme that has the aim of making reforms possible. A programme over several years to train Cuban functionaries in modern economics was evaluated in 2004. Indirectly, it is assumed that the programme contributed to openings, not merely in the field of economics. In their preliminary conclusions, the evaluators emphasise the participants' opinion that the programme has had a considerable effect on the ongoing reform processes and provides scope for new approaches.

Together with the Norwegian development cooperation agency, (NORAD) and the British Department for International Development (DFID), Sida has financed a study of political parties and political systems in Central America. The study, which was performed by the Inter-American Development Bank (IDB), the Institute for Democracy and Electoral Assistance (IDEA) and the Organisation for American States (OAS) is partly based on interviews with leading politicians in the region. It sheds light on the various challenges that the political parties in the region need to take on if they want to become more consolidated, democratic and representative.

SOCIAL AND ECONOMIC EQUALITY

The following examples from 2004 illustrate some of the results achieved in respect of the sub-goal of social and economic equality.

In Honduras, Nicaragua and Bolivia a large part of the programme is provision of support for the countries' implementation of their poverty strategies. It is provided in the form of budget support and project support and is given a great deal of attention in the overall dialogue. In the independent assessment that Sida commissioned of the implementation of these strategies in 2004, it is established that they have participated in putting poverty issues on the political agenda, but that the strategies do not always have an impact on real policies and there is a risk that they will diminish in importance when political changes occur. Therefore, implementation is, in practice, not always sustainable and consistent with the goals.

Together with IDB, Sweden, Norway and Great Britain have implemented a programme of cooperation to influence opinion and decision-makers to implement tax reforms that improve tax collection in the countries in an equitable way. The project produced technically well-supported studies that resulted in a national debate, better supported proposals and, in some countries, reforms. A second phase was started in 2004 when the expenditure side of the budget was also included in order to present reforms to improve state finances, controls and insight from different approaches.

In Guatemala, Sida has supported the development of a national land survey system since 1997. This is a contribution that is directly connected to the peace agreements which are in focus for development cooperation with Guatemala.

The work of creating national expertise and capacity in the field has made good progress, but the step from the project to institutionalisation has hitherto been made impossible by the absence of legislation on land survey. This is due, in turn, to unexpected opposition in the country's parliament. Therefore, in 2004 the Swedish contribution was put on ice and approval of new resources has been made conditional on specific progress in respect of the legal and institutional framework. The problems that have arisen are an example of the fact that cooperation with Guatemala is sometimes made difficult since the peace agreements are being implemented so slowly.

Support to social sectors: Thirteen years of support via Unicef in Bolivia has been evaluated. The evaluation uses a multi-dimensional poverty concept and establishes that the target group is experiencing improvements in all the dimensions studied. However, the contribution is weak apart from the support for bilingual education programmes.

Sida is supporting the education sector in Honduras in a development process called Education for All—Fast Track Initiative (EFA-FTI). The programme is contributing to improving the coordination and development of the education sector in Honduras by the Ministry of Education. It is still too early to express an opinion on concrete results, but the figures from the latest results report show that fewer children drop out of school today than four years ago. In 2000, 3.4 per cent of all children dropped out of school in Honduras between the first and sixth form. In 2003, the corresponding figure was 2.3 per cent.

A contribution over several years to support the formation of a network of micro finance organisations in Nicaragua was subjected to an international examination in 2004 by the Consultative Group to Assist the Poor (GCAP)—a network led by the World Bank—and was selected as an example of best practice. The examination established that, since its formation in 1998, the network has been successful in doubling the number of member organisations, establishing a self-financing and

[Picture removed]

In Latin America, contributions for democracy, human rights and conflict management predominate. It is a question of promoting opportunities for poor people to formulate and express their needs and interests. The ink on this Bolivian's finger shows that she has just voted. The election referred to exploitation of the country's gas deposits.

independent credit risk institute, investing in income-generating consulting and training activities, considerably improving accounting standards of the member organisations, and leading the formation of a Central American network of micro finance institutions in five countries. Sida no longer contributes to the financing of activities.

SIDA'S ASSESSMENT

It is Sida's assessment that development cooperation with Latin America is giving good results, partly for the prospects of the partner countries to deal with social and political conflicts within a democratic framework with respect for human rights, and partly to counteract

the region's exceptionally unequal distribution of incomes and wealth. These are also factors that determine the possibilities of the countries to achieve the Millennium Development Goals.

The poverty strategies, in the countries that have them, are an important asset that is utilised in development cooperation and in the development cooperation dialogue. Sida would make the assessment that the system is functioning. However, it must be stated that there are also shortcomings in the ways in which the strategies are formulated and implemented.

Social and political conflicts are among the most explicit reasons for the Swedish engagement in some of the Latin American countries. At the same time, the unstable and unpredictable political environment is a

factor that can make development cooperation difficult and, in some cases, it has delayed some contributions or made it impossible to implement them.

DIALOGUE ON THE PARTNER COUNTRIES' NATIONALLY OWNED PROCESSES

In Honduras, Nicaragua and Bolivia, the poverty strategies are an important platform for both the selection of contributions and for the overall dialogue with the countries. One explicit ambition has been to increase expertise in different parts of Sida in respect of these poverty strategies, to define the approach to them, and to take advantage of our possibilities for dialogue, learning and advocacy vis-à-vis the partner countries and other donors. Since 2003, a research institute, the Institute for Social Studies (ISS), has assisted Sida in this work. Each year it produces analytical reports of high quality that have attracted attention in both the partner countries (including civil society) and among other donors. On the basis of these reports, seminars were held in all three countries where one of the aims has also been to contribute to learning between the countries with a comparative analysis.

Contributing to a dialogue in the countries with broad participation is also part of this work.

Of Sida's contributions in the area in 2004, the following examples can be mentioned.

Together with DFID, Sida has contributed to the creation of a network on poverty reduction strategies for donors active in Latin America and, in this network, the Sida-financed studies have formed a reference point.

In Bolivia, Sweden has provided support for the dialogue on the production of a new revised poverty strategy. The support has focused on extending the base of consultations and dialogue on the strategy and thus including more representatives of the poor and otherwise marginalised groups in the population.

A grants system has been established for Swedish NGOs that work with issues given special priority in the regional strategies. Among other things, Sida has given priority to contributions that strengthen the possibilities available to civil society in Latin America to become engaged on the PRS processes. In Central America, for example, Diakonia and the Swedish NGO Centre for Development Cooperation (Forum Syd) work with local organisations and the possibilities available to these organisations to exert an influence at both local and national level.

In Honduras and Nicaragua, Sida supports institutional cooperation with the countries' central statistical offices. Reliable statistics are indispensable for making well-supported political decisions and enabling different stakeholders to follow up the poverty reduction strategies. An important instrument that is used in both these countries is extensive household surveys that measure poverty in a multi-dimensional manner.

Table 4.

Latin Amerika, expenditure in SEK '000

The five largest countries		2004
Nicaragua		195 907
Honduras		132 762
Guatemala		107 019
Bolivia		106 269
Colombia		68 497
Other countries/regions		232 748
Total costs		843 203
Forms of support		
Project support		524 369
Sector programme support		54 465
Technical assistance incl. contract-financed technical cooperation		96 964
International training programmes		0
Credits		0
Guarantees		7 843
Economic reforms		0
Humanitarian assistance		22 286
Research		-491*
Grants to NGOs		137 767
Total costs		843 203
Channels		
Multilateral organisations		213 990
Swedish organisations		264 947
Organisations in partner countries		279 119
Organisations in other countries		45 159
International NGOs		39 989
Total costs		843 203
Goal of development cooperation		
Direct effect		176 322
Projects and programmes that include the poor		156 594
Indirect effects through policies and institutions		456 489
Indirect effects through national support		19 296
Other effects		34 501
Total costs		843 203
* Negative due to a repayment		

ANALYSIS OF OUTCOME

The outcome for the operational area Latin America amounted to SEK 843 million. In 2004, the utilisation of funds in relation to the amount available was, as in previous years, high: almost 97 per cent. The five countries given highest priority received almost 75 per cent of the funds. Of the remaining 25 per cent, most went to

regional projects and programmes. With respect to the channels, it can be said that Swedish NGOs have a prominent position. Support in the field of human rights and democracy has a special position, almost half of the

expenditure, which also contributes to clarifying why such a high proportion of the expenditure relates to the overall goal of development cooperation via indirect effects through policies and institutions.

Eastern Europe and Central Asia

This operational area includes countries that the Organisation for Economic Cooperation and Development (OECD) has classified as developing countries (ODA countries) and countries that have not been classified as developing countries (OA countries). Seven countries in the latter group are geographically close to Sweden: Russia, Ukraine and Belarus, and the new EU member states—Estonia, Latvia, Lithuania and Poland. There is also a small amount of development cooperation with Romania and Bulgaria.

Sida's operations in Eastern Europe and Central Asia are guided by current country and regional strategies. In 2004, new strategies were produced for Albania, Kosovo, Croatia, Moldova, and Serbia and Montenegro, as well as Russia and Ukraine. The overall goal in respect of poverty reduction is interpreted and expressed in concrete terms in the country strategies.

Sweden's strategies for the Balkans are also guided by the EU's goals, i.e. stabilisation and association, and emphasise the importance of support for measures that promote closer relations with European cooperation structures and common values as important components in the struggle against poverty. Sweden's work is based on the countries' development plans and is adapted to the different needs of the countries.

In the strategy for Croatia, Sweden's ambition is to give priority to support the country's reforms, which will make EU membership possible and would permit the phasing out of Sida's support. In poorer parts of the region and in countries that have not yet recovered from the wars in the region, the countries' poverty strategies and the EU processes complement each other. Sweden gives priority to economic development, public administration reform, support in the legal field including trafficking, and support for democracy. Sida has started the process of phasing out support for reconstruction after the wars.

In Moldova, which is the poorest country in Europe, the country strategy has a strong focus on poverty and gives priority to democratic governance, economic growth and social development. In the Southern Caucasus, democracy, human rights and the social sector have been given priority. Geographically the focus lies on Georgia. In Central Asia the focus is on Tajikistan and Kyrgyzstan. Important areas for contributions in Central Asia are democracy, human rights, agriculture and land reform, and the health and social sectors.

Development cooperation with the Baltic States was phased out in 2004. Support for the so-called OA countries is now mainly allocated to Russia, Ukraine and Belarus. Development cooperation with Russia and Ukraine mainly focuses on promoting a continuation of the reform process, which can reduce poverty in its different dimensions. Sectors given high priority are democracy including human rights and gender equality, the social and health sectors, economic transition and the environment. Where Belarus is concerned, support for democracy and civil society is given highest priority. However, contributions can also be made in other fields where there is determination to undertake reform.

Development cooperation with OA countries in Central and Eastern Europe focuses on measures that promote closer relations with European cooperation structures and values, as an important component in the struggle against poverty. Cooperation should promote the countries' relations with Sweden. With their point of departure in the needs of the partner countries, the contributions are directed towards fields in which Sweden has recognised and requested expertise. The Swedish resource base should be utilised whenever appropriate.

DEMOCRACY, HUMAN RIGHTS, GENDER EQUALITY AND CONFLICT RESOLUTION

During the year the greatest challenge to cooperation with Russia was to include Northern Caucasus, thereby promoting both human rights and democratic development in this vulnerable part of Russia. This has been with the aid of training programmes for Chechnyan politicians, which are part of a wider training programme for Russian politicians, and by finding ways to support a programme of transition in Northern Caucasus from humanitarian assistance to regular forms of development cooperation. During the year a project was started that

supports the training of judges, thereby counteracting violations of human rights in Chechnya.

In 2004 Sida evaluated a programme of cooperation for gender equality in Ukraine that has run for several years. The evaluation shows that the attitudes of journalists to ways in which men and women are depicted in the media have changed as a result of Sida's support. The evaluation states that, as a result of Sida's projects in Ukraine, the training programmes for politicians and the local networks have functioned best when both men and women participated. The evaluation concludes that it is important to include men in gender equality work in order to ensure that this work has an impact.

In Ukraine Sida financed an important programme of support for democracy with the aid of exit polls at polling stations during the presidential election in November. The results of the exit polls were used as evidence at proceedings in the Supreme Court. This led to the decision to hold a third election in Ukraine.

In Russia the support for democracy is mostly public administration support, so-called good governance. Since 1997/98 Sida has provided support for projects in Eastern Europe and Central Asia that have the aim of promoting the participation of women in politics. These contributions were evaluated in 2004. All in all the projects have resulted in considerable success where making women aware of equality is concerned. The propensity for change was strongest in those projects in which men also participated.

In order to promote human rights in Moldova, Sida has decided to support the work of the Swedish Helsinki Committee for Human Rights with the legal system, non-discrimination, and free media. During the year Sida approved a programme of support for the training of journalists in a regional project between the Institute for the Further Training of Journalists in Sweden and local partners in Central Asia.

In Georgia Sida is co-financing the Governance Reform Programme, which is intended to reduce corruption and promote democratic governance. The fund for wages included in the project will be used for the wages of persons in key positions in the Georgian government. This will make it possible for the new Georgian government to recruit and retain experienced and professional persons in important positions in the extensive reform programme. The project comprises time-limited support for the new government's anti-corruption work.

Sida has seconded a chief public prosecutor to the EU's Rule of Law Mission, which is to enhance the rule of law and reduce corruption. The Swedish public prosecutor will sit in on his Georgian colleague and provide expertise for the reform of the legal sector.

Sida is co-financing a conflict prevention project in the Fergana valley in Central Asia. The project is being led by UNDP. Despite the tense official relations between Uzbekistan and Kyrgyzstan, the UNDP was successful in establishing contacts at a low level during the year.

Examples of democratic development at local government level are Sida's programmes of support to the decentralisation process in Albania and an integrated regional programme in Serbia and Montenegro. In these countries Sida is providing support for poor women and men—and their representatives at national and local level—to enable them to participate in the formulation of strategies, projects and programmes, and in implementation and follow up. The programme of support for the decentralisation process in rural areas in Albania has the aim of strengthening the insight of citizens into the performance of their local authorities. It also has the aim of improving the possibilities available to the citizens to participate in and exert an influence on the local authorities' budget processes and the formulation of local plans. Training programmes for the local administration have been held in fields such as democratic governance, development planning, administration, popular participation, capacity development etc. "Training of trainers" has also taken place. The entire project cycle—from identification of the problem to the implementation of projects—has been implemented in more than 30 villages in Serbia and Montenegro. In this work it has been important to improve the dialogue between the local authorities and the citizens.

The legal field has been given priority in the Balkans and implementation of the regional guidelines that were produced in 2003 started in 2004. The result is strategic selection of projects and larger programmes in the region. Corruption is the subject of regional and national projects throughout the Balkans. The Council of Europe is working with partner countries in the Balkans to produce anti-corruption strategies and plans. Collaboration between authorities is an effective form of cooperation in all parts of the public administration. This is exemplified in the legal field by the work of the Swedish National Police Board in Serbia and Montenegro.

Sida's extensive regional support for projects that provide information on, and aspire to counteract, trafficking of women and children has continued with good results. Lukas Moodysson's film, "Lilja 4-ever", has been shown throughout the region. The film has been followed by discussions with key groups, for example local politicians, young people, the media and the international community. An extensive information campaign has been initiated in cooperation with MTV and the first co-produced films on the risks and consequences of trafficking have been launched.

The Kvinna till Kvinna (Woman to Woman) Foundation, which has the goal of strengthening women who live in areas affected by conflicts, works throughout the Balkans. Its activities are mostly financed by Sida. The support provided is based on the needs of local women's organisations, and leads a stronger position for the women concerned in civil society. The main focus is on strengthening women's human rights, labour market and education issues, health issues and anti-trafficking work.

Sida has financed studies of poverty in the Balkans that indicate a growing degree of inequality between women and men in fields such as education and employment. In general women are poorer than men. Violence against women has also increased. There are several reasons for this. They originate in the former Communist society's authoritarian systems and the increasing amount of poverty after the war.

Information on equality is based on reliable statistics and Sida, together with Statistics Sweden, has initiated a programme of cooperation with the statistical offices in the region to produce better statistics on women and men.

SOCIAL AND ECONOMIC DEVELOPMENT

The field of social development constitutes a large section of the project portfolio in all post-Soviet partner countries. In Russia the introduction of new methods for social work has been taking place for several years. One of the main goals has been to strengthen families with the aim of reducing the number of children that end up in institutions. Unfortunately this is an ever-increasing problem throughout Eastern Europe and Central Asia. In 2004 a project in Moscow between the Russian Ministry of Health and Social Development and the School of Social Work and Public Administration at the University of Stockholm demonstrated that, in principle, all participants in the training programme are now actively working with the "network model", a method in which everyone close to the child is involved. During the year all social workers reported, for example from activities where network interventions were being implemented, that it has been possible to avoid taking children into care and instead make use of the children's networks.

In Ukraine, despite the political turbulence and a bad harvest, the Sida-financed project that trains privatised farmers has had the result that 120 farmers who are participating in the projects achieved better profitability than average, in both the region and the entire country. The overall goal of the project has been to support the private small enterprise sector in southern Ukraine and thereby create economic growth in the region.

Sida is supporting the land reform process in the entire region and, in 2004, approved a programme of support for Tajikistan and further support for Kyrgyzstan.

Since 1998 Sida has supported the programme run by Médecins sans Frontières (MSF) against tuberculosis in the Aral Sea region. This programme was evaluated in 2004. The evaluation showed that the method recommended by the World Health Organisation (WHO)—the directly observed treatment course (DOTS)—used by MSF functions well but is being impeded by a large amount of multi-resistant tuberculosis and poverty in the area. As many as 25 000 TB patients have been treated and the method has been accepted by the Ministry of Health in Uzbekistan.

In the Balkans Sida is financing an extensive programme that has the aim of making it possible for internally displaced persons to return to their places of origin. This programme is taking place in the countries that were affected by war. Today the time is ripe for people to return home across the borders of the new nations. Bosnia is the largest recipient of support since the damage caused by the war is still considerable and there is a large number of internally displaced persons. Sida is also providing support for the return of minority groups to Croatia and Kosovo. The programmes, which include repairs to war-damaged houses and start-up packages for initiating farming activities, are being reduced in size but nonetheless provide an important contribution to stability and make reconciliation processes possible in the region.

An evaluation has been made of the work done in Bosnia by the School of Social Work and Public Administration at the University of Stockholm, which shows good results. The activity is based on training social workers at Sarajevo University in cooperation with other universities in the region, and harmonising the educational programmes with European standards.

Sida is trying to strengthen harmonisation with other donors. For example, a programme of cooperation is taking place with DFID for the privatisation of banks in Serbia. In Bosnia there is a programme of cooperation between several donors within the framework of the Medium Term Development Strategy. The aim of the programme is to establish a central body that will improve coordination of support to the private sector. A study has been produced which has looked at the possibilities of developing small and medium-size enterprises throughout the Balkans. The study sheds light on the relevance of the sector and includes a discussion of the sector and suitable actors that can implement forthcoming projects.

In the Balkans agriculture is a key sector for employment and the economy. In Macedonia the first phase of a programme of cooperation between the Federation of Macedonian Farmers and the Federation of Swedish Farmers was finalised. This programme had the aim of strengthening the possibilities available to small and medium-size farmers to exert an influence on the agricultural policy and economic growth. The project has worked with aspects concerning poverty reduction in rural areas and the adaptation of Macedonian agriculture to future EU membership. After the evaluation of the programme in the spring of 2004, a second three-year phase was started in November 2004.

One prerequisite for an efficient agricultural sector in a market economy is an effective land survey. Sida is supporting the development of land survey operations in several countries. In Kosovo, a three-year project in cooperation with Norway and Switzerland has been finalised. This has resulted in the re-establishment and modernisation of the system throughout the province.

[Picture removed]

Sida has had Lukas Moodysson's film "Lilja 4-ever" translated into several Balkan languages and has shown the film on a number of occasions. The film has been followed by discussions of trafficking with various key groups, for example local politicians, young people and the media.

SIDA'S ASSESSMENT

Sida would make the assessment that the support provided leads to results in the aspirations of the countries to develop closer relations with EU's structures, and also supports the countries' national reform plans in those countries where they have been produced. For transition countries, economic and public administration reforms have high priority and Sida supports these countries by improving their prospects of implementing them. Through its regional programmes of support, Sida has also been able to participate in remedying regional problems, for example trafficking in women and children.

In countries that have an explicit EU agenda, Sida assesses how Swedish support supplements EU's programmes. The poverty strategies produced by some countries are important for Sida's priorities in programmes of cooperation. Sida would make the assessment that some poverty strategies, which are first

generation strategies in the region, have shortcomings and Sida provides both financial support and support through the dialogue in these processes.

Sida would make the assessment that, in some countries in the Balkans, the poverty line follows ethnic borders, and that extensive poverty can be found among women, young people and the regional Roma minority. Sida is working with support programmes for the weakest groups in the region and has the ambition to help these groups to make their voice heard.

DIALOGUE ON THE PARTNER COUNTRIES' NATIONALLY OWNED PROCESSES

Sida has participated in a dialogue with the countries in southeast Europe on their work with their poverty reduction strategies (PRSPs). Most of Sida's partner countries in the region have national poverty strategies but are at

different stages in the production of these documents. The national poverty strategies are a central point of departure for Sida's support for poverty reduction in countries that have developed these strategies (for example Albania, Bosnia, Moldova and countries in Central Asia). Sida has contributed financial support for the production of the PRSP in Bosnia & Herzegovina. The dialogue with, for example, the World Bank has had the result that the poverty strategy has been adopted as a national plan, Mid-Term Development Plan, by the country's parliament.

During the year Sida made a quality review of the strategy for Ukraine. The results of this review formed the basis of the dialogue with the country. Sida also made a special review and analysis of Ukraine's material on poverty during the production of the new Swedish country strategies for Russia, Ukraine and Kosovo. Sida also talked a great deal with authorities in the countries, civil society and other donors in order to obtain points of view on Sida's present and future cooperation with the countries. In Albania the dialogue has taken place in the form of seminars, workshops and meetings, both in the capital and in rural areas.

In assessments of projects and the implementation and follow up of contributions, Sida has to give attention to the many dimensions of poverty by making studies and special analyses. In the autumn of 2004 Sida started three studies to produce guidelines for Swedish support to the social sector in countries in southeast Europe. One of the studies is on organisation of the social support systems, one is on existing knowledge of poverty in these countries, and the third will shed light on the poverty of women.

OTHER REPORTS REQUIRED

Sida shall provide a report on the ways in which its activities have contributed to promote closer relations for the partner countries with European cooperation structures and values as an important component in the struggle against poverty.

Support for democratic development in the region close to Sweden is usually provided in the form of a programme of cooperation between Swedish and European organisations and often leads to closer relations with European values. One example is the support given to Russian lawyers to enable them to take up violations of human rights in the European Court of Human Rights. In Ukraine Sida is working together with the Council of Europe on the necessary reform of the correctional treatment system. Prior to the election in Ukraine in 2004, relatively extensive contributions were made in cooperation with the Organisation for Security and Cooperation in Europe (OSCE) to strengthen common values in respect of democratic elections. Training of local election observers is in itself a form of training in democracy and common values. In Belarus the work of developing local self-government, which has been implemented together with the Council of Europe's

Congress for local and regional bodies, has taken Belarus closer to European goals and values.

In southeast Europe Sweden is supporting the countries' national reform programmes. The aim here is closer relations with EU's structures. An efficient public administration is necessary for countries that have the ambition to join the EU. There should also be greater insight into the activities of the authorities and poor people should be able to utilise their rights. In Serbia and Montenegro, for example, Sida is providing support for twelve ministries that are reforming their personnel systems and striving towards transparency and making appointments based on qualifications. In the fields of statistics, procurement and taxation, Sida provides support via Swedish agencies. These agencies transfer the experience gained by Sweden when Sweden adapted Swedish institutions and laws to EU directives. Civil society in the countries in southeast Europe has had the aim of promoting democracy and human rights for a number of years, and now this process is to be supported by the institutions in the countries concerned in order to meet the EU's requirements for membership. In such cases it is important to make good use of the experience gained by civil society, for example in Serbia and Montenegro where, with the aid of Swedish support, much has been done to strengthen the rights of minorities. During the year Sida supported the process of transition from a planned economy to a market economy. One example is the regional trade project in which the countries in southeast Europe have produced an activity plan for the necessary reforms and ways in which the reforms should be implemented to enable the countries to conclude regional free-trade agreements on services. Agreements of this type are essential for EU membership.

Sida shall report on the ways in which the contributions have been coordinated with TACIS and CARDS

During the year Sida worked on the production of proposals for country strategies for Ukraine and Russia. This process was coordinated with the EU's programmes of support for the countries of the former Soviet Union (TACIS). Sida's work was coordinated with TACIS in respect of the poverty analysis that was made as part of the strategy process for Ukraine. In January a project was started in Karelia, "Healthy Way of Living". Sida is financing 20 per cent of the project's costs and TACIS the remainder. In the autumn Sida and TACIS started to make a review of the health sector in Ukraine.

At the central level, coordination with the EU's programme for development in the Balkans, Community Assistance for Reconstruction, Development and Stabilisation (CARDS), is ensured by Sida's participation in committee meetings in Brussels, and also in board meetings of the European Agency for Reconstruction (EAR) in respect of those countries which were previously part of Yugoslavia. There is also an intensive dialogue between Sweden and the EU at the local level where support is

coordinated and discussed in order to take advantage of synergy effects. Sida participates in the preparation of strategies, projects and evaluations. When the EU draws up partnership agreements, which are gradually being established in the Balkans, Sida participates in the process and provides points of view and assessments of whether Swedish contributions can support the implementation of these agreements.

Sida shall report on the ways in which its activities have contributed to conserve, protect and improve the environment in and around the Baltic Sea and Northwest Russia.

Environmental cooperation complements environmental policy work in the region. Sida gives priority to contributions within the framework of the Helsinki Commission (HELCOM), Baltic 21 (Agenda 21 for the Baltic Sea), the EU's environmental programmes for Central and Eastern Europe, and environmental programmes in the Barents programme. Sida works closely with international finance institutions.

The entry into the EU by the Baltic States during the year has the effect that Sida's support continues to be phased out. During the year activities focused on implementing and finalising earlier commitments. In 2004 the water and wastewater projects in Siauliai in Lithuania and Saulkrasti in Latvia were finalised. They now fulfil the requirements stipulated by HELCOM and the EU in respect of wastewater treatment. Sida has participated with investments via Swedish companies.

In Russia and Ukraine much remains to be done in the environmental field and cooperation is proceeding slowly. Swedish support is given to financially and environmentally sustainable projects that contribute to reform activities in the sector concerned.

Within the framework of EU's environment programme in Russia (NDEP), contributions have mainly focused on the assessment and implementation of previously agreed or started activities. In St Petersburg, progress is being made on the implementation of the South West wastewater treatment plant and five Sida-financed contracts have been signed with Swedish companies for the supply of Swedish equipment. The Sida-financed programme of cooperation between the Swedish University of Agricultural Sciences and agencies and institutions in the agricultural environment sector continue according to plan with the aim of introducing measures to reduce discharges of nutritive salts into the Baltic Sea.

During the year Sida decided to have an evaluation made of the Swedish National Environment Protection Agency's programmes of cooperation with environmental agencies in Eastern Europe, and an evaluation made of district heating contributions in the Baltic States and Russia.

In 2004 Sida decided to implement a gender equality analysis of environmental and energy cooperation in Russia. The study was finalised during the year with

a seminar that presented the results to Swedish stakeholders.

Sida shall report on the ways in which its activities in respect of Russia, Estonia, Latvia and Lithuania have contributed to increase cooperation between regions on both sides of the new border that was created as a result of the enlargement of the EU.

During the year Sida decided to finance a project to provide support to women politicians and entrepreneurs in Kaliningrad, in which the Women's Employment Center in Kaunas, Lithuania, will play an important role. One of the goals of this contribution is to increase cooperation between women politicians and women entrepreneurs over regional borders.

During the year Sida decided to finance a programme of cooperation between the region of Pskov in Russia, Estonia and Latvia. The goal of the project is to increase and improve cooperation in the region over the EU's new border.

Sida shall report on the ways in which Swedish municipalities, county administrative boards, county councils and regions have been used in programmes of development cooperation in Eastern Europe.

Each year Sida allocates funds for in-depth twinning cooperation in Central and Eastern Europe, which is channelled via Swedish municipalities, county councils, regions or the equivalent, via the Swedish Association of Local Authorities and the Federation of Swedish County Councils. The goal is to extend and intensify cooperation and to support democratic development in Central and Eastern Europe at local and regional level. The activities include exchanges of knowledge, human resource development, institution development and economic cooperation. The Swedish county administrative boards' programmes of cooperation in the Baltic States continued in 2004 but no new funds have been allocated for this purpose since 2003. The county councils' programmes of cooperation in the health sector have mainly been channelled via the East European Committee of the Swedish Health Community.

Sida shall report on the ways in which its activities have promoted the implementation of agreements made within the framework of the following regional organisations: Barents Euro-Arctic Council, Council of Baltic Sea States, and Arctic Council.

Examples of the promotion of activities within the framework of regional agreements with the Barents Council are Sida's participation in the regular work in the Council's working group for health matters and associated social issues, and the assessment of a multilateral project on HIV/Aids.

Where Swedish NGOs are concerned, Sida shall report on the allocation of grants to frame organisations and sectors, and on the number of foreign partners in cooperation. Where applicable, the

number of Swedish organisations included in the activities of the frame organisations shall also be reported.

Reported in tables 5:1 and 5:23

Where support for the information activities of NGOs in Sweden is concerned, Sida shall report on information grants disbursed, broken down by organisation.

The NGOs that have received the largest grants for information activities from Sida are the Swedish UN Association, the Swedish Red Cross and the World Wildlife Fund. The total amount disbursed was SEK 5 million which was distributed to 17 organisations including the Swedish UN Association (SEK 850 000), the Swedish Red Cross (SEK 600 000) and the World Wildlife Fund (SEK 300 000).

ANALYSIS OF OUTCOME

In 2004 Sida contributed SEK 1 442 million to the operational area Eastern Europe and Central Asia, of which SEK 869 million was contributed to ODA countries and SEK 574 million to OA countries. Support to OA countries increased by SEK 18 million compared to 2003 when support to the policy area Cooperation with Central and Eastern Europe amounted to SEK 556 million.

Russia is Sweden's largest partner country in the operational area, followed by Ukraine in the group of OA countries. The largest partner countries with ODA support are in the Balkans where Bosnia & Herzegovina and Serbia and Montenegro have extensive programmes of support for reconstruction and reforms based on the strategies approved by the government.

Table 5:1. Support via NGOs, OA

Approved grants	Approved grants to NGOs disbursements, SEK '000			Number of foreign partners			Number of Swedish organisations included in the frame organisations activities		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Swedish NGO Centre for Development Cooperation (Forum Syd)	13 750	13 750	15 518	71	41	46	58	41	47
LO/TCO Council of International Trade Union Cooperation	11 000	10 500	10 000	50	43	48	40	35	39
Olof Palme International Center	18 000	17 500	17 000	3	4	3	52	41	34
PMU Interlife	1 050	1 050	1 050	11	8	8	12	8	8
Swedish Save the Children Federation	2 150	2 150	1 250	10	6	2	0	0	0
Church of Sweden	432	432	432	0	0	1	0	0	0
Swedish Organisation of Handicapped International Aid Foundation (SHIA)	2 700	2 700	2 519	33	18	33	14	17	11
Swedish Mission Council	2 700	2 154	1 015	7	12	7	8	10	4
Swedish Cooperative Centre	6 400	6 400	6 000	0	10	18	0	0	0
Swedish Society for the Conservation of Nature	4 000	4 000	4 000	48	40	61	0	0	0
Total	62 182	60 636	58 784						
Non-requisitioned funds	0	0	0						
Repayments of previous years' grants	-2 984	-5 656	-5 372						
Other contributions									
Information contributions	6 506	4 196	4 180						
Youth organisations	517	500	500						
Other support, audits etc	71	425	0						
Grant to the Swedish Red Cross	–	–	900						
Total	66 292	60 101	58 992						

Civil society in the ODA countries continued to receive a great deal of support. This has a direct effect on Sweden's overall goal for development cooperation and includes poor people in the programmes. This form of support amounted to some 40 per cent of the ODA funds. Policies, public administration reforms and economic reforms have high priority in the country strategies and some 40 per cent of the ODA funds support the development goal indirectly through policies and institutions.

Programmes of support to achieve the development goal in the region are increasingly steered by the recipient countries themselves which are working with their first generation of national strategies for poverty reduction.

According to table 6, 57 per cent of the funds for OA countries have been classified as "Other effects", i.e. there is a lack of linkages to the overall goal of development cooperation. The main explanation for this is that several of the projects included were started when the goals were formulated in different ways. They were not therefore classified in relation to the goal in 2004 ("to contribute to an environment supportive of poor people's own efforts to improve their quality of life"). A large proportion of the funds that have been coded as "Other effects" can be referred instead to "Indirect effects through policies and institutions", and thereby be related to the goal of development cooperation.

Table 5:2. **Sector breakdown, NGOs OA**, expenditure in SEK '000

Broken down by main sector	2004
Human rights and democratic governance	26 230
Social sectors	11 035
Infrastructure, private sector development and urban development	729
Natural resources	9 938
Other sectors	11 060
Total	58 992

Table 6.

Eastern Europe and Central Asia

expenditure in SEK '000

The five largest countries	2004	
Russia*	318 672	
Bosnia & Herzegovina	212 607	
Serbia and Montenegro	199 817	
Ukraine*	59 746	
Macedonia	58 038	
Other countries/regions	593 433	
Total costs	1 442 313	
Forms of support		whereof OA
Project support	769 073	267 827
Sector programme support	3 147	-112**
Technical assistance incl. contract-financed technical cooperation	347 296	218 005
International training programmes	3 001	1 622
Credits	27 797	8 252
Guarantees	0	0
Economic reforms	0	0
Humanitarian assistance	2 866	900
Research	5 000	0
Grants to NGOs	284 134	77 017
Total costs	1 442 313	573 511
Channels		whereof OA
Multilateral organisations	140 060	49 932
Swedish organisations	966 695	489 792
Organisations in partner countries	53 038	21 445
Organisations in other countries	211 969	1 172
International NGOs	70 551	11 170
Total costs	1 442 313	573 511
Goal of development cooperation		whereof OA
Direct effect	309 984	45 183
Projects and programmes that include the poor	121 962	41 396
Indirect effects through policies and institutions	484 472	146 175
Indirect effects through national support	100 208	15 321
Other effects	425 687	325 437
Total costs	1 442 313	573 511
* OA countries		
** Negative due to repayment		

Global development programmes

Sweden's Policy for Global Development gives prominence to globalisation as the great challenge of today and emphasises the agreed international agenda, mainly represented by the UN's Millennium Declaration and the Millennium Development Goals. Development cooperation has the specific goal of contributing to an environment supportive of poor people's own efforts to improve their quality of life. Cooperation is based on two perspectives and eight central component elements. The new policy gives prominence to aspects such as a greater degree of interaction and cooperation with other actors, learning and capacity development. Activities in these fields are needed at the global level in order that the overall goal of development cooperation can be achieved at national level.

Within the framework of the overall goal of development cooperation, Sida's support for global development programmes focuses on providing support at the global level for international normative policy and methods development, and for the learning and capacity development activities of partners in cooperation, as well as the dialogue with them. This makes it possible for Sida to participate actively in, and exert an influence on, international policy and methods development in the development cooperation field, and to prepare and develop the Swedish resource base.

Funds in the operational area Global Development Programmes have mainly been used for participating in the development of a new policy for development cooperation. During recent years the programmes have focused on, and have been closely linked to, the Millennium Development Goals.

Global development programmes were described in a special internal study made in 2004.

At present there is an extensive dialogue and close cooperation between Sida and the Ministry for Foreign Affairs on global development programmes and, in the autumn of 2004, this entered an in-depth phase in respect of experience, methods and results of operations as well as future management and planning.

In order to realise the intentions expressed in the policy for global development, and to clearly define the relevance of contributions in relation to the goal of

development cooperation, Sida has drawn up guidelines for its support to global development programmes.

The guidelines define six categories of support in the operational area: international policy and methods dialogue; priority activities through multilateral bodies; policy and methods development; development of the Swedish resource base; international training programmes; and other aspects. The examples of support reported on below are based on these criteria.

One point of departure for Sida's support for global development programmes is to seek synergy effects between global contributions and activities at regional and national level, in order to specifically contribute to an environment supportive of poor people's own efforts to improve their quality of life.

Sida participates in the international dialogue on harmonisation, public financial management, capacity development etc both by participating in international working groups and through its own programmes.

Growth, employment and poverty are in focus in the country-based studies within the framework of Sida's cooperation with the International Labour Organisation (ILO) and the United Nations Development programme (UNDP).

In order to develop new methods for the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Sida is supporting the UN's Division for the Advancement of Women (DAW). The aim is to promote capacity development of governments, authorities, NGOs and other parties that work with human rights and increasing awareness of the rights of poor people.

On the same grounds Sida is supporting an international dialogue on economics and equality through the International Association for Feminist Economics (IAFFE) which promotes participation from the South in this dialogue.

Sida has intensified its initiative in global trade matters in its work for economic development. The World Trade Organisation (WTO) receives support for its educational and advisory activities. Poor member states can also strengthen their participation in negotiations in the WTO via South Center with support from Sida.

[Picture removed]

Stop! China Keitetsi, who has been a child soldier in Uganda, is participating in a demonstration to end violence against women. Improving the conditions of women is an important issue for Sida. Support is given, for example, to the Division for Advancement of Women, which works to realise the intentions expressed in the UN's Women's Convention.

The contributions at global level for multilateral development programmes meet the undertakings made by the Government in the UN strategies that have been adopted. The contributions focus on the special goals and priority areas that are defined in the strategies and thus give added value over and above the general support that Sweden gives to UN agencies. In the strategies for both UNDP and UNICEF, the development of rights-based support is stated to be a priority area. For this purpose, Sida provides support for UNDP's Human Rights Strengthening Programme (HURIST) and to Unicef's research institute, Innocenti, for the development of methods to strengthen the application by these organisations of a rights perspective in their work.

In the area of global public goods, a dialogue was started in 2004 with the UN's statistical office on the possibility of using Swedish support, in cooperation with Gapminder/Karolinska Institute, to make global development data freely available for users all over the world. A

project has now been formulated and is regarded as a fundamental precondition for poverty analysis—locally, nationally and internationally.

During the year Sida gave an increasing amount of attention to the relationship between the climate issue and development. The impact that countries have on their own local environment contributes to increasing vulnerability to climate change and there is a great need to enhance knowledge of this problem in developing countries. A coordination function has been appointed to spread information and coordinate the climate problem from a development perspective. The work is based on Sida's position on climate and development which was adopted in 2003.

Tiempo is a newspaper and a website that has its focus on the least developed countries. Tiempo has the mission of drawing attention to the vulnerability of poor people to climate change. It contributes to creating awareness of ways in which the world can reduce its

Table 7.

Global development

expenditure in SEK '000

Forms of support	2004
Project support	655 798
Sector programme support	109 803
Technical assistance incl. contract-financed technical cooperation	190 161
International training programmes	203 538
Credits	35 036
Guarantees	197
Economic reforms	3 500
Humanitarian assistance	5 236
Research	26 789
Grants to NGOs	93 288
Total costs	1 323 347
Channels	
Multilateral organisations	476 198
Swedish organisations	505 739
Organisations in partner countries	91 792
Organisations in other countries	49 637
International NGOs	199 980
Total costs	1 323 347
Goal of development cooperation	
Direct effect	75 440
Projects and programmes that include the poor	197 819
Indirect effects through policies and institutions	710 631
Indirect effects through national support	137 993
Other effects	201 463
Total costs	1 323 347

emissions of greenhouse gases so that poor countries will not become even more vulnerable. Another important theme is to spread information on the possibilities available to developing countries to adapt to variations and changes in the climate in a long-term perspective.

In an attempt to further develop the Swedish resource base in the education sector, Sida is giving priority to cooperation with Swedish education agencies and the Ministry of Education. A joint paper on cooperation for this purpose was produced in 2004. The mutual interest is expected to result in the participation by the agencies

and ministry in, for example, assessments of projects and follow-up visits in partner countries. In the long term it is expected that their participation in the dialogue with partners in cooperation will increase, both in respect of broad systems issues in the education sector and more specific educational issues. At the same time it contributes to the internationalisation of the Swedish education system.

Sida's international training programmes have the aim of capacity development and human resource development in the partner countries and of internationalisation and mobilisation of Swedish enterprises and institutions. In 2004, 80 training programmes were implemented.

With the aim of strengthening the Swedish resource base in development cooperation and of internationalising Swedish universities and colleges, Sida offers education programmes as well as scholarships and exchange programmes. In 2004, for example, 18 courses were held for Swedish organisations in development issues and methods. In 2004 Sida also approved 540 scholarships to students for Minor Field Studies.

A total of 61 persons were recruited to Sida's resource base programme during the year. These were Junior Professional Officers in the UN system, the World Conservation Union (IUCN), AIT, the World Bank and the EU's field delegation; National Experts in EU's institutions and field delegations; and Bilateral Associate Experts and Yong Consultants in Sida's projects and programmes.

In 2004 Sida estimates that approximately SEK 740 million was channelled in the form of support to international organisations in this operational area. Support to networks with a global focus is estimated at SEK 70 million.

ANALYSIS OF OUTCOME

Total expenditure in the operational area amounted to SEK 1.3 billion.

The predominant form of support in the operational area is project support. International training programmes and technical assistance are the next largest.

Support in global programme is channelled above all through Swedish organisations and multilateral organisations.

Most of the activities contribute to the overall goal of development via indirect effects through policies and institutions.

Research

The operational area includes support for research cooperation with developing countries and between developing countries, to international research with a focus on developing countries and problems related to development, and to research in Sweden on developing countries and development issues.

Research cooperation enhances the capacity of partner countries for local analysis and access to international development of knowledge. In bilateral research cooperation there is a dialogue with the management of universities on the importance of participating in the development strategy processes. Sida has intensified its dialogue prior to the selection of research projects in consideration of the potential importance of the results for the struggle against poverty. The reinforcement of systems for research cannot provide direct opportunities for poor people to exert an influence on decisions in this sector. On the other hand, possibilities are created to produce knowledge that can be used by representatives of the poor in different forms of debates and negotiations, and in the planning and implementation of policies and projects.

In the discussions on support to regional organisations and networks, Sida emphasises the importance of focusing research on issues that are important for the poorest groups in society. The dialogue with the organisations mainly takes place in connection with assessments, when Sida has detailed discussions on the focus of activities, and during the follow-up of activities. One example is the support provided for a research council for the countries around Lake Victoria, which has a focus on sustainable development of the region in order to improve the living situation of the poor and to strengthen democracy. Sida also has discussions with international organisations, which mainly receive core support, i.e. general support for their activities. These organisations are increasingly involving researchers from the poorest countries in the programmes of cooperation and are directing the focus of the research so that it meets the needs of the poorest groups. Where international agricultural research is concerned, Sida is trying to facilitate the participation of researchers from developing countries in the programmes for the development of strategies of the Consultative Group for International Agricultural Research.

REPORTS REQUIRED

Sida shall report on the support it provides for research cooperation with and between developing countries, for international research with a focus on developing countries and problems related to development, and for research in Sweden on developing countries and development issues. Sida shall report on the amount of support it provides to individual partner countries and on ways in which this support has been integrated into programmes of cooperation with the countries.

In research cooperation with Nicaragua, the university in León has developed independent research environments in the health sector after 20 years of support. The focus of the research is on tropical infectious diseases, occupational medicine and public health systems. The work is now entering a new phase. The university has extended its cooperation with the Ministry of Health and with the municipality of León on advisory services and health planning, and with trade and industry on the development of medicines. In 2004 support was granted for further research and postgraduate studies and for the development of an MSc programme for further education of personnel in the health sector and for further recruitments of researchers. The university in León has also become a forerunner of the university reform programme in the country. Sida has contributed to this by strengthening administration studies at the university.

Sida was one of the first donors to help the University of Dar es Salaam (UDSM) to start a university reform process in 1993. The tenth anniversary of this reform was celebrated in 2004. The progress made is chiefly that the university is now in control of its own situation. Over the ten-year period the number of students has increased fourfold (from 3 000 to 12 264 students), the quality of the teaching has improved, and the cost per student has been reduced. Sida's research cooperation has contributed to a situation in which locally produced knowledge can be used in the teaching and the university now has, with Sida's support, access to an IT infrastructure. This has made it possible to increase contacts with the outside world, to improve education programmes,

[Picture removed]

More than 30 million people live in the region around Lake Victoria. Sida is providing support for a research council which focuses on sustainable development in the region.

and to improve the administration. It has also given the university the possibility of increasing cooperation with local trade and industry. UDSM now has a key role in spreading its reform programme to newly established universities in the country.

Through its focus on national universities, bilateral development cooperation is clearly integrated into the structures of the partner countries for the development of knowledge and human resources. In agreements concluded in 2004, Sida specifically underlined this in overall agreements with ministries of finance.

Regional and international research networks can collect research into problems of great relevance to developing countries. The Western Indian Ocean Marine Sciences Association (WIOMSA), which supports research to improve the use of the marine and coastal environ-

ment and thus to combat poverty and degradation of the environment, has been given renewed support to develop its role.

An evaluation of support to the programme for research capacity in the fields of biotechnology, biosecurity and biopolicy in East Africa (BIO-EARN) shows positive results. Some twenty highly educated researchers, adequately equipped and with functioning laboratories, is a small but important step on the way to a critical mass of importance for the capacity of the countries to assess the potential and risks of biotechnology. Courses in bio-security have also included those responsible for bio-policies at ministries, research councils and universities. However, the evaluators point out that the programmes must have the full support of the institutions.

Research cooperation through a regional network,

Asian Regional Research Programme in Energy, Environment and Climate (ARRPEEC), has, according to the evaluators, produced extensive research results that shed light on the impact on the environment resulting from the use of fossil fuels in the modern sector. Attention is drawn to the possibilities of reducing the greenhouse effect by promoting efficient energy and developing techniques for the production and use of bio-fuels. However, the evaluators consider that even better methods are needed in order to reach decision-makers and to exert an influence on energy policies.

Research within the framework of the Economy and Environment Program for South East Asia (EEPSEA) does not merely result in reports but also in policy assignments and in dialogues with decision-makers. One example is the ongoing discussion with the government in Cambodia on a project to strengthen the administration of eco-tourism and to promote it in a nature reserve.

One important result of the support for the social science networks in Africa is the journals in which the results of African research and academic debate are published. One good example is journal published by the Council for the Development of Social Science Research in Africa (CODESRIA), *Africa Development*, in which many articles of relevance for development and development cooperation are published. The networks also publish interesting books, for example *The Quest for Peace in Africa—Transformation, Democracy and Public Policy*, which was published by the Organization for Social Science in Eastern and Southern Africa (OSSREA) and International Books in the spring of 2004. In this book a number of African researchers analyse conflicts, their causes, courses, solutions and prevention with empirical material from a number of African countries.

Examples of results from support for health research are presented on page 83.

Sida's research council received 545 applications during the year, of which 116 were granted support. In Swedish Research Links, which gives grants to research cooperation with researchers in South Africa, Asia and the MENA region, funds were approved for 91 of a total of 152 applications.

ANALYSIS OF OUTCOME

From the budget year 2004 onwards, research is an operational area with a special budget item: research. The total outcome for the year amounted to SEK 773 million. The outcome was lower than planned. This is explained by the fact that several major contributions were delayed due to shortcomings in the routines for follow up and reports in the partner countries. The largest proportion of the support went to countries in

Table 8.

Research, expenditure in SEK '000

The five largest countries	2004
Tanzania	37 651
Nicaragua	27 500
Vietnam	25 166
Uganda	20 123
Bolivia	19 050
Other countries/regions	643 727
Total costs	773 216
Forms of support	
Project support	0
Sector programme support	0
Technical assistance incl. contract-financed technical cooperation	0
International training programmes	0
Credits	0
Guarantees	0
Economic reforms	0
Humanitarian assistance	0
Research	773 216
Grants to NGOs	0
Total costs	773 216
Channels	
Multilateral organisations	70 514
Swedish organisations	291 061
Organisations in partner countries	154 839
Organisations in other countries	94 328
International NGOs	162 474
Total costs	773 216
Goal of development cooperation	
Direct effect	8 541
Projects and programmes that include the poor	600
Indirect effects through policies and institutions	751 591
Indirect effects through national support	3 500
Other effects	8 985
Total costs	773 216

Africa, followed by Asia and Latin America. Tanzania is the largest partner country. More than one-third of the support is channelled via Swedish organisations. The support primarily has an indirect effect on the overall goal. The support contributes to strengthening the development of partner countries.

Humanitarian contributions and conflict management

In line with the Government bill: Shared responsibility: Sweden's Policy for Global Development, Sida's humanitarian activities shall contribute to saving lives, relieving suffering and maintaining human dignity in connection with armed conflicts, natural disasters and situations similar to disasters.

The humanitarian consequences of armed conflicts and natural disasters affect the poor most of all. Well-organised humanitarian contributions, as well as preventive work with natural disasters and conflicts, are therefore important for the poor.

In the assessment of applications for humanitarian assistance, Sida gives consideration to the organisation that has initiated the contribution and the ways in which the target group have participated in the formulation of projects and programmes. Special cooperation with the Swedish Red Cross and the International Red Cross and Red Crescent Federation (IFRC) contributes to the development of national and local capacity, to reducing risks and increasing preparedness for disasters.

Sida's programmes of support to organisations that work with peace and reconciliation contribute to increasing the participation of "common people", not least women, in peace and reconciliation processes.

REPORTS REQUIRED

Sida shall present a report on the utilisation of funds, and on the content and geographical focus of contributions in the operational area, broken down by humanitarian contributions and conflict management contributions.

The operational area includes humanitarian contributions that have the aim of saving lives, relieving suffering, and protecting victims, particularly in connection with armed conflicts and natural disasters. Preparedness for disasters and early reconstruction immediately after humanitarian crises are included, as are conflict management contributions that have the aim of influencing the dynamics of conflicts in order to promote peace and reconciliation.

On Boxing Day 2004, the tsunami that was created by earthquakes outside northern Sumatra struck coastal areas around the Indian Ocean. No other event in modern

time has devastated such an extensive area and affected so many people in different parts of the world in one single blow. On the following day, December 27, Sida made its first formal decisions to provide humanitarian support. Prior to the end of the year Sida approved an amount of SEK 68 million for those affected by the tsunami disaster through the Swedish Red Cross, IOGT/NTO, the Swedish Rescue Services Agency in support of the UN, PMU Interlife, Diakonia, Church of Sweden Aid, Swedish Medical Mission Foundation, Unicef, Swedish Mission Council, Save the Children and the International Organisation for Migration (IOM).

The total amount of funds used in the operational area can be seen in appendix 1. See also diagrams 1–3.

The largest amount of humanitarian support has been allocated to Sudan. The increasingly serious crisis in Darfur and the return to their homes of internally displaced persons in southern Sudan have required very extensive contributions. The largest contributions for those in distress in Sudan have been channelled via Unicef, the International Committee of the Red Cross (ICRC) and Médecins sans Frontières. In Angola peaceful developments have led to a situation in which previously inaccessible areas can now be reached at the same time as many people have been able to return home. The largest contributions in Angola have been channelled via Unicef, the Food and Agriculture Organization of the United Nations, (FAO) and Africa Groups of Sweden. Humanitarian needs in the Democratic Republic of the Congo, as well as in Somalia and in the occupied Palestinian areas, have necessitated further major contributions.

In 2004 Sida contributed to humanitarian activities by providing an early response to the annual appeals made by the UN's humanitarian organisations, the International Committee of the Red Cross, and the Interna-

[Picture removed]

The tsunami which hit Banda Aceh on Sumatra resulted in the deaths of uncountable human beings and left ruins and despair in its wake. No other event in modern time has devastated such large areas and affected so many people in different continents in one single blow.

tional Red Cross and Red Crescent Federation through the Swedish Red Cross. Sida has also contributed to projects via NGOs and other channels.

Sida's work with conflict management includes methodological and policy development, information and training, and peace and reconciliation activities in the field. Conflict management through the promotion of dialogue, security and structural stability is financed and reported on both under the operational area and through the regional operational areas.

Sida's work with methods support resulted during the year in new instruments for conflict analysis. Sida is also supporting methods and policy development at the organisations. The major recipients are International Alert

and Collaborative for Development Action. During the year an evaluation was made of the effects achieved by the Life and Peace Institute.

In respect of contributions for conflict management Sida shall report on:

- *the measures it has taken as a result of the UN:s Security-Council resolution 1325 (2000).*

Security Council resolution 1325 has the aim of safeguarding the needs of women and girls in armed conflicts and to create space for the active participation of women in matters concerning peace and security. Sida's aim is that conflict management contributions shall be permeated by a gender equality perspective and take

Diagram 1. Humanitarian contributions by region, expenditure in SEK '000

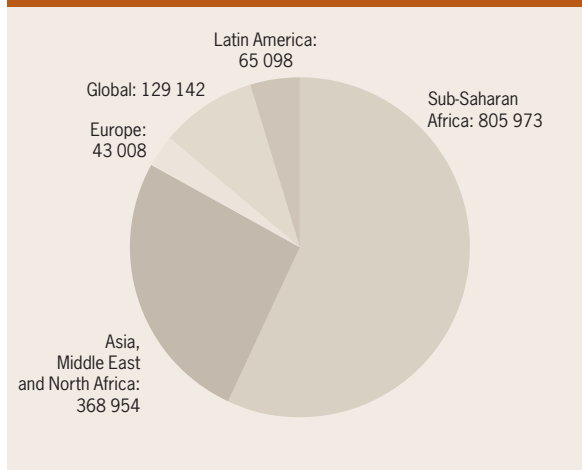
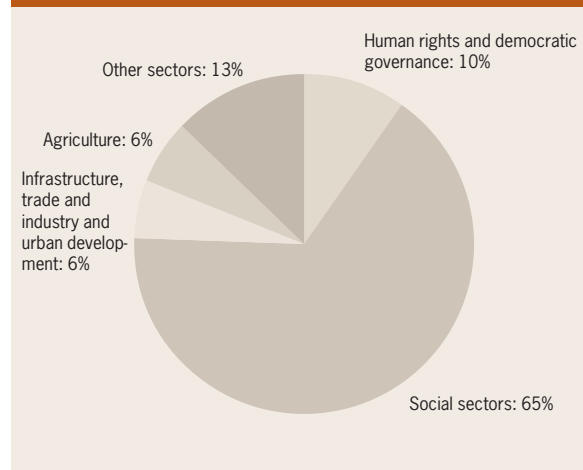


Diagram 2. Humanitarian contributions by main sector, per cent



into consideration that armed conflicts have different effects on women and men.

Under the operational area Humanitarian Support and Conflict Management, Sida is supporting the project *Peacewomen* through the Women's International League for Peace and Freedom. It has the aim of strengthening the participation of women in peace processes and negotiations at grassroots and national levels. Sida is also supporting, through International Alert, policy work and methods development to improve the gender perspective in fields such as disarmament, demobilisation and rehabilitation of former combatants. Through Arias Foundation Sida is supporting gender equality and sustainable development in the agricultural sector. The Life and Peace Institute is working with funding from Sida to increase the participation of women in the peace process in Democratic Republic of the Congo and the Republic of the Congo. Sida's grant to the International Committee of the Red Cross contains contributions with a focus on the situation of women in armed conflicts.

- the measures it has taken as a result of the UN's Security Council resolution 1460 (2003).

Resolution 1460 has the aim of strengthening the protection of children in connection with armed conflicts. Many children are forced to flee from their homes, and there is an increase in the number of child soldiers and households where children live without adults.

A large proportion of the conflict management contributions that Sida supports focus on improving the situation of children. Under the operational area, support is provided for the demobilisation of child soldiers in, for example, Sudan, Rwanda, Colombia and Afghanistan, via various UN agencies. To prevent the recruitment of child soldiers, the Department of Peace

and Conflict Research at Uppsala University is making a study of the subject on behalf of Sida. Activities to prevent the recruitment of child soldiers are being implemented in Uganda by Unicef. Sida is also supporting Search for Common Ground's radio programme, made by children for children, about two former combatants in Sierra Leone. Sida is also supporting contributions that can protect and recreate a certain degree of normalcy and stability for children affected by a humanitarian disaster, for example via ICRC.

- measures to promote security that have contributed to strengthening the protection of individuals and groups, such as support for the disarmament, demobilisation and rehabilitation of ex-combatants and support for peace observers and human rights observers.

In this context Sida considers that measures to promote security are activities that have the aim of improving the security of individuals or groups whose safety is threatened due to increased tensions or armed conflicts.

In the operational area Humanitarian Support and Conflict Management, Sida gives support via UN agencies to a number of operations for the disarmament, demobilisation and rehabilitation of former combatants in, for example, Liberia, Democratic Republic of the Congo and Somalia. In the rehabilitation phase it is particularly important to link together short-term and long-term contributions. Therefore the Department of Peace and Conflict Research at Uppsala University is making a study on behalf of Sida. Demobilisation of child soldiers is an important component in contributions to promote security supported by Sida.

Sida has the aim of supporting the follow-up of the Nairobi declaration on small arms in the Horn of Africa and the Great Lakes region through Saferworld. Support has also been given to the Arias Foundation for formu-

Diagram 3. **Conflict management contributions by region**, expenditure in SEK '000

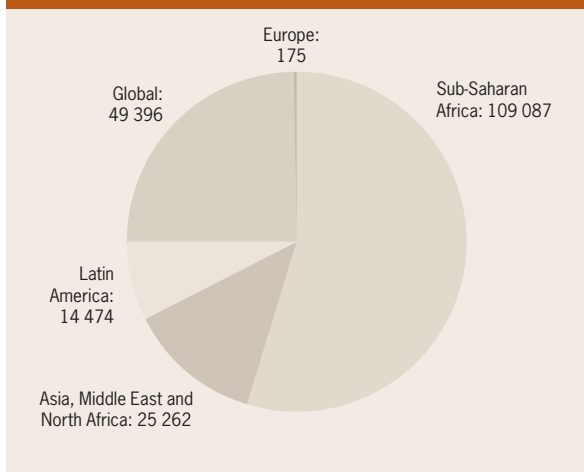


Table 9. **Report required: Humanitarian mine management**, expenditure in SEK '000

Total costs	
Iraq	9 965
Somalia	9 500
Angola	8 000
Sri Lanka	6 000
Global	5 413
Afghanistan	4 050
Sudan	3 800
Eritrea	3 412
Bosnia & Herzegovina	-7
Total	50 134

lating an international convention on small arms. In cooperation with the Christian Council of Sweden and the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean (UN-LIREC), Sida has had exchanges with the parliaments of 22 countries in Europe and Latin America on legislation in respect of small arms.

- contributions that support processes of reconciliation, for example dialogue and participation, mediation, truth commissions, trauma processing and media projects

Contributions for the promotion of dialogue are the contributions that promote or create the requisite conditions for dialogue and greater trust between parties in an armed conflict.

In the operational area Sida mainly provides support to civil society at grassroots level by promoting dialogue within and between groups in armed conflicts. Support

Table 10.

Humanitarian Contributions and Conflict Management, expenditure in SEK '000

The five largest countries		2004
Sudan		174 692
Congo, Democratic Republic		109 969
Angola		100 038
West Bank and Gaza		97 941
Somalia		86 367
Other countries/regions		1 041 563
Total costs		1 610 570
Forms of support		
Project support		12 401
Sector programme support		0
Technical assistance incl. contract-financed technical cooperation		0
International training programmes		0
Credits		0
Guarantees		0
Economic reforms		0
Humanitarian assistance		1 598 169
Research		0
Grants to NGOs		0
Total costs		1 610 570
Channels		
Multilateral organisations		659 352
Swedish organisations		412 664
Organisations in partner countries		26 237
Organisations in other countries		6 436
International NGOs		505 881
Total costs		1 610 570
Goal of development cooperation		
Direct effect		812 141
Projects and programmes that include the poor		484 982
Indirect effects through policies and institutions		107 261
Indirect effects through national support		140 381
Other effects		65 804
Total costs		1 610 570

has also been given to the World Conference of Religion and Peace, a regional initiative in West Africa which is attempting, among other things, to create a fruitful dialogue between parties involved in conflicts in the region through mediation.

Sida also supports media contributions that promote dialogue, for example through Search for Common Ground in West Africa. Support is also given to Conciliation Resources for the training of journalists in Sierra Leone, Liberia and Georgia.

Sida supports contributions that promote dialogue for conflict prevention purposes within the framework of trauma processing and reconciliation through, for example, Save the Children UK in the Democratic Republic of the Congo.

– *scope and focus of Sida's support for mine management.*

Humanitarian mine clearance has continued in the areas affected by the conflicts in Sri Lanka and Angola. In northern Iraq Sida's support to the Mines Advisory Group has included contributions to develop local capacity since 1997. Swedish support has also been given to international organisations, including Unicef, which work to provide information and raise awareness of mines and unexploded ammunition. The Geneva International Center for Humanitarian Demining (GIHCD) has also received support. It works with training and projects to develop capacity in authorities and mine management organisations in the partner countries.

Support for mine management is also financed through the regional operational areas.

ANALYSIS OF OUTCOME

The total amount of support in the operational area Humanitarian Contributions and Conflict Management was SEK 1 611 million and the use of funds in relation to the funds available was 100 per cent. The five partner countries given highest priority received more than 35 per cent of the funds. Support was mainly channelled via multilateral organisations and international NGOs.

Approximately SEK 1.4 billion of the support was allocated to projects and programmes which have a direct effect on poverty reduction or which include the poor. The corresponding amount for projects with an indirect effect on poverty reduction was slightly more than SEK 0.3 billion.

Economic support

The operational area “economic support” includes concessionary credits and economic reforms

Concessionary credits

The goal of Sida’s activities with concessionary credits is to support the provision of funding for social and economic infrastructure in developing countries on the basis of local conditions, and to promote cooperation between Sweden and developing countries in areas in which Swedish goods and services are competitive.

During recent years the demand for credit-financed projects has declined. Some of the reasons for this are:

- a general decline in the demand for investment projects in recent years
- a decline in demand from Swedish suppliers as a consequence of the credits no longer being tied to Sweden, and a gradual shift towards projects being initiated directly from the countries concerned
- many of the countries that usually take credits have been the subject of debt relief processes in recent years and have thus not required new credits
- the Swedish concessionary credits have, relatively speaking, less favourable terms (they are tied to a greater extent than those of other countries).

Investments in infrastructure are mentioned in Sida’s poverty strategy as essential for economic growth and for the development of the private sector. Improved communications (development of IT) and the objective of giving more poor people access to water are two of the Millennium Development Goals in which investments in infrastructure can lead to a higher degree of goal fulfilment. More specific descriptions are being made in strategies and in material drawn up for decision-making purposes of the relationships between different infrastructure sectors and poverty reduction and these relationships exist regardless of form of financing. The design of the tariff structure for infrastructure services is important: the poor must be able to afford the services offered.

The trend towards unttying credits and the increase

in the emphasis on the goals of development cooperation and their interpretation in country strategies and sector policies have had the effect that Sida has now become involved in projects at an earlier stage and has a more active role than before. During the year Sida submitted a communication to the government on a reduction in the degree of tying in respect of concessionary credits. This reflects an ambition for harmonisation with other donors (for example other Nordic donors) and institutions and the Swedish Export Credits Guarantee Board.

Many of the poorest developing countries, above all the least developed countries (LDCs) are the subject of debt write-off under the Heavily Indebted Poor Countries (HIPC) initiative. According to the government’s directives, credits shall not be given to countries that have an unsustainable debt burden. Countries that have achieved a sustainable debt situation (have reached completion point under the HIPC initiative) can be offered credits on highly favourable terms. The group of countries that have reached completion point is increasing, and now includes Uganda, Bolivia, Mozambique, Tanzania, Nicaragua, Ghana and Ethiopia. During the year enquiries about financing have been received from several of these countries, for example Nicaragua and Ghana.

Former HIPC countries (as well as other countries) have agreements with the International Monetary Fund (IMF) which stipulate that they may not take loans on market conditions. However, at the same time there are demands on them to achieve a certain degree of growth. Productive investments are needed for growth and available grant aid funds are not sufficient to finance necessary investments in this group of countries. Therefore it is important that there are favourable credit systems and financial structures for sustainable forms of financing in the countries. The development of local financing instruments continued during the year. Sida approved a credit in local currency to finance telephony in the war-torn northern and eastern parts of Sri Lanka.

A seminar has been held in Sri Lanka to enhance understanding of the ways in which it could be possible to use the country’s external and internal sources of

Table 11.

Economic support: Concessionary Credits,

expenditure in SEK '000

The five largest countries	2004
Senegal	64 063
China	60 000
Philippines	28 000
Sri Lanka	27 209
Mongolia	1 091
Other countries/regions	20 441
Total costs	200 803
Forms of support	
Project support	9 382
Sector programme support	0
Technical assistance incl. contract-financed technical cooperation	21
International training programmes	0
Credits	191 400
Guarantees	0
Economic reforms	0
Humanitarian assistance	0
Research	0
Grants to NGOs	0
Total costs	200 803
Channels	
Multilateral organisations	10 921
Swedish organisations	93 204
Organisations in partner countries	92 462
Organisations in other countries	4 217
International NGOs	0
Total costs	200 803
Goal of development cooperation	
Direct effect	239
Projects and programmes that include the poor	4 013
Indirect effects through policies and institutions	44 258
Indirect effects through national support	152 161
Other effects	133
Total costs	200 803

finance in an efficient way. The effects of loan agreements, concession agreements and the like can be of importance for the country's finances for up to 20 years. The seminar attracted fifty participants from the Ministry of Finance and line ministries.

During the year a credit was granted to Senegal for the financing of 60 buses for the municipal bus company in Dakar. The purchase of new buses is an important element in the reform of the city's bus transport system. Urban transport is of great importance for immigrants

from rural areas who often settle on the outskirts of the city. For them and for other poor groups who live in slum areas in the suburbs, it is important to be able to travel to workplaces or to take advantage of education or other services in the city. Other countries that used the concessionary credit system during the year were China (wastewater treatment in Luoyang and district heating in Tianshui) and the Philippines (framework credit to the Development Bank of Philippines).

ANALYSIS OF OUTCOME

Fewer credits have been given in recent years. However, during the year there were signs that the demand for concessionary credits was about to increase once again. This is due, among other things, to a general increase in infrastructure investments in the partner countries and also to the fact that more countries have completed their debt write-off processes and can thus be once again offered credit finance for their important investments.

Economic reforms

The activity includes budget support, balance of payments support and debt relief, and support for capacity development in respect of debt management and debt strategies.

Support for economic reforms has been gradually developed from relatively short-term support for macro-economic stabilisation to long-term support for poverty reduction. The focus has shifted from grants to cover needs of foreign currency to grants to finance the partner countries' government budgets. The forms of the support have gradually shifted from balance of payments support and debt relief to general budget support to the partner countries' government budgets. This trend has been driven by, among other things, the deregulation of the currency markets in the partner countries, internationally coordinated programmes of debt relief, and the mixed results of earlier economic reform policies in respect of achieving poverty reduction. Two processes have played an important role in this trend: the international HIPC initiative and the national strategies for poverty reduction (PRS). The HIPC initiative has the aim of reducing foreign debt to sustainable levels and thereby releasing resources for poverty reduction. Of the nine countries to which Sida gave budget support in 2004, eight have hitherto completed the entire debt relief process, which means that their debt burden has now been reduced to what is defined as a sustainable level. Since the countries have received debt relief within the framework of the HIPC initiative, Swedish support for economic reforms has been provided in the form of budget support. Since 2002 all new contributions for

[Picture removed]

Concessionary credits have financed wastewater treatment and district heating in China.

support to economic reforms via Sida have been in the form of budget support.

Budget support provides support for the implementation of the country's PRS. In Sida's assessment of budget support, the country's PRS is analysed in respect of its content, realism, and the process by which it has been produced, including democratic acceptance and support of the strategy and popular participation. However, studies and experience of the PRS process have shown hitherto that there have been shortcomings in the consultation processes. The PRS has often not received the support of the national parliament and in some cases consultations have been limited to an excessively narrow definition of civil society. The countries that were among the first countries to draw up PRS are now preparing second generation PRS in which many of the shortcomings in the first strategies will be remedied. Tanzania is an example of a country in which the process of producing a second PRS has been far more consultative,

with much broader participation than was the case with the first PRS.

The PRS process also requires the donors to adapt their support. Together with governments concerned and other donors, Sida is increasingly working to tie budget support to the partner country's PRS. To enable budget support to provide effective support for the financing of the partner country's policies for poverty reduction, the support should be long-term and predictable and be specifically linked to the countries' own budget processes and processes for the follow-up of PRS.

The results of budget support must be measured against goals and plans in the partner countries' PRS. Since Swedish budget support is only a small proportion of a country's total resources and since it is not possible to follow the use of the Swedish funds in the government budget, it is, in practice, difficult to discern the result of Swedish budget support. What is possible in practice is to estimate the total effect of all donor support. The

results should therefore be followed up in cooperation with other donors.

In order to make budget support more efficient and to facilitate the dialogue and follow-up, intensive harmonisation and alignment work is being done in several countries in connection with this form of support. It is becoming increasingly common that the donors, together with the partner country, reach agreement on a framework containing goals, conditions, principles and forms for the disbursement and follow-up of budget support. Sida is participating in this process of donor coordination, which makes possible a broad dialogue with the partner country on, for example, economic policy, implementation of PRS and the focus of the government budget on poverty. In 2004 progress was made in donor coordination in, for example, Bolivia, Burkina Faso, Ethiopia, Mozambique and Nicaragua.

A major international evaluation of general budget support was initiated in 2004. Sida is one of the steering group's 28 members and is also participating with DFID and the European Commission in the evaluation's management group. The purpose of the evaluation is to analyse the degree to which and under which conditions general budget support is effective for poverty reduction.

In 2004 Sida started working on methods and change in respect of budget support. This work will continue during the next few years. The new Policy for Global Development also has the effect that budget support will have a stronger focus on poverty through changes in the decision-making procedure for budget support. These are two important changes that are part of the work on the new guidelines for general budget support that took place in 2004 within the framework of the production of new guidelines for cooperation strategies. Sida has participated in this work.

Since budget support is channelled through the partner country's own budget and payments system, it is essential that public funds are used for their intended purposes and are reported in a correct and transparent manner. At the same time there are a number of shortcomings in the partner countries' systems for financial management that limit efficiency in the use of public funds and development cooperation support. Therefore budget support is an important instrument for achieving improvements in the systems since the support is often linked to demands for reforms of the systems. In 2004 Sida started a special initiative to strengthen its expertise and to increase its active engagement in public sector financial management.

Examples of results at country level

In Bolivia the government is in the process of producing a new strategy for development and poverty reduction in a broad dialogue with civil society. Sida has contributed to financing this dialogue. In 2004 considerable progress was made in the harmonisation and coordination of budget support. Bolivia's government and the donors produced a framework with principles for the ways in

which budget support is to be handled. A matrix with indicators for follow-up has been linked to this framework. Budget support to Bolivia was made conditional on progress in the revision of the country's PRS, improvements in financial management in the public sector, and measures to achieve a finance policy that is more efficient and focuses more on poverty reduction. In the follow-up that was made at the end of October 2004, it was established that Bolivia had met demands, which made it possible for Sida to disburse the second part of its budget support for 2004.

In Ethiopia bilateral and multilateral donors are cooperating in a budget support group that has the aim of creating a common platform for dialogue and follow-up of the support. The coordination of budget support has had the effect that, in 2004, the government and donors discussed the government's priorities in the government budget and the outcome of the budget in previous years. One issue to which attention was drawn in the dialogue was the situation in the health sector, which is characterised by low budgetary allocations and low budgetary utilisation. Together with other donors, Sida has had the aim of having indicators of democracy and human rights included in the follow-up of budget support and of Ethiopia's PRS indicators which the Swedish budget support is linked to. A multi-dimensional analysis of poverty in Ethiopia shows that democracy and respect for human rights are two important aspects where poverty reduction in Ethiopia is concerned. Sida has worked to formalise budget support cooperation and has produced a draft joint framework.

The goal of budget support to Mozambique is to contribute to poverty reduction by supporting the implementation of the government's poverty programme, PARPA. In connection with the annual review of budget support cooperation in April 2004, Mozambique's government and the donors signed a new agreement on principles and procedures for budget support. The government and donors have agreed on goals and indicators for the different areas that are to be followed up each year. At the half-yearly follow-up in September 2004, the overall conclusion was that the outcome, in relation to the stipulated goals, was according to plan for health, education and agriculture, while progress was slower than planned in public sector financial management, the legal sector and the private sector. Part of the Swedish budget support to Mozambique for 2004 was made conditional on the audit of one of the banks that was involved in the bank crisis. In December 2004 Sida made the assessment that this condition had been fulfilled and the disbursement could be made.

In Tanzania there is well-developed budget support cooperation. Budget support from Sweden and other donors has contributed to a situation in which the sectors given priority in the government budget have continuously received larger budgets, both in absolute and relative terms. Tanzania is one of the first countries

to produce a second generation PRS in which it is trying to learn from the lessons gained in the earlier PRS. The new poverty strategy is being drawn up with more participation than before by civil society and other parties. It is also being drawn up in such a way that concrete indicators of progress for the population provide guidance rather than having their entire focus on increases in the budget for priority sectors. The many dimensions of poverty are reflected in the selection of indicators in which concrete and measurable goals shall be achieved.

ANALYSIS OF OUTCOME

The volume of budget support has gradually increased since 2001. This is partly due to the fact that more countries have received budget support, and partly since the volume to each country has increased somewhat. In 2004 Sida gave budget support to nine countries, of which six were in Africa and three in Latin America. The largest recipients were Tanzania and Mozambique, followed by Bolivia, Uganda, Nicaragua, Honduras, Ethiopia, Mali and Burkina Faso. Where budget support to Ethiopia is concerned, SEK 20 million has also been used from the operational area Africa, in accordance with a government decision.

By definition, contributions for economic reforms have an indirect effect on poverty reduction.

Table 12.

Economic support: Economic reforms, expenditure in SEK '000

The five largest countries	2004
Tanzania	120 000
Mozambique	100 000
Bolivia	70 000
Uganda	65 000
Nicaragua	60 000
Other countries/regions	180 000
Total costs	595 000
Forms of support	
Project support	0
Sector programme support	0
Technical assistance incl. contract-financed technical cooperation	0
International training programmes	0
Credits	0
Guarantees	0
Economic reforms	595 000
Humanitarian assistance	0
Research	0
Grants to NGOs	0
Total costs	595 000
Channels	
Multilateral organisations	60 000
Swedish organisations	0
Organisations in partner countries	535 000
Organisations in other countries	0
International NGOs	0
Total costs	595 000
Goal of development cooperation	
Direct effect	40 000
Projects and programmes that include the poor	0
Indirect effects through policies and institutions	365 000
Indirect effects through national support	190 000
Other effects	0
Total costs	595 000

Non-governmental organisations

Support provided in the operational area Non-governmental Organisations (NGOs) has the aim of promoting a vibrant and democratic civil society in the partner countries.

The method is to initiate joint development projects between Swedish NGOs and their local partners in cooperation.

The operational area also includes support for the information provided by the organisations in Sweden on development issues and development work.

In 2004 Sida adopted a new policy for cooperation with civil society. It lays down that organisation by people into NGOs is of strategic importance for achieving the overall goal of contributing to an environment supportive of poor people's own efforts to improve their quality of life.

In most of the countries that have produced national poverty strategies (PRS), the organisations of civil society have participated as an active party in the dialogue. The goal of the PRS process is not the document in itself but rather that all parties in society jointly contribute to reducing poverty. Experience shows that it is more probable that the process is effective if as many of the actors as possible are given the opportunity to contribute their experience and knowledge.

In the operational area Swedish NGOs have supported their partners to promote participation by civil society in the production of poverty strategies. For example, Diakonia's partner organisation in Burkina Faso exerts an influence on the economic policy and the poverty strategy. This is done by working with public opinion and lobbying work and through the exchange of experience with organisations that work with similar methods in West Africa and other regions. During the year, Diakonia, together with the European Network on Debt and Development (Eurodad) and the Association of Church Development Projects (ACDEP), arranged a conference: Civil Society and Economic Policy, with a large number of participants from organisations in civil society and international donors. Experience gained from PRS processes and lessons drawn that could be of use in the future were discussed at the conference.

Sida's support to civil society is to promote the

possibilities available to poor people to act together to influence social development and/or improve their living conditions. The organisations of civil society can contribute, directly or indirectly, to combat poverty by having the poverty issue put on the political agenda and by participating in and creating a platform for the dialogue between the citizens and their elected representatives.

During the year Sida tried to create opportunities for the Swedish organisations, in cooperation with their local partners, to enhance and consolidate each organisation's HIV/Aids activities in accordance with the intention expressed in the Government's annual directives to Sida, which states that in certain cases Sida can grant exemption from the rule that Swedish NGOs must make a certain contribution of their own to their projects. During the year Sida produced special guidelines for the period 2004–2006. Two seminars took place—one in Lusaka (Zambia) and one in Kisumu (Kenya). The experience gained at these seminars was taken to the major international conference at Sida Civil Society Center in August. Among other things the initiative has resulted in a greater degree of awareness and knowledge of the problems of HIV/Aids both at the organisations involved and at Sida. The NGOs are planning a joint forum that will work further on the issue. Prospects of increasing activities that have a focus on HIV/Aids have thus been enhanced considerably.

In many places during the year, the Swedish organisations, through their partner organisations, produced and implemented their own strategies to reduce poverty and contributed to getting the voices of the poor heard. The Church of Sweden cooperates in South Africa with a women's organisation: Research and Teaching on Human Rights, Gender Issues and Democracy in Southern Africa, Black Sash, which monitors social legislation and the government administration to ensure that the target group receives part of the government budget. This is done through lobbying activities directed towards national and local authorities.

In 2004, the organisations of civil society at the local level continued their work to increase participation in projects to reduce poverty. Among other things they have contributed to making a dialogue possible between

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Clement Mufuzi, a representative of a Zambian organisation, NZP Plus, participated in a major international conference on HIV/Aids which was arranged by Sida Civil Society Center.

local authorities, organisations of civil society and other parties. The Peru Committee for Human Rights has supported the Asociación de Defensa de la Vida (ADEVI) in Peru which works together with other Peruvian organisations to reduce child labour. The goal of the project is to give children the opportunity to counteract the problems of child labour and to make cooperation between public institutions possible. Politicians and authorities are also to be informed about the dangers of child labour and, for example, about legislation in respect of child labour. In this way possibilities will be created through the public debate to propose the best ways to prevent child labour.

In Ghana the Swedish Organisation of Handicapped International Aid Foundation (SHIA) is cooperating in a

project through the Swedish Association of the Visually Impaired and the Ghana Association of the Blind. The work has the aim of supporting the organisation of visually impaired women. With knowledge of creating organisations and small-scale income-generating projects, the women are being strengthened and possibilities are being created for them to return to their home districts and start activities there, or to obtain employment in activities where they are given an introduction to the profession.

Sida's support to the information activities of NGOs is intended to increase knowledge, interest and the debate on development issues and development cooperation among the Swedish public. The Swedish organisations work with opinion and advocacy, as well as information activities designed to create interest in and to enhance

knowledge. An organisation, SwedWatch, examines the activities of Swedish enterprises in developing countries. Through its studies, interviews and reports, a considerable part of the general public is often reached. This year light has been shed on working conditions in China for manufacturing toys for the Swedish market. With an information grant from Sida, the Swedish UN Association is running a campaign and information activities to create interest in and opinion for a total ban on the production and use of land mines. This is a concrete project in which the participants themselves clear a selected mine-field in a country affected by the problem and spread information on the problems at local level.

OTHER REPORTS REQUIRED

In its report on the activities of non-governmental organisations, Sida shall include the breakdown of grants to frame organisations, sectors and countries, and the number of foreign partners in cooperation per frame organisation. Where appropriate, the number of Swedish organisations included in the activities of the frame organisation shall be specified.

Report in tables 13 and 14.

Where support for the information activities of NGOs is concerned, Sida shall submit a report on the number of approved information grants per organisation.

The total amount disbursed was approximately SEK

Table 13. Report required: Support through NGO's

Approved Grants*	Approved grants to NGOs disbursements			No. of foreign partners			No. of Swedish NGOs included in the frame organisation's activities		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Swedish NGO Centre for Development Cooperation (Forum Syd)	128 151	132 094	149 097	347	298	462	193	260	331
Swedish Mission Council	120 411	105 114	117 130	140	163	139	155	122	114
Swedish Save the Children Federation	105 000	108 430	113 650	215	290	280	0	0	0
PMU Interlife	98 786	110 000	90 000	63	63	62	89	84	88
Church of Sweden	71 542	68 313	73 777	64	78	78	0	0	0
Diakonia	66 000	66 000	72 600	270	274	247	0	0	4
Swedish Cooperative Centre	62 500	65 000	71 060	91	73	78	0	0	0
LO/TCO Council of International Trade Union Cooperation	62 000	66 228	82 254	225	335	357	160	171	179
Olof Palme International Center	35 000	37 000	44 730	13	8	11	73	67	78
Africa Groups of Sweden	26 500	28 500	30 000	53	55	57	0	0	0
Swedish Organisation of Handicapped International Aid Foundation (SHIA)	26 310	29 000	32 329	95	100	83	25	25	21
Training for Development Assistance (UBV)	14 294	15 000	17 190	65	62	37	35	41	9
Total	816 494	830 679	893 817	1 641	1 799	1 891	730	770	824
Non-requisitioned funds	-10 907	-27 285	-34 113						
Repayment of previous years' grants	-21 553	-28 531	-28 322						
Other programmes									
Information programmes via adult education associations	89 582	97 009	105 483						
Support to International organisations, seminars, studies etc	3 479	9 666	11 499						
Activities at Sida Civil Society Center, SCSC	7 195	10 570	21 327						
Support to youth organisations	7 983	8 300	9 100						
Other programmes, audits etc	3 312	1 251	1 560						
Grant to the Swedish Society for Nature Conservation	–	–	20 000						
Total	895 585	901 659	1 000 351						

*Including separate decisions made during the year on methods support and HIV/Aids projects.

Table 14. Report required:
Sector breakdown NGO's, expenditure in SEK '000

Breakdown by sector	2002	2003	2004
Human rights and democratic governance	170 864	282 117	368 568
Social sectors	208 651	298 866	258 510
Infrastructure, private sector development and urban development	32 927	48 889	50 971
Natural resources	96 111	108 130	119 196
Other sectors	387 024	163 504	203 044
Total	895 577	901 506	1 000 288

108 million, which was distributed among 31 organisations. This included grants to, for example: Forum Syd SEK 15.9 million; LO/TCO SEK 12.6 million; Diakonia SEK 5.3 million; and Workers' Educational Association SEK 3.5 million.

ANALYSIS OF OUTCOME

The operational area for NGOs is the only operational area that has comparable figures for 2002 and 2003 since it was also an operational area in these years. The total outcome increased from SEK 896 million in 2002 to SEK 902 million in 2003. The corresponding figure for 2004 was SEK 1 000 million. The increase is partly due to the fact that the Swedish Parliament has given priority to the activity and therefore increased the budget.

As in recent years, South Africa and Tanzania are the largest partner countries for the development work of Swedish NGOs. Kenya and Uganda are now among the largest partner countries. The largest single increase took place in Uganda. The shift towards East Africa may be due to the alarming HIV/Aids situation, which is now reflected in the priorities of the Swedish NGOs.

Table 15.

Non-governmental organisations expenditure in SEK '000

The five largest countries	2004
South Africa	35 413
Tanzania	30 627
Kenya	21 738
Uganda	19 488
Bangladesh	16 827
Other countries/regions	876 195
Total costs	1 000 288
Forms of support	
Project support	669
Sector programme support	0
Technical assistance incl. contract-financed technical cooperation	11
International training programmes	0
Credits	0
Guarantees	0
Economic reforms	0
Humanitarian assistance	0
Research	0
Grants to NGOs	999 608
Total costs	1 000 288
Channels	
Multilateral organisations	0
Swedish organisations	991 588
Organisations in partner countries	4 500
Organisations in other countries	0
International NGOs	4 200
Total costs	1 000 288
Goal of development cooperation	
Direct effect	589 873
Projects and programmes that include the poor	264 683
Indirect effects through policies and institutions	23 456
Indirect effects through national support	107 083
Other effects	15 194
Total costs	1 000 288

Information

Sida shall contribute to increasing interest in, and knowledge of, Sweden's international development cooperation, as well as to the public debate and to shaping public opinion on the subject, within the framework of Sweden's Policy for Global Development. Information work shall contribute to the fulfilment of the Millennium Development Goals.

Sida's information work focuses on poverty reduction on the basis of the UN's Millennium Development Goals (MDGs). The overall message is that it is possible to halve poverty by 2015. Each year the message is linked to a different theme from the MDGs and the Millennium Declaration. During the spring the theme was on the role of growth for development and poverty reduction. The new theme, Less Aids and More Development, was introduced in connection with the annual conference on the International Day for the Eradication of Poverty (World Poverty Day), October 15.

Since January 1, Sida has cooperated with the National Agency for School Improvement to contribute to a learning process on global issues and sustainable development in Swedish schools. This makes it possible to guarantee and continue the long-term work of increasing knowledge of development issues in schools through, for example, further training programmes for teachers and study trips for head teachers and teachers.

Zenit, which is part of Sida's programme for young people between 15 and 25 years, worked during the year on increasing understanding of development matters and on engaging the interest of young people in the work of fulfilling the MDGs.

During the spring Zenit's activities were extended to the museums in Malmö. The aim was principally to increase access to the programme in the southern parts of Sweden.

Sida's Information Department has the aim of intensifying the dialogue with the target groups in the partner countries. As part of this work, embassies and departments are given assistance in drawing up communication plans. With the goals of activities as the point of departure, Sida identifies important stakeholders and communication needs, and lays down communication goals and activities. The plans are a tool for effective communication with the target groups given priority and contribute to better development cooperation. In 2004 the embassies in Mozambique, Kenya, Vietnam and Senegal received

support for communication planning. Also the Resource Centre for Rural Development (RRD) in Nairobi and the Swedish Environmental Secretariat (SENSA) in Bangkok have drawn up communication plans with support from information Department.

Information Department has also developed methods for communication analysis and planning. These are now integrated into Sida at Work.

The work of further developing the method *Communication for Development* continues. By planning communication with the aid of this method, the goals of programmes and projects will be achieved. This work makes it possible for poor people to participate in the development process. During the year Sida also produced communication studies for the forestry sector in Ukraine.

OTHER REPORTS

Sida shall submit a report on the outcome of the public opinion surveys/polls that have been made on interest in and awareness of development cooperation, development issues and the Millennium Development Goals within the framework of the Policy for Global Development.

Each year Sida measures the attitudes of Swedes towards development issues through a public opinion survey. The survey made in 2004 shows that public opinion is stable even if some signs of a change can be discerned. As in the 2003 survey, eight respondents in ten feel that it is important that Sweden contributes to development in poor countries. Support for the size of the development cooperation budget has diminished somewhat compared to 2003 but the change is marginal. The survey shows that confidence in the different parties involved in the development cooperation field is somewhat smaller than in 2003.

Where the attitude to the size of the development cooperation budget is concerned, there is a great deal of uncertainty: as many as 18 per cent of the respondents selected the "don't know" alternative. The proportion

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“Less Aids More Development” is the theme of the information campaign that was launched on World Poverty Day. Among other things the campaign illustrates the project “Straight Talk”, which focuses on young people in Uganda, providing information on protection against HIV/Aids.

that feels that the budget should increase was largely unchanged in comparison with 2003: 15 per cent. Those who want to abolish development cooperation entirely were almost exactly the same as in 2003: 7 per cent. However, the proportion that feels that the budget is about right has declined from 40 to 32 per cent since 2003. At the same time more people want to reduce the budget: 26 per cent compared to 24 per cent in 2003.

More than seven in ten stated that they had contributed in one form or another to the development cooperation activities of voluntary organisations. The proportion that had donated money has declined from 43 per cent to 39 per cent since 2003. The survey was made prior to the tsunami disaster, which led to new records where fund-raising is concerned.

Where confidence in development cooperation is concerned, two in three believe that Swedish develop-

ment cooperation contributes to a better world. In the assessment of the effectiveness of different channels for development cooperation, the UN, Sida and the NGOs received lower ratings than in 2003.

As in 2003, the Swedes have an exaggeratedly dark picture of living conditions in poor countries. Most believe, for example, that less than 30 per cent of the people living in poor countries can read and write, while the UN's statistics show literacy rates in excess of 70 per cent in countries classified as developing countries.

Where reducing poverty in the world is concerned, work for peace and greater security is given highest priority by the Swedes. Almost equally high priority is given to contributions to enable poor countries to have equitable trade conditions.

According to the year's survey, 78 and 81 per cent respectively feel that development cooperation should

focus on health and education. Humanitarian contributions in disasters, wars and conflicts receive the support of 51 per cent. Almost the same number gives priority to support for democracy and human rights and contributions relating to the environment in the agriculture and forest sectors.

Where the MDGs for reducing poverty are concerned, the picture is largely unchanged. Approximately 45 per cent state that they have heard about the goals. One in ten believes that it is possible to halve poverty in the world by 2015 and eight in ten feel that it is important that Sweden contributes to ensuring that the goals are reached.

ANALYSIS OF OUTCOME

The outcome of the operational area, Information, amounted to SEK 61 million. The contributions made by the operational area are not directed towards specific countries but are of a global character. All the support was channelled via Swedish organisations and the contributions had an indirect effect through national support for the overall goal of development cooperation.

Tabell 16.

Information, expenditure in SEK '000

Forms of support	2004
Project support	60 554
Sector programme support	0
Technical assistance incl. contract-financed technical cooperation	0
International training programmes	0
Credits	0
Guarantees	0
Economic reforms	0
Humanitarian assistance	0
Research	0
Grants to NGOs	0
Total costs	60 554
Channels	
Multilateral organisations	0
Swedish organisations	60 554
Organisations in partner countries	0
Organisations in other countries	0
International NGOs	0
Total costs	60 554
Goal of development cooperation	
Direct effect	0
Projects and programmes that include the poor	0
Indirect effects through policies and institutions	0
Indirect effects through national support	60 554
Other effects	0
Total costs	60 554

Other reports required

2004



Humanitarian contributions and conflict management

Sida shall submit a report on the measures it has taken to ensure that its programmes of development cooperation in areas affected by conflicts or in conflict-prone areas are implemented in a sensitive way in order to ensure they do not have a negative effect on an armed conflict or contribute to the emergence of an armed conflict.

During 2004 methods were produced for conflict analysis at strategic, sector and project level to provide support for Sida's programme officers. To ensure that all programmes of development cooperation are implemented in an appropriate manner, part of the methods focuses on so-called Do No Harm analysis, where the risk of possible negative effects of development cooperation on the dynamics of conflicts can be identified and thereby avoided. The fact that during the last four years there has been an increase, from 30 to 60 per cent, in the proportion of country and regional analyses that are permeated by a conflict perspective also shows a considerable degree of strategic sensitivity to conflicts. In Sida's new policy for peace and security in development cooperation, which was finalised in 2004, this issue is one of the central approaches.

Since 2003 Sida has supported FAST International (Early Analysis of Tensions and Fact-finding), which is an early warning system for violent conflicts. In 2004 Sida initiated an evaluation of the system in its operations in some countries Africa and the Balkans. The aim is that FAST should supplement other sources of information in order to enhance knowledge of conflicts and risks of conflicts, and to make appropriate action possible.

A number of examples from the field can be given to show that development cooperation has become increasingly sensitive to conflicts. Where Asia is concerned, the work on the new country strategies for West Bank and Gaza, Iraq, Sri Lanka and Laos have been based on analyses that focus directly on sensitivity to conflicts. Sida has also studied the political context for its programmes in respect of religion, ethnicity and tribalism (Iraq). An intensified dialogue to increase sensitivity to conflicts has led to direct changes in contributions in Georgia.

In Africa conflict analyses have been integrated in regional and country strategies and in the assessment of major contributions (for example the Caia Bridge in Mozambique). In Latin America, for example, the current country strategy for Colombia is permeated by a conflict perspective. Underlying analyses emphasise that contributions in Colombia must take into consideration effects on the peace process, armed groups, drug problems, social violence, and the consolidation of democracy at all levels. In Bolivia Sida has updated the country strategy in order to make cooperation more sensitive to conflicts in the light of the escalating social conflicts that led to the crisis in the country in 2003.

In the EU Sida has the aim that the Commission's proposals for country strategies and programmes are examined from a conflict perspective, for example in respect of Eritrea, Sudan, West Africa and the African Union.

Sida shall submit a report on the measures it has employed in order to take advantage of the potential offered by development cooperation to prevent and solve armed conflicts by working to exert an influence on underlying structural causes.

Sida has identified three types of conflict management contributions: promotion of dialogue, promotion of security, and promotion of structural stability. The last type focuses on exerting an influence on the underlying structural causes of violent conflict in the partner countries and thereby promoting peace and security. In recent years the contributions to promote structural stability have amounted to between 35 and 50 new contributions per year and these comprise between 20 and 30 per cent of Sida's conflict management contributions. Furthermore, special efforts were made in 2004 to strengthen Sida's capacity to identify positive and negative underlying structures for peace and security. This was manifested in the new methods produced for conflict analysis where structural instability/stability and possible ways for development cooperation were given special attention. In Sida's activities in the field there are a number of examples of ways in which Sida has worked with the underlying structural causes of conflicts. In development cooperation with Sri Lanka, the work on changing the entire programme of cooperation towards peace building continues. One example is the school initiative in respect of intercultural understanding.

Support to Iraq shall overcome clan loyalties and other ethnic or religious structures. The long-term support for the Afghanistan Reconstruction Trust Fund has the aim of building up a government apparatus that can assume responsibility for the development of the entire country and for disarming and pacifying warlords. New assessments of contributions in the natural resources sector in Laos have, as a direct goal, sustainable use of natural resources and strengthening the position of the ethnic minorities.

A regional contribution in the Southern Caucasus, which is being coordinated by UNIFEM, has the aim of developing a peace agenda that will safeguard women's rights. In the strategy for Southern Caucasus priority is given to contributions that promote cooperation over borders in order to exert a positive effect on conflicts. In Africa contributions for democratisation and conflict management are being implemented in the Great Lakes region and there are good examples of contributions that promote sustainable use of natural resources (Lake Victoria). Support to organisations that work directly with conflict management in the region is also of special interest.

In Colombia Sida is supporting Unicef's contribu-

tions for the reintegration of child soldiers. In Honduras Sida has contributed to the development of a so-called white book in which the army has cooperated with other parties in society (police, civil society, politicians) to define the peacetime role of the army. The point of departure and foundation of the country strategy for Guatemala is the peace agreements, and the programme of cooperation supports several contributions for speeding up the implementation of these agreements.

In respect of its humanitarian activities and programmes of long-term development cooperation, Sida shall report on

- *contributions for disaster preparedness and other contributions for the prevention of natural disasters and damage caused by events similar to disasters.*

Most of Sida's support to prevent disasters is integrated in projects and programmes with other main goals.

In 2004 Sida's support for special contributions to prevent natural disasters amounted in total to SEK 200 million. Most of these funds were allocated to regions where the effects of natural disasters attract considerable attention, such as in Latin America. During the year Sida supported the International Strategy for Disaster Reduction, activities for the prevention of disasters in Latin America and the Caribbean and Asia, construction of disaster-proof houses in El Salvador, and rural development programmes with a disaster-preparedness orientation in Nicaragua.

The country strategy for Vietnam for 2004–2008 emphasises prevention of natural disasters and a better state of preparedness as important components for poverty reduction. Sida has therefore provided support to preventive measures in Vietnam's rural development programme Chia Se (which means, roughly, "power sharing") in a central province, Quang Tri, and two provinces in the northern part of the country.

By strengthening the national red cross and red crescent societies, the International Red Cross and Red Crescent Federation is building up local capacity that can develop early warning systems, provide protection against cyclones, and take rapid action should disasters occur. In the regional strategy for the Lake Victoria region, emphasis is given to Sida's participation in the prevention of natural disasters and in reducing vulnerability in Africa.

During the year Sida cooperated on, for example, surveys of risks, urban planning to reduce vulnerability, and development of risk analysis methods with the Stockholm Environment Institute (SEI) and Swedish universities that have programmes of research cooperation with institutions in Sida's partner countries. During the year a study was made of the relationship between the environment, natural resource use and natural disasters in Africa. This study attracted attention internationally.

As part of its preparations prior to the world conference on disaster prevention in Kobe, Japan, in January

2005, Sida started a series of seminars on the prevention of natural disasters.

- *support for reconstruction and recovery projects in connection with humanitarian contributions in order to facilitate the process of transition from a disaster to permanent development.*

Sida considers that support for reconstruction and recovery is important for counteracting poverty and for promoting structural conditions for peace and reconciliation. At the same time, humanitarian contributions during an armed conflict should be designed in a way that facilitates the possibility of rapid recovery when peace is achieved.

The outcome under the heading "reconstruction" in connection with armed conflicts under the humanitarian operational area amounted to SEK 497 million. The support includes humanitarian contributions in a number of sectors, for example education, health, peace promotion and agriculture.

The possibility of using the budget flexibly has facilitated a smooth process of transition from humanitarian assistance to long-term bilateral financing in several countries. Where southern Sudan is concerned, Sida approved a sum of SEK 17 million for the Transitional Recovery Trust Fund in 2004. Sida also decided to make SEK 35 million available for the UN appeal for Sudan. Both contain humanitarian projects and projects that make it easier for internally displaced persons to return home. Where the Northern Moluccas in Indonesia are concerned, Sida has contributed to projects that have given children the possibility to catch up with the schooling they have missed, and small-scale projects to make it possible for people to earn a living once again in the communities affected by the conflict.

Support for reconstruction in Afghanistan has included grants to the Afghanistan Reconstruction Trust Fund (ARTF), which is administered by the World Bank, and to the Swedish Committee for Afghanistan for the further development of the education sector. Support to make it possible for poor people in rural areas to make a living is being channelled through a programme for the rehabilitation of rural road and irrigation systems through labour-intensive methods run by UNDP and the United Nations Office for Project Services (UNOPS). It is of decisive importance for peaceful development in Afghanistan that political institutions with legitimacy are established through national elections. During the year Sida provided support for a census, for voter registration and for the implementation of the presidential election.

Sida also provided support for the reconstruction efforts being made in Iraq. In northern Iraq a Swedish organisation, Qandil, is working with the rehabilitation of water and sanitation plants. The International Reconstruction Fund Facility for Iraq (IRFFI) received support amounting in total to SEK 80 million for its

projects in the fields of electricity supply, democracy and human rights, and preparations for the elections. Support was also provided for the central bank in Iraq.

Most of the UN agencies that Sida cooperates with in both humanitarian crises and in processes of transition have the main task of working with a long-term perspective to strengthen the possibilities available to countries for peaceful sustainable development and growth. They therefore have a particularly important role in processes of transition. Sida contributes to strengthening the possibilities available to UN agencies to shoulder this role, for example by provided grants that are not earmarked.

Contributions to reconstruction projects in connection with natural disasters amounted to SEK 82 million.

After the extreme floods in Bangladesh, Sida decided in September to contribute SEK 20 million to programmes for immediate emergency assistance and for water purification and rehabilitation of the agricultural sector via the UN.

In 2004 support for reconstruction and recovery was allocated both under the operational area for humanitarian assistance and the regional operational areas.

- *contributions to projects relating to long-term refugees under the management of the UNHCR and other organisations*

UNHCR regards 38 refugee situations in the world as long-term, i.e. situations with more than 25 000 refugees for five years and longer.

In addition to this there are the Palestinian refugees under the mandate of the United Nations Relief and Work Agency for Palestinian Refugees in the Near East (UNRWA).

During the year Sida gave support to Diakonia for contributions in Thailand concerning refugees from Burma, to the International Organisation for Migration (IOM), to the Norwegian refugee council for transport projects for returning Angola refugees, and to UNRWA for projects on the West Bank and in Gaza directed towards Palestinian refugees.

Support has also been provided towards the freight costs of shipments of clothes for refugees in a Western Saharan refugee camp in Algeria and for a rehabilitation programme for disabled persons in two camps for Palestinian refugees in Northern Lebanon.

HIV/Aids

Sida shall present a report on the ways in which measures related to HIV/Aids have been consolidated and integrated into Sida's work. Sida shall present initiatives that have contributed to aspects relating to sexuality and gender equality being taken into consideration in its work with HIV/Aids. Sida shall report on the ways it has participated in relevant fora. Sida shall report on the ways in which it has participated in the coordination of international resources for combating HIV/Aids.

During the year HIV/Aids was declared to be a strategic priority for development cooperation for the years 2005–2007, and HIV/Aids is the theme of Sida's special information campaign for 2004–2005 and at the Development Conference on October 15.

Sida's capacity to work with HIV/Aids in Africa and Asia was reinforced during the year through the establishment of several posts, and through training programmes for programme officers and partners in cooperation of Swedish frame organisations.

The expenditure on contributions that focused directly on HIV/Aids amounted to SEK 403 million in 2004. In 2004 expenditure on regional work on HIV/Aids increased from SEK 57 million to SEK 113 million. Sida has decided to make a substantial increase in regional HIV/Aids contributions in Asia of up to SEK 60 million per year.

Support is given to prevention, care and treatment,

and for relieving the effects of HIV/Aids. Examples of preventive work include the programmes of support provided via civil society in Kenya, Namibia, Zimbabwe and Tanzania. Sexual instruction is given to young people in India through the Health Institute for Mother and Child (MSAMTA). Support is also provided for the coordination of HIV/Aids contributions at national level in accordance with UNAIDS' initiative, the so-called "three ones".

Several regional contributions focus on orphans. One example is the support provided for Unicef's programme to develop new methods to support orphans through psychosocial support and participation.

Sida is continuing its integration of aspects relating to HIV/Aids in its contributions in all sectors. When the bridge is built over River Zambezi in Mozambique, HIV/Aids will be in focus, both in respect of the bridge builders and the local population. In the rural development programme in the Amhara region in Ethiopia, the programme for the planned projects against HIV/Aids is being strengthened.

In order to reduce inequality between women and men, which is a contributory cause of the spread of the disease, Sida has supported a number of programmes. One example is a regional programme in Uganda, Tanzania, Kenya and Zambia which intends to exert an influence on the attitudes and approaches of young men towards sexuality. In cooperation with a TV channel, MTV, Sida contributes to providing information on

HIV/Aids directed towards young people. The magazines, Femina and Straight Talk, which take up young people and relations including HIV/Aids, are supported in Uganda and regionally from Tanzania.

Sida has participated in the international dialogue on HIV/Aids in several ways, for example at board meetings of UNAIDS, in the WHO where Sweden contributed to a resolution on HIV/Aids, and together with the Ministry for Foreign Affairs in the board of the Global Fund.

Sida participated in the fifteenth International Aids Conference in Bangkok. Sida has also participated in DAC's gender equality group.

Sida shall report on its support for research into infectious diseases in poor countries, including HIV/Aids.

Sida is supporting research into infectious diseases at international, regional and bilateral level, as well as through its support to research into developing countries in Sweden. Via the WHO's programme for Research into Tropical Diseases (RTD), Sida is supporting research for the development of vaccines and medicines to prevent and treat malaria, onchocerciasis, leprosy, trypanosomiasis, tuberculosis and dengue fever. Sida is also supporting the European Malaria Vaccine Initiative (EMVI), which is testing malaria vaccines in Burkina Faso, and gives core support to an international insect research institute (ICIPE) in Kenya, which studies malaria-carrying mosquitoes. Swedish malaria researchers, who, for example, receive support from Sida's research council, have been entrusted with the responsibility for the secretariat of the Multilateral Initiative on Malaria (MIM) for a period of three years. MIM is supported by Sida together with the Swedish Research Council and the Foundation for Strategic Research and has the aim of coordinating and consolidating research into malaria.

At the International Centre for Health and Population Research in Bangladesh (ICDDR,B) support is provided for intestinal diseases which often affect children in poor countries. Among other things a cholera vaccine has been developed in cooperation with Swedish researchers.

The programme of cooperation with Nicaragua includes research into children's virus infections and protection against intestinal parasites by breast-feeding, and the programme of cooperation with Ethiopia includes support for research into tuberculosis at the Armauer Hansen Research Institute (AHRI). Support for research into infectious diseases receives the largest proportion of funds allocated to research in the health sector by Sida's research council.

An international expert group with representatives of,

for example, WHO and UNAIDS, has been engaged to make scientific assessments in the special research programme on HIV/Aids. Sida has supported research programmes into HIV/Aids in Tanzania, Guinea Bissau, Mozambique and Zimbabwe. Sida has focused its long-term support on the development of preventive techniques, reduction of sexually transmitted diseases through sores, methods to prevent the spread of the diseases from mothers to children, and the development of vaccines.

Among the research results presented at a meeting organised by the Royal Swedish Academy of Sciences in cooperation with the Swedish Research Council and Sida, emphasis was given to methods to prevent the transmission of HIV from mothers to children during pregnancies. Simple diagnostic methods that can be used in the field and basic research on vaccines were particularly successful. One important result was also the increase in research capacity in developing countries, which is essential if they are to perform clinical trials of potential new medicines and vaccines.

The international vaccine research still focuses on investigating basic mechanisms for spreading and immunity. No really good vaccine candidates have been produced. Swedish research is considered to be inventive and promising.

A group of researchers at Karolinska Institute have performed trials of a vaccine on mammals and are now preparing a study on people in Stockholm. If it is successful, the next step will be to use the vaccine on a selected risk group in Tanzania where the group of researchers has cooperated for a long time with Tanzanian researchers. Results from several groups show that immunity of the mucous membrane is of great importance for preventing infection. Researchers in Gothenburg have developed a new adjuvant that can be used for effective immunisation via the nose.

A research group in Lund is cooperating with Guinea Bissau to produce effective methods for measuring virus neutralisation in connection with vaccine trials. Further studies are taking place in Tanzania to prevent in the infection being transmitted from HIV-positive methods to children during the breast-feeding period.

During the year a programme of support was initiated for African social science research networks that are investigating the rights of HIV patients, social consequences and measures of the HIV epidemic, preventive work among young people with the infection, and the effects of advisory programmes. Sida has also contributed to spreading a toolkit for analysis, prevention and treatment of HIV/Aids at African universities.

Sexual and reproductive health and rights

Sida shall present a report on its support for sexual and reproductive health and rights. In this report the focus should be placed on the implementation of the action plan produced at the Cairo conference, the impact of sexual and reproductive health and rights in programmes of multilateral cooperation, and support to countries, multilateral organisations and Swedish and international NGOs. Sida shall report on the ways in which it has worked to strengthen the LGBT (homosexual, bisexual and transsexual persons) perspective, for example capacity development support to strengthen the rights of LGBT persons in the partner countries.

The evaluation of Sida's work with sexual and reproductive health and rights (SRHR) was finalised at the start of the year. The evaluation is positive to the contributions made by Sweden and Sida in the SRHR field, and lays down that Sida has played a vital role in supporting and implementing the Cairo Agenda (ICPD). During the year a project was started that will contribute to the production of a Swedish policy for support for sexual and reproductive health and rights.

During the year Sida participated in and arranged a number of meetings and conferences in support of the Cairo agenda. Sida so-financed the global round table meeting, Countdown 2015, for NGOs in London, which was arranged by the International Planned Parenthood Federation (IPPF) as a consequence of ICPD +10, in September 2004. During the year Sida also acted in various ways in support of the Cairo agenda in multilateral organisations. For example, Sida financed the production of a SRHR strategy for the WHO and acted to ensure that it would be adopted at the WHO's board meeting in January and at the WHO meeting in May. Sida, together with other countries, has also tried to persuade the WHO to act more forcefully in SRHR issues. Sida has also increased its grant to the WHO in the SRHR field, for example through contributions to the Making Preg-

nancy Safer programme. Sida has continued its cooperation in the policy field with the World Bank which has the aim of drawing attention to the situation of young people in the development strategies produced by countries, as well as the economic consequences of unsafe abortions.

During the year Sida continued to cooperate with the Swedish Organisation for Sexual Education and other Swedish NGOs in support of the Cairo agenda. Sida is supporting the IPPF, which is one of the world's largest NGOs, in respect of to SRHR in general and of young people and the work for safe abortions in particular.

Where support to safe abortions is concerned, Sida has given further support to the International Women's Health Coalition (IWHC) to improve the situation in respect of safe abortions in developing countries. A new agreement has been concluded with Ipas, for the Women's Health Initiative, to reduce the number of unsafe abortions and to increase the access of African women to safe abortions. A programme of cooperation has been started with a newly formed organisation, International Consortium for Medical Abortions (ICMA), to which Sweden is the first donor. The aim is to spread knowledge on new techniques and to contribute to the application of these techniques to increase the prospects of safe abortions. Sida is also supporting breastfeeding through a network, the World Alliance for Breastfeeding Action (WABA) and the International Baby Food Action Network (IBFAN) in Africa, Asia and globally.

The Cairo agenda also sheds light on men's violence against women. During the year Sida financed a report in order to draw attention to men's violence against women. One important aim of the report was to involve more men in this work.

Sida is supporting a project in Moldova which is partly directed at discrimination against homosexual, bisexual and transsexual (LGBT) persons. Sida is also supporting LGBT organisations in the Balkans, for example in Macedonia.

Combating drugs

Sida shall present a report on the measures it has taken to strengthen its contributions to counteract drugs as an obstacle to development.

Special light shall be shed on the links between drugs and HIV/Aids, SRHR and crime-related issues.

Swedish development-related cooperation in respect of drugs is based on a holistic perspective in which the problems with drugs are regarded as social, economic and political obstacles to development. This holistic point of departure also includes the intimate links to related areas such as HIV/Aids, sexual and reproductive health and rights, and to organised crime such as trafficking and corruption.

This approach permeates Sida's strategy for development-related cooperation with the UN Drug Control Programme (UNDCP) in the United Nations Office for Drugs and Crime (UNODC), which was approved by the Government in March 2004. In accordance with the strategy, Sida focuses its support towards UNODC's policy development and its measures to reduce the demand for drugs. In accordance with the assignment in the Government's annual directives, Sida has initiated a study to shed light on and analyse the linkages between drugs, HIV/Aids, SRHR and trafficking, and their specific mechanisms in different regions.

Combating HIV/Aids in Europe and Asia requires

vigorous measures against drugs and drug abuse. Among other things Sida has provided support for a film on HIV/Aids and drugs which shall be produced and distributed free of charge throughout the world, via MTV. The aim of the film is to raise the awareness of young people of sexuality, drugs and life styles in order to change attitudes and behaviour.

The relationship between drugs and HIV/Aids does not merely lie in the transmission of the HIV infection through

intravenous drug abuse. The influence of drugs also leads to an increase in risk behaviour and a greater risk for sexual transmission of the disease. Therefore, during the year Sida decided to finance an expansion of the a programme run by a Swedish temperance organisation, IOGT-NTO, in the so-called Golden Triangle in Burma, Thailand and Laos. This programme is directed towards young people in order to counteract and prevent drug abuse and sexually transmitted diseases such as HIV/Aids.

Programme support and financial management

Sida shall present a report on the measures it has taken to increase its levels of activity and expertise in financial management, with a focus on those countries that receive budget support and/or where there are ongoing or planned programmes of sector support. Furthermore, Sida shall report on the ways in which it has worked to strengthen cooperation with other donors and the Bretton Woods institutions in the field of financial management.

Within the framework of its focus on public sector financial management, Sida has established a special support function. The function has two advisers in financial management and has been placed in the Department for Policy and Methodology. Sida has established an internal network for financial management with the participation of staff from the regional and sector departments as well as the field organisation. A pilot training programme in financial management was held for 20 Stockholm-based members of staff. It will be offered to 80 members of staff at field offices in 2005.

Sida has developed preliminary guidelines for analysing and assessing financial management systems and capacity in partner countries, and for capacity development in financial management. Sida has initiated the establishment of an external network of Swedish institutions and organisations and Swedish and foreign consultants.

Sida has made a survey of the scope and focus of support for capacity development in financial management in partner countries. The support function for financial management, together with the Division for Democratic Governance, has enhanced Sida's activity level in the dialogue and analyses in respect of financial management systems and capacity in Kenya, Zambia, Latin America and Cambodia through advisory services and active participation. The embassy in Maputo, together with other donors, has made an independent assessment of financial management in Mozambique.

Sida has cooperated with other donors and the Bretton Woods institutions in joint analyses and assessments in, for example, Kenya, Zambia, Cambodia and Mozambique. Sida has started a programme and exchange of experience with the Inter-American Development Bank in respect of sector support and financial management, with a special focus on Central America. Representatives of donor agencies in Great Britain, the Netherlands and Norway participated in Sida's pilot programme in financial management. This was followed up by Sida through a discussion of the possibilities for joint training programmes. Sida has also included the World Bank in this dialogue. Sida has initiated a programme of in-depth cooperation and exchange of experience with the World Bank on approaches and methods for the assessment and analysis of financial management systems and capacity.

Trafficking

Sida shall present a report on the measures it has taken to combat trafficking in people, particularly women and children, in accordance with the strategy approved by the Government.

In 2004 Sida worked with the implementation of the Government's strategy against trafficking in Swedish cooperation. Sida is giving priority to combating the

sex trade in women and children and child labour.

In accordance with the strategy Sida has decided to support a number of activities to combat trafficking.

Sida has translated the film "Lilja 4-ever" into several Balkan languages and has shown the film on a number of occasions in Croatia, Bosnia & Herzegovina, Serbia and Montenegro, Kosovo, Macedonia and Albania. Every time the film has been shown it has been followed

by a seminar at which participants have been given the opportunity to discuss the film.

Sida is supporting programmes to combat the sex trade in six countries in Southeast Asia; Cambodia, China, Laos, Burma, Thailand and Vietnam.

Sida has concluded an agreement with MTV Foundation Europe on producing a number of films that will be shown on MTV in Europe. In addition, Sida and MTV are working together on a number of music festivals in order to provide information about trafficking together with local parties. A website with information on trafficking has been launched.

A programme financed by Sida, the Regional Counter-Trafficking Programme in the Western Balkans, was evaluated in 2003. The evaluation report was submitted to Sida in 2004. It states, among other things, that the International Organisation for Migration (IOM)

is an important stakeholder in combating trafficking, but that the organisation should try to live up better to Sida's requirements in respect of gender equality, human rights, children, HIV/Aids, cooperation with civil society and sustainable development.

Trafficking must be seen in relation to issues that involve drugs, HIV/Aids and sexual and reproductive health and rights (SRHR). Therefore, during the year Sida appointed a working group and produced a plan for the coordination of its contributions against trafficking. In this connection Sida has decided to make a broad inventory and analysis of cooperation at national, regional and global level. The study will include an analysis of Sweden's comparative advantages in light of the linkages to SRHR, HIV/Aids and drugs, and provide recommendations on ways in which Sida should focus its support.

The rights of the disabled

Sida shall present a report on the ways in which it has integrated the rights of the disabled into its activities and the special initiatives that it has taken, including support to the WHO.

Work relating to the rights of the disabled is pursued by different divisions and departments at Sida, as well as in the field. The focal point for the work is in the Division for Democratic Governance where there is a special adviser.

In 2004 a project group revised the document "Sida's development cooperation for disabled children and adults" in line with proposals for ways in which work on the rights of the disabled should be pursued in order to obtain the greatest possible impact.

A survey of the ways in which the human rights of the disabled have been integrated into Sida's work was made in the spring of 2004. This survey shows among other things that divisions and departments work in different ways and with varying degrees of awareness and success with the rights of the disabled. There are also several examples of ways in which departments work together in order to broaden the dialogue and exchange experience. One such example is the Department of Europe's social thematic group, which cooperates with Health Division and seeks a more intensive dialogue with the advisers for children's rights and the rights of the disabled.

Of the special initiatives taken in 2004, mention can be made of the support provided for the work on a convention on the rights of persons with disabilities. Sida has given the International Disability Alliance a three-year programme of support amounting to SEK 2.55 million to guarantee the participation of movements for the disabled in producing a convention for the disabled. Fur-

thermore, SEK 7 million has been provided to work on the African decade of the disabled. These funds have been allocated for the establishment of a secretariat in Cape Town in South Africa.

A programme of support of a different type is the pilot project "IT Training for the Visually Impaired" in Vietnam. A four-year grant of SEK 5.5 million has been provided to make it possible for visually impaired adults and students in a school in Vietnam to use IT aids for the visually impaired. The project is being run in cooperation with the Swedish Association of the Visually Impaired in the county of Halland.

Further examples of ways in which issues relating to the disabled have been integrated can be found, for example, in South Africa, where Sida and Finland are providing support for a programme to make it possible for disabled students to go to school. The Stockholm Institute of Education is contributing to improving the educational programmes for teachers in order to meet the needs of the children.

In programmes of cooperation in the education sector, the right to education of all children and adults is an issue that is being followed up in the ongoing dialogue. One example is the programme of sector support in Tanzania where issues relating to the right to education of disabled children and adults is being taken up.

In addition to direct contributions it can be mentioned that Sida takes up the rights of the disabled in its educational programmes, for example in internal training programmes in the rights perspective, including human rights, children's rights, democracy and gender equality.

During the year Sida also made a procurement of an international training programme on Human Rights and Disability. The target group is representatives of

the public sector and civil society who are active in the field, primarily in Africa. The first course will be held in 2005.

The grants given to Swedish NGOs should also be emphasised. These include the Swedish Organisation of Handicapped International Aid Foundation (SHIA) whose activities focus exclusively on improving conditions for the disabled. In 2004 the grant to SHIA amounted to SEK 34.2 million.

During the year an agreement amounting to SEK 110 million was concluded with the WHO. Of this amount SEK 7.4 million has been allocated for WHO's activities in the field of injuries and disabilities. Sida does not earmark this type of grant to special projects or countries.

Sida has also cooperated with the WHO's Disability and Rehabilitation Unit (DAR). During the year DAR arranged a meeting on ways in which community-based rehabilitation can take place and be developed.

Trade

Sida shall present a report on the measures it has taken to strengthen human resource development and capacity development in developing countries and their ability to make good use of the advantages offered by international trade, and their ability to safeguard their interests in international trade negotiations. In this respect Sida's contributions shall constitute part of Sweden's cooperation with individual countries, but they shall also constitute part of the support for regional and sub-regional cooperation. Sida shall present a report on the ways in which it has contributed to enhancing the capacity of developing countries to handle rules and other requirements imposed by external markets. The report shall also include the ways in which developing countries can use the international trade rules to develop good governance in the broad sense of the term.

Human resource development and capacity development in order to benefit from international trade

Sida has focused its contributions on subject areas where demand has been greatest, for example technical trade barriers, and sanitary and phytosanitary regulations, i.e. safety and health rules that regulate trade in foodstuffs, animals and plants with the aim of protecting the life and health of human beings, animals and plants.

International trade is governed by the rules that are negotiated at different international bodies, particularly the World Trade Organisation (WTO). If the multilateral trade system is to benefit all parties, it is essential that developing countries exert an influence on the rules and that they can then see that the rules are observed by their trade partners. If developing countries have the ability to follow international rules, their rules will be more predictable, transparent and effective, which contributes to good governance in the broad sense of the term. Sida has therefore supported contributions to improve the capacity of developing countries to safeguard their interests in the WTO and to enable them to follow the rules. One example is the grant to the WTO's annual programmes for technical assistance.

Intellectual property law is a complicated subject of which negotiators from developing countries often only have limited knowledge. Sida has contributed to

increase the effectiveness of developing country participation in negotiations on intellectual property law.

Agriculture and fisheries are two important sectors for many developing countries. Sida has reinforced the capacity of West African countries to participate in the international trade policy negotiations on fisheries with the aid of seminars, production of studies, and the establishment of an electronic information system.

Sida is supporting a process, the Integrated Framework for Trade-Related Capacity Building in LDCs, which is intended to assist the least developed countries involved to integrate trade in their national development strategies, and to improve the efficiency of trade-related support through analyses of the specific needs in each country and through donor coordination.

In 2004 Sida gave bilateral trade-related support to 19 countries (Chile, Croatia, Estonia, Guatemala, Jamaica, Kyrgyzstan, Latvia, Lithuania, Mozambique, Namibia, Nicaragua, Poland, Russia, Sri Lanka, South Africa, Tanzania, Ukraine, Vietnam and West Bank and Gaza). One example is the support to Vietnam which included seminars on WTO's legislation and rules for regional agreements; producing a national export strategy and developing capacity in the ministry of trade; strengthening capacity to do research into trade policies and trade promotion; and support, via the National Board of Trade, to increase knowledge of rules in respect of origin of goods and development of rules.

Capacity to meet the requirements of external markets

One factor that limits exports from developing countries is the lack of knowledge and capacity to deal with the requirements made by export markets. Sida is helping developing countries to improve their capacity to meet the rules of export markets, through support to the African Regional Organisation for Standardisation (ARSP), by helping developing countries to participate in the international work on standardisation, and through advanced courses on technical trade barriers and health regulations.

Many farmers in developing countries produce ecological products without selling them as such, despite

the fact that ecological products often command a higher price. One reason for this is the large number of different marketing systems, international standards and accreditation systems faced by exporters. Sida has therefore supported international harmonisation of ecological marking.

Approximately 20 international environmental agreements contain rules that can affect trade. While some developed countries claim that environmental aspects must be taken into consideration in the multilateral trade system, some developing countries have expressed concern that these rules could make it more difficult for them to sell their products in the developed countries. Sida has financed projects for cleaner production processes in India and Ukraine.

Regional integration

Regional integration in respect of trade can offer a way for small trade nations to gradually open up their markets and to harmonise their legislation with the multilateral trade system's opportunities and demands. It can also be a way for them to strengthen their position vis-à-vis large economies, broaden their own markets for their production, and work together where exports are concerned. Moreover, a larger market is more attractive for foreign direct investments. Normally the risk of conflicts diminishes between countries that belong to the same regional organisation and which have extensive trade relations.

Sida has supported regional integration through cooperation with regional organisations. Examples are training programmes for civil servants from the same region, meetings between ministers of trade, re-establishment of the African Union's panel for trade negotiations, tariff studies, and the strengthening of regional negotiation capacity in international trade negotiations.

Measures to promote trade

In order to benefit from international trade, developing countries must succeed in selling what they produce.

Sida is therefore supporting a number of measures intended to promote trade. For example, through a cooperation agreement with the Swedish Chamber of Commerce, information is given to enterprises in developing countries about selling products on the Swedish market for some 50 types of products. Other activities included are providing contacts between sellers in developing countries and buyers in Sweden, training of trade attachés, and participation in trade fairs in Sweden for representatives of enterprises from developing countries. Institutional development of chambers of commerce is taking place, for example in Uganda and Ukraine. In addition Sida, through the International Council of Swedish Industry, has started a programme for institutional cooperation, sector development, seminars and communication between East Africa and Sweden.

Sector-specific measures have also been supported by Sida in the textile and clothing sector. In the textile sector, ten countries were invited via the Swedish Federation of Trade/Import Council to a programme of human resource development in the form of seminars which was combined with a market place to which the largest Swedish and other European importers were invited. In 2004 Sida also initiated a feasibility study prior to a similar programme for industrial products and wooden articles in Ukraine.

Internal capacity

In order to make the trade-related support as effective as possible, it is necessary to improve Sida's knowledge of trade in developing countries and the links between trade and poverty. A number of measures have been taken to achieve this goal. A policy for Sida's trade-related support is being drawn up as well as an action plan for the future. Moreover the number of programme officers has increased, a number of "Trade Briefs" on specific trade issues have been published, and seminars on various trade-related subjects have been held for Sida staff, as well as a major regional conference in Africa.

Migration

Sida shall present a report on the measures it has taken within the framework of its participation in the EU's cooperation on migration issues, principally those within the mandate of the High Level Working Group, to prevent and counteract involuntary migration. During the year Sida participated in a Swedish discussion on migration from a development perspective. Among the activities, mention can be made of participation on this theme at a conference on migration and development arranged by the Swedish Migration Board and the

Association of Local Authorities in the county of Kronoberg, a conference on Global Mobility Regimes arranged by the Institute for Future Studies, and the arrangement of a number of internal seminars on the theme at Sida. The point of departure of these activities was a study on labour force migration which Sida commissioned in 2003. A more detailed study of the consequences of migration in a region in Albania was also performed on behalf of Sida.

Armed conflicts lead to extensive movements of people in the country affected and over borders. To make it

easier for refugees and internally displaced persons to return to their home districts, Sida is supporting contributions to enable people to return home and to strengthen protection for them. Contributions of this type are made, for example, by the Nordic Refugee Council, which has received support for its information and legal advisory services for internally displaced persons in the Democratic Republic of the Congo and for training programmes on UN's guiding principles for internally displaced persons. The training programmes, which principally focus on the legal principles in force, have been partly directed towards internally displaced persons and partly towards the authorities.

The Nordic Refugee Council has also received support for its information and legal advice activities directed towards refugees, internally displaced persons and authorities in Burundi and Angola.

Sida has also supported the Nordic Refugee Council's project for internally displaced persons (Global IDP Project) which has the aim of spreading information on the rights of internally displaced persons.

In the country strategy for Somalia, it is stated that support for the voluntary return of refugees and internally displaced persons should constitute a substantial part of the support. Sida has contributed SEK 2.5 million to UNDP's programme for the integration of refugees and internally displaced persons in northwest and northeast Somalia. Sida has also provided support amounting to SEK 1.7 million to the International Organisation for Migration to prevent internal displacement in Colombia by providing access by vulnerable groups to land and by starting up social networks in the local communities. During the year Sida participated in determining the effects of the support provided by the international community to internally displaced persons. An evaluation of support to internally displaced persons in Indonesia was performed on behalf of Sida. Moreover, Sida contributed to the implementation of a synthesis of the evaluations of support provided by several donors to internally displaced persons. The aim of these evaluations is that Sida and other donors, with improved knowledge of the effects, will be able to improve their support and take action to increase the protection of internally displaced persons.

Sida is supporting two initiatives: the Joint Learning Initiative (JLI) and Equinet, which have the aim of enhancing knowledge and understanding of ways in which basic health care in low-income countries is affected by the staff leaving the country. Equinet is a network of decision-makers, academics, and representatives of civil society that work to promote equitable access to health services where the migration of health personnel is an important factor. The JLI has studied the factors that govern health personnel and their mobility, for example the labour market, working environment, career prospects and other incentives, global recruitments strategies for health personnel and so on. The crisis in

the health sector in many low-income countries is partly due to the increasing pressure on the health system as a result of HIV/Aids, that health personnel fall sick in Aids, that health personnel leave their jobs due to poor working conditions, and that personnel move from rural areas to the towns and from low-income countries to medium and high-income countries. JLI will also draw up recommendations and strategies for the best ways to solve these problems. The final report was presented in November 2004.

The point of departure of Sida's support in the Western Balkans has been to prevent and counteract involuntary migration. The support has developed from disaster relief, to support for reconstruction, to development support and today is at a stage in which development work and reform work are in focus. Contributing to stability in the region and counteracting involuntary migration are still important objectives.

The type of support that has most obviously had an effect on the migration problems in the region (refugees and internally displaced persons) is the extensive reconstruction work that has taken place in Bosnia & Herzegovina, Croatia and Kosovo, in the so-called integrated area programmes. Reconstruction of housing has been combined with support for infrastructure, schools and self-sufficiency programmes, particularly in rural areas. During the year, in a special report to the Government, Sida described the ways in which its support through these programmes has influenced the prospects of refugees and internally displaced persons to return home. In Bosnia & Herzegovina Sida has started to draw up a phasing out strategy and is supporting central authorities to assume more responsibility for the further reconstruction and integration work. Sida has financed the process of transition of these issues to an organisational unit in the ministry responsible for human rights and returnees. Sida has also contributed to the transfer to this unit of a database for issues relating to ownership rights.

Sida is also trying to counteract involuntary migration by supporting special projects in support of minorities. In the Western Balkans there are various initiatives to survey and analyse the problems of the Romes and to strengthen networks and actors involved, mainly through the European Center for Minority Issues (ECMI).

Extensive support is also being given to combating trafficking in human beings from and within the region. Extensive efforts are being made here, both in the Balkans and in Moldova. In accordance with the new Swedish strategy in respect of trafficking, greater emphasis has been placed on preventive measures such as information and education and training. Sida has played an increasing larger role in cooperation between international and local organisations on this issue. Sida has entered into a programme of cooperation with MTV Europe Foundation and the U.S Agency for International

Development (USAID) to reach young people throughout Europe—both as potential victims of trafficking and as possible users of sex services. The work being done by Save the Children Sweden in the Balkans region to investigate the ways in which trafficking has a special effect on children resulted during the year in a report which will be followed up with an application for further contributions.

Sida shall present a report on the ways in which it has contributed to creating better forms and rules for orderly migration, for example for capacity development in the legal sector and for the reception of refugees.

With support from Sida, the Swedish Migration Board has developed capacity in the Baltic States, Russia, Belarus and Ukraine in respect of the asylum and migration process and reception of refugees to enable the coun-

tries to work in this field on the basis of international standards. The projects, and in some cases sub-projects, have achieved their goals and in the Baltic States a migration network has also been created. In some of the activities UNHCR has participated as a sub-contractor to the Swedish Migration Board.

Sida has expressed its willingness to work together with the Swedish Migration Board in co-financing and participating in the so-called Söderköping process within the High Level Working Group initiative together with the EU Commission. The Söderköping process is a programme of cooperation in the EU which shall contribute to the development of organisations that deal with migration issues. The initiative has the aim of making Ukraine, Belarus and Moldova less attractive as transit countries for migration purposes and of developing their capacity in asylum management.

Organisations associated with political parties

Where support channelled through organisations associated with Swedish political parties for the development of democracy in developing countries and countries in Eastern Europe is concerned, Sida shall present a report on the breakdown of the support by organisation and region, including joint projects. The report shall clearly specify development cooperation activities (ODA).

In 2004 activities were run in 50 countries of which 21 were in Europe, 9 in Asia, 14 in Africa and 6 in Latin America. The total volume was SEK 37.6 million, which is an increase on 2003 of 5.9 per cent. The breakdown by region is shown in table 17.

All in all, in 2004 Sida approved some SEK 7.6 million in support to the eight OA states in Eastern Europe and Central Asia in which organisations associated with Swedish political parties are working: Bulgaria, Estonia, Latvia, Lithuania, Poland, Russia, Ukraine and Belarus. Projects in the candidate countries or new member states of the EU accounted for slightly more than SEK 1 million in the amount approved in 2004. Network activities, conference and the like in which party members from OA states can have participated have not been included.

Where the remainder of the world is concerned, it is only the joint project in Singapore, which amounts to SEK 442 000, which is taking place in a OA country. All in all almost SEK 8 million was thus approved for support to projects in OA states in 2004, approximately 20 per cent of the total volume. The proportion of OA projects varies between the organisations.

In 2004, with a few exceptions, all parties worked with the following joint projects: training of politicians in Singapore with a budget of SEK 442 000, study visits in connection with the election to the EU parliament with a budget of SEK 553 500, young politicians in Guatemala with a budget of slightly more than SEK 2 million, and a publication of democracy work on Cuba with a budget of SEK 350 000.

In Central and Eastern Europe most of the funds are being used, but the proportion of the funds is declining in comparison with other regions. For the first time since the support was introduced, support to Central and Eastern Europe is also declining in absolute figures. Regions receiving a larger proportion of support are Latin America and Asia. The increase is particularly strong in Latin America and the project volumes are growing in all six countries concerned, apart from Colombia.

Table 17. **Support by region via organisations associated with political parties, per cent**

Region	2002	2003	2004	Approved-grants 2004
Africa	16,1	14,3	11,2	3 679
Asia	5,9	10,4	11,2	3 694
Latin America	12,1	13,1	19,9	6 519
Central & Eastern Europe	58,0	55,1	47,3	15 532
Global	6,2	5,8	6,5	2 144
Sweden	1,7	1,2	3,9	1 276
Total	100	100	100	32 844

Table 18. **Breakdown by organisations associated with political parties, outcome in SEK '000**

	ODA	OA
Center Party International Foundation	1 440	940
Green Forum	1 170	760
Jarl Hjalmarsson's Foundation	3 238	2 112
Christian Democrat's Council for Democracy and Development	2 040	1 330
Olof Palme International Center	8 085	5 275
Swedish International Liberal Center	2 860	1 860
Left International Forum	1 877	1 223
Others	3 390	–
Total	24 100	13 500

Policy Area: Foreign policy and security policy

2004



Peace promotion activities

To the extent determined by the Government, Sida shall recruit, train and equip the personnel who are made available for international peace-promotion activities. Furthermore, Sida shall administer Swedish participation in peace missions, in secretariats and institutions.

The work done in this operational area in 2004 was mostly advertising posts and nominating candidates for peace promotion missions and to the secretariat of the Organisation for Security and Cooperation in Europe (OSCE) in Vienna and OSCE's institution in Warsaw.

However, there is considerable competition for the posts, with the effect that Swedes nominated for the posts have not been accepted. OSCE does not give its reasons for not accepting the Swedish candidates and thus an in-depth analysis of this should be made.

The persons who were recruited for peace promotion missions in 2003 were offered prolongation of their periods of service in 2004.

Recruitments to the missions are made at short notice since the period of time during which positions are announced is short.

REPORT REQUIRED

In its annual report Sida shall provide an account of the ways in which it has cooperated with the education and training programmes implemented by the Folke Bernadotte Academy and other Swedish government agencies and institutions.

Consensus on the education and training programmes implemented by the Folke Bernadotte Academy (FBA) has been achieved through close cooperation between

Sida and FBA. Sida has participated in a reference group that constitutes a platform for cooperation and exchange of information between government agencies and NGOs. In addition to this Sida has participated in a working group on training which supports the Academy by producing material for the courses and training programmes.

The course "Cooperation in multi-functional peace operations" was produced in close cooperation between Sida and FBA. Sida also contributed three course participants.

Sida's Director General is a member of FBA's operational council.

Table 19. **Peace promotion activities,**
expenditure in SEK '000

Land/Region	
Belarus	733
Poland	704
Regional: Western Balkans	749
Regional: Europe	785
Totalt	2 970

Notes on the performance report

2004



Notes on the performance report

GENERAL

The reporting requirements laid down in the Government's annual directives and letter of appropriations for the budget year 2004 in respect of the Swedish Agency for International Development Cooperation (Sida) are included in this performance report. An overview of all Sida's reporting requirements and assignments is included in appendix 9. The financial and statistical information has been taken from Sida's financial planning system, A+ (PLUS).

Operational areas and sub-sectors are determined on the basis of budget items. The number of operational areas in 2004 was 11.

Since the breakdown and definitions of all operational areas have been changed in relation to previous years, it is very difficult for Sida to meet the requirement of producing comparable information on performance over a period of three years, as laid down in the ordinance. The only operational area that is comparable with previous years is Non-governmental Organisations, since this budget item was an operational area in 2002 and 2003. The reason why this limited comparison has not been presented in table form is that Sida considers that it is not meaningful from a holistic perspective.

In 2004 information was collected from Sida's divisions in respect of time worked by Sida's employees. This was converted into full-time posts. The information was obtained in order to make estimates of how the time worked by employees could be distributed to regions and operational areas. The information refers to employees working with development cooperation (and thereby excludes purely administrative posts).

Appendix 6 contains tables showing the number of full-time posts and the relationship between these posts and the outcome.

In this performance report Sida has refrained from making a standard breakdown of administrative expenses by operational areas and regions.

REVENUE AND COSTS

A reconciliation between the performance report and the statement of financial performance is presented in table 20.

POLICY AREA: INTERNATIONAL DEVELOPMENT COOPERATION

The new Policy for Global Development has recently been adopted. It entered into force in 2004. Sida has started a process of change that has its point of departure in the new goal for the policy area. Projects started prior to 2004 were consequently not assessed on the basis of the new goal. Therefore, the reports made on the basis of the new goal that Sida makes in this report chiefly refer to this process of change. See section entitled Goal of international development cooperation.

Operational areas

There are ten operational areas in the policy area. Together they comprise the budgets for international development cooperation, bilateral development cooperation (8:1). This year all contributions that refer to OA countries are also included. Previously these have been part of another policy area (Cooperation with Central and Eastern Europe). Countries that are classified as OA countries and which Sida cooperates with are countries in Central and Eastern Europe. The countries are the following: Estonia, Latvia, Lithuania, Poland, Bulgaria, Romania, Slovenia, Slovakia, Czech Republic, Hungary, Belarus, Ukraine and Russia.

Regions

Appendix 1, Costs per operational area, region/country and continent, shows the countries that are part of each region.

A contribution can refer to one or more regions in those cases where a distribution template has been used. The outcome is distributed proportionally on the basis of the template used.

Forms of support

The report on forms of support follows Sida's statistical concept Form of Support. No changes have taken place since last year.

Channels

As in previous years, the report on channels is based on the statistical concept Implementing Channel. The channel, *Multilateral organisations*, contains FN agencies

and the World Bank, among others. *Swedish NGOs* contains implementing organisations in Sweden, for example government agencies, organisations and universities and schools. *Partner country organisations* contains implementing organisations in the partner countries, for example Tanzania, and *Other countries' organisations* contains implementing organisations from other parts of the world, for example Norway. *International NGOs* are, for example, International Committee of the Red Cross (ICRC).

Sector classification

In appendix 2 the outcome is broken down by region/country and main sector. The sector classification of each project is made on the basis of the area/sector the project has the aim of developing. Each main sector is based on the classification used in Sida's financial planning system. The main sectors are the following: Human rights and democratic governance; Social sectors; Infrastructure, trade and industry and urban development; natural resources; and other sectors.

Report on the number of contributions

The definition of the number of contributions has not been changed in comparison with 2002. The number of valid contributions in one year is defined as all contributions that, according to the period stated in the agreements, have taken place at some time during the year and where the status of the agreement is agreed or completed.

The number of new contributions is the number of contributions that started during each year.

POLICY AREA: FOREIGN POLICY AND SECURITY POLICY

The operational area Peace Promotion Activities is defined as appropriation 5:2 Peace Promotion.

Table 20. Reconciliation between the Performance Report and the Statement of Financial Performance, SEK '000

Statement of Financial Performance, excl income from appropriations	
Income from fees and other payments	52 990
Income from fees	299
Financial income	3 273
Operating costs including depreciation	-913 356
Collections net	-4 993
Funds from other agencies to finance support	19 906
Other funds received to finance support	41 036
Support provided	-12 102 444
Total as shown in Statement of Financial Performance, excl appropriation income	-12 903 288
Broken down by operational area:	
Policy area International Development Cooperation	
Africa	-2 765 640
Asia, Middle East and North Africa	-1 749 420
Latin America	-843 203
Eastern Europe and Central Asia	-1 442 313
Global development programmes	-1 323 347
Research	-773 216
Humanitarian assistance and conflict prevention	-1 610 570
Economic support	-795 803
NGOs	-1 000 288
Information	-60 554
Total	-12 364 355
Other policy areas	-66 574
Total	-12 430 929
Administrative expenses	-545 562
Total incl. administration	-12 976 491
Outstanding items	73 203
According to the Statement of Financial Performance, the outstanding items consist of:	
Doubtful debts	389
Book value and profit/loss on sales of fixed assets	-140
Taxation net	-4 993
Damages etc contingency reserve	-265 428
Funds received from agencies to finance support	19 906
Finance provided by funds etc to finance support	344 716
Cost of concessionary credits	-97 766
Cost of soft loans	32 755
Cost of conditional loans	20 887
Changes in doubtful debts, conditional loans	-8 671
Interest income, concessionary credits	43 207
Interest income, separate guarantees	1 623
Interest income, contingency reserve	18 676
Exchange differences, contingency reserve	-27 948
Other items	-4 011
Total other items	73 203

Financial documents

2004



Comments

CEILING ON EXPENDITURE

In its annual directives and letter of appropriations, Sida was instructed to limit its expenditure on budget 7 8:1 Bilateral development cooperation. Of the funds available, Sida may only disburse a maximum amount of SEK 12 706 130 000.

In addition, in its annual directives and letter of appropriations, Sida was instructed to limit its expenditure on budget 7 8:1.26.2 OA countries.¹ The total amount that may be charged against this budget item and the former budget item 7 9:1 Cooperation with Central and Eastern Europe (at the disposal of Sida) may not exceed SEK 592 000 000.

OUTCOME OF APPROPRIATIONS

The outcome for Sida's main appropriations at December 31, 2004 amounted to (SEK '000):

At the end of the budget year Sida had a balance on appropriations of SEK 1 910 290 000 for development

7 8:1 International Development Cooperation, outcome	11 972 659
Ceiling on expenditure	12 706 130
Outcome in relation to ceiling on expenditure	94 %
7 9:1 + 7 8:1.26.2, outcome	573 511
Ceiling on expenditure	592 000
Outcome in relation to ceiling on expenditure	97 %
7 8:2 Administrative appropriation, outcome	541 036
Total amount available	566 827
Outcome in relation to total amount available	95 %

cooperation activities. As a consequence of the ceiling on expenditure a further amount of SEK 733 471 000 could have been disbursed. In its interim report Sida made the assessment that this would be the case. Later during the autumn it was established that approximately half of this amount could not be disbursed since the recipients were unable to demonstrate that they had met stipulated requirements. This referred chiefly to the budget item Economic Support. With regard to the remainder of this amount, the failure to make disbursements was due to a number of interacting factors.

CHANGES IN CLOSING BALANCES

The closing balance for appropriation item 7 8:1 Bilateral Development Cooperation increased from SEK 1 133 094 000 to SEK 1 910 290 000. The largest balance, SEK 607 568 000, is in respect of the sub-item Concessionary Credits.

The closing balance for the former appropriation item 7 9:1 Cooperation with Central and Eastern Europe via Sida decreased from SEK 419 483 000 to SEK 40 981 000. No new funds were allocated to this budget in 2004. This budget has been used as far as possible for contributions in Central and Eastern Europe, which explains the low budget outcome for budget item 7 8:1.26.2 OA countries, SEK 195 008 000, of a total amount available of SEK 445 180 000.

The savings on Sida's appropriation for administration increased during the same period from SEK 9 638 000 to SEK 25 971 000. This is mainly due to active measures to make savings at Sida.

APPROPRIATION CREDITS

The appropriation credit granted increased considerably in 2004 compared to previous years. Previously Sida only had an appropriation credit on its administrative budget (SEK 7 400 000 in 2003). Since, from 2004 onwards, Sida has only had a framework appropriation, it has been possible for Sida to be granted appropriation credits on the development cooperation budget. Information on the credits can be found in note 27.

1. ODA = Official development assistance. OA countries are countries in Central and Eastern Europe i.e. support to these countries is not classified as development cooperation.

Summary of major expenditures (SEK '000)

Loan facilities at the National Debt Office

	2004	2003	2002	2001	2000
Approved loan facility	110 000	92 000	67 000	62 000	62 000
Loans approved at the end of the budget year	94 178	63 355	62 240	53 042	50 682

Credit account at the National Debt Office

	2004	2003	2002	2001	2000
Credit granted	20 000	19 700	20 000	20 000	20 000
Credit utilised	3 447	0	126	15 953	0

Interest income and expenses on interest-bearing account

	2004	2003	2002	2001	2000
Interest expenses on interest-bearing account	2	0	731	5	4 129
Interest income on interest-bearing account	696	1 092	1 483	1 489	1 699

Income from fees

	2004	2003	2002	2001	2000
Income from fees that Sida may use	18 268	19 365	18 628	22 309	19 841
<i>Estimated amount in Government directives</i>	– *	– *	20 000	20 000	20 000
<i>* No amount in directives</i>					
Income from fees that Sida may not use	30 526	30 166	45 830	40 675	28 319
<i>Estimated amount in Government directives</i>	50 000	50 000	39 000	39 000	33 000

Appropriation credits approved and utilised

	2004	2003	2002	2001	2000
Appropriation credit approved	397 899	7 400	12 600	12 600	12 000
Appropriation credit utilised	0	0	0	0	0

Closing balances (incl. future commitments up to 2003) and outstanding commitments

	2004	2003	2002	2001	2000
Closing balance	2 031 338	1 706 699	1 172 398	1 534 701	2 663 582
of which committed	1 105 282	1 104 883	842 583	1 397 410	2 496 483

Outstanding commitments

	2004	2003	2002	2001	2000
Allocation	20 472 000	16 110 000	17 090 000	20 650 000	28 156 950
Outstanding commitments	13 543 713	13 142 701	10 569 619	9 022 496	7 344 899

Full-time posts and average number of employees

	2004	2003	2002	2001	2000
Number of full-time posts	733	727	724	711	694
Average number of employees	767	764	756	749	730

Operating costs per full-time employees

	2004	2003	2002	2001	2000
Operating costs	884 874	858 930	827 999	781 787	696 432
Operating costs per full-time employee	1 207	1 181	1 144	1 100	1 004

Change in capital for the year and change in capital carried forward

	2004	2003	2002	2001	2000
Change in capital for the year	-182 289	-252 208	-311 953	-563 010	-587 365
Change in capital carried forward	458 738	502 817	452 711	439 109	467 388

Statement of Financial Performance (SEK '000)

	Note	040101 -041231	030101 -031231
OPERATING REVENUES			
Income from appropriations	1	852 707	845 755
Income from fees and other charges	2	52 990	50 751
Income from grants		299	201
Financial income	3	3 273	4 051
Total operating revenues		909 269	900 758
OPERATING EXPENDITURE			
Staff costs	4	-547 728	-519 263
Premises		-113 992	-112 677
Other operating costs	5	-223 154	-226 989
Financial expenses	6	-3 922	-6 271
Depreciation	10,11	-24 560	-22 055
Total operating expenditure		-913 356	-887 256
OUTCOME OPERATIONS		-4 086	13 502
FEES ETC COLLECTED			
Income from fees etc and other income that may not be used by Sida		25 534	27 561
Income from fees etc transferred to the government budget		-30 526	-30 166
Balance: fees etc. collected	30	-4 993	-2 605
TRANSFERS			
Government budget contributions for development cooperation	1	11 868 293	10 132 738
Government agency contributions for development cooperation		19 906	3 565
Other funds received for development cooperation		41 036	46 566
Financial income	7	80 255	114 017
Financial expenses	8	-63 824	-38 507
Development cooperation		-12 118 875	-10 521 484
Balance: transfers		-173 210	-263 105
CHANGE IN CAPITAL FOR THE YEAR	9	-182 289	-252 208

Statement of Financial Position (SEK '000)

	Note	2004-12-31	2003-12-31
ASSETS			
Intangible fixed assets			
Capitalised expenditure on development		12 152	10 903
Rights and other intangible assets		18 129	18 487
Total intangible fixed assets	10	30 281	29 390
Tangible fixed assets			
Improvements to non-Sida property		20 993	25 712
Machinery, plant, equipment etc		44 413	39 403
Advance in respect of tangible fixed assets		8	262
Total tangible fixed assets	11	65 414	65 376
Financial assets			
Long-term claims	12	595 924	523 018
Total financial assets		595 924	523 018
Lending	13	411 167	406 222
Stocks etc			
Advances to suppliers		5 947	4 015
Total stock		5 947	4 015
Receivables			
Accounts receivable	14	239	13 389
Claims on other agencies		57 995	59 218
Other claims		9 652	10 265
Total receivables		67 887	82 872
Cut-off items			
Pre-paid expenses		19 591	24 133
Accrued revenue from grants		79	1 281
Other accrued revenue		4 544	16 399
Total cut-off items	15	24 215	41 813
Settlement with Government	16	173 224	181 151
Cash and bank			
Balance on interest-bearing account at the National Debt Office	17	50 632	31 021
Other balances at the National Debt Office	18	1 946 864	1 976 545
Cash, postal giro and bank balances		71 364	20 049
Total cash and bank		2 068 860	2 027 615
TOTAL ASSETS		3 442 919	3 361 473

	Note	2004-12-31	2003-12-31
CAPITAL AND LIABILITIES			
Agency capital			
Government capital	19	2 647 493	2 643 429
Change in capital brought forward	20	458 738	502 817
Change in capital from income statement	9	-182 289	-252 208
Total agency capital		2 923 943	2 894 038
Provisions			
Provisions for pensions etc	21	4 177	5 737
Total provisions		4 177	5 737
Liabilities			
Loan at National Debt Office	22	94 178	63 355
Debts to other agencies		101 598	99 245
Accounts payable		256 802	238 827
Other liabilities		14 819	14 671
Deposits		5	174
Total liabilities etc		467 401	416 273
Cut-off items			
Accrued expenses		43 569	41 149
Unused grants		3 830	3 985
Other deferred revenue		0	290
Total cut-off items	23	47 399	45 425
TOTAL CAPITAL AND LIABILITIES		3 442 919	3 361 473
CONTINGENT LIABILITIES			
Government guarantees for loans and credits			
Loans to personnel in the field		950	989
Swedish school association in Nairobi		2 000	2 000
School in Nicaragua		400	400
Other contingent liabilities			
Import guarantee		1 943	1 157
Conditional loans		10 637	13 991
Write-off loans		6 620	6 810
Separate guarantees		229 650	237 600
Guarantee commitments, concessionary credits		2 334 000	3 822 000
Contingencies		9 098	5 200
TOTAL CONTINGENT LIABILITIES		2 595 297	4 090 147

Appropriation accounts (SEK '000)

ACCOUNTING AGAINST APPROPRIATIONS

Appropriation	Name of item	Note	Opening transferred balance	Allocation for the year	Re-allocated appropriation items	Total amount available	Expenditure	Closing balance	Commitments
7 8:1 BILATERAL DEVELOPMENT COOPERATION (Framework appropriation, all items)			Note 24		Note 25				
7 8:1.1 Humanitarian assistance and conflict prevention			5 690	1 400 000	205 000	1 610 690	1 610 570	120	110
7 8:1.2 Information			644	60 000		60 644	60 554	89	0
7 8:1.3 Global development programmes	26		53 848	1 085 950	218 081	1 357 880	1 321 663	36 216	23 980
7 8:1.5 Non-governmental organisations			11 288	1 100 000		1 111 288	1 000 288	111 000	60 400
7 8:1.6 Asia, Middle East and North Africa			243 884	1 810 000	-175 629	1 878 255	1 750 405	127 851	100 141
7 8:1.7 Latin America			68 160	870 000	-58 159	880 001	839 361	40 640	38 212
7 8:1.9 Africa			291 227	2 980 000	-178 530	3 092 697	2 764 577	328 120	255 708
7 8:1.26 Eastern Europe and Central Asia									
7 8:1.26.1 ODA countries	26		0	905 000	25 238	930 238	871 452	58 787	58 785
7 8:1.26.2 OA countries			0	445 180		445 180	195 008	250 172	248 999
7 8:1.26 Total Eastern Europe and Central Asia			0	1 350 180	25 238	1 375 418	1 066 460	308 958	307 783
7 8:1.32 Research			0	850 000	67 961	917 961	773 234	144 727	130 332
7 8:1.33 Economic support									
7 8:1.33.1 Concessionary credits	26		0	600 000	198 115	798 115	190 547	607 568	4 508
7 8:1.33.2 Economic reforms			0	600 000	200 000	800 000	595 000	205 000	130 000
7 8:1.33 Total Economic support			0	1 200 000	398 115	1 598 115	785 547	812 568	134 508
7 8:1 TOTAL BILATERAL DEVELOPMENT COOPERATION	27		674 741	12 706 130	502 077	13 882 948	11 972 659	1 910 290	1 051 174
7 8:2 DEVELOPMENT COOPERATION ADMINISTRATION (Framework appropriation)									
7 8:2.1 Sida's development cooperation administration	27		9 638	557 189		566 827	541 036	25 791	
7 9:1 COOPERATION WITH CENTRAL- AND EASTERN EUROPE (Framework appropriation, all sub-items)									
7 9:1.1 Candidate countries			128 913	0		128 913	88 051	40 862	40 832
7 9:1.2 Russia, Ukraine and Belarus			290 571	0		290 571	290 452	119	0
7 9:1 TOTAL COOPERATION WITH CENTRAL- AND EASTERN EUROPE VIA Sida			419 483	0		419 483	378 503	40 981	40 832
5 5:2 PEACE PROMOTION OPERATIONS (Framework appropriation)									
5 5:2.3 Sida's operations abroad	28		5 103	5 000	-5 103	5 000	2 970	2 030	963
24 39:6 PRIVATE SECTOR DEVELOPMENT IN BALTIC SEA REGION (Framework appropriation)									
24 39:6.6 At the disposal of Sida	29		95 656	0		95 656	43 409	52 247	12 312
GRAND TOTAL			1 204 621	13 268 319	496 974	14 969 915	12 938 576	2 031 338	1 105 282

REVENUE UNDER GOVERNMENT BUDGET REVENUE HEADINGS

Revenue heading	Designation	Note	Estimated amount	Revenues
2394	Other interest income			636
2511	Office fees			6 260
2535	Fees for government guarantees			15
2811	Other revenue from government operations			23 615
4526	Repayment of loans			5 384
TOTAL		30	50 000	35 910

AUTHORISATIONS

Appropriation	Designation	Authorised amount	Commitments b/f	Outstanding Commitment 041231	2005	2006	2007	2008–	Total
		Note 31	Note 32	Note 33					Note 33
7 8:1	BILATERAL DEVELOPMENT COOPERATION (Framework appropriation)								
7 8:1.1	Humanitarian assistance and conflict prevention	400 000	435 001	211 530	170 045	39 351	2 000	0	211 396
7 8:1.2	Information	60 000	630	3 205	3 005	200	0	0	3 205
7 8:1.3	Global development programmes	1 557 000	970 064	903 056	608 351	194 816	55 566	1 622	860 354
7 8:1.5	Non-governmental organisations	2 500 000	1 559 804	1 496 485	1 030 715	443 031	22 000	0	1 495 746
7 8:1.6	Asia, Middle East and North Africa	4 000 000	2 076 731	2 535 530	1 285 288	620 609	355 840	247 488	2 509 224
7 8:1.7	Latin America	2 000 000	948 397	1 169 370	615 190	396 995	90 055	63 345	1 165 585
7 8:1.9	Africa	6 000 000	4 837 111	4 404 859	2 506 777	1 249 464	425 646	81 425	4 263 312
7 8:1.26.1	ODA countries	1 255 000	803 058	959 683	677 429	205 167	60 336	8 000	950 932
7 8:1.26.2	OA countries	625 000	0	547 029	348 257	154 069	42 829	400	545 555
7.8:1.32	Research	1 275 000	893 867	1 045 452	625 228	248 751	138 196	33 278	1 045 452
7.8:1.33.1	Concessionary credits	200 000	196 526	17 515	16 509	1 000	0	0	17 509
7.8:1.33.2	Economic reforms	600 000	0	250 000	210 000	40 000	0	0	250 000
TOTAL 7 8:1		20 472 000	12 721 190	13 543 713	8 096 792	3 593 453	1 192 466	435 558	13 318 270

FINANCIAL CONDITIONS (SEK '000)

Appropriation	Designation	Conditions	Type	Financial conditions	Outcome 2004
CEILING ON EXPENDITURE					
7 8:1	Bilateral development cooperation	Ceiling on expenditure 2004	Govt. directive	12 706 130	11 972 659
7 8:1.26.2 and 7 9:1	OA countries and Cooperation with Central and Eastern Europe	Ceiling on expenditure 2004	Govt. directive	592 000	573 511
7 8:1	BILATERAL DEVELOPMENT COOPERATION (Framework appropriation)				
7 8:1	Bilateral development cooperation	Field posts	Govt. directive	230 000	225 227
		Sida may use SEK 12 000m for its guarantee activities	Govt. directive	12 000 000	2 565 593
		Of which a maximum amount of SEK 1 000m refers to independent guarantees		1 000 000	229 650
		and SEK 30 m to capital market and import guarantees		30 000	1 943
7 8:1.	Humanitarian assistance and conflict management	Humanitarian assistance, conflict management Chechnya, Russia	Govt. directive	40 000	27 187
		Max SEK 200m for conflict management activities	Govt. directive	200 000	198 393
		Original allocation SEK 1 400m indicative allocation SEK 1 200m and SEK 200 m for conflict management	Govt. directive	1 200 000	1 412 176
		(further allocation SEK 205m + opening balance of SEK 5.7m = total outcome higher than SEK 1 400m)		200 000	198 393
		Support to ICRC's field projects	Govt. directive	250 000	250 000
		Support to Burmese refugees in Thailand in 2004 (UD2003/185/GS)	Govt. decision	29 600	29 600
7 8:1.3	Global development programmes	Support to WMU	Govt. directive	24 000	22 956
		Support for vaccination initiatives	Govt. directive	40 000	39 620
		—of which min SEK 20m to GAVI		20 000	39 620
		Grant to International Planned Parenthood Federation (IPPF) min SEK 85m	Govt. directive	85 000	100 000
		Apoteket AB's further work as WHO Collaborating Centre	Govt. directive	2 000	2 000
		Support via political party organisations for democratic development in developing countries	Govt. directive	24 100	24 100
		Support for multilateral and bilateral work on drugs	Govt. directive	12 000	8 710
		Multilateral environmental contributions	Govt. directive	16 500	13 105
		Consolidation of Sida's multilateral environmental work	Govt. directive	1 000	592
		Preparation of projects and programmes- Montreal protocol	Govt. directive	4 000	3 668
		Swedish personnel support OSCE (Balkans/CIS states)	Govt. directive	12 000	11 899
		— whereof administrative costs		500	490
		Support to Swedish NGO Foundation for Human Rights (UD2001/1546/IC) 2002–2004*	Govt. decision	40 300	37 404
		Swedish Society for the Conservation of Nature: support for North/South programme for 2002–2004. (UD2002/509/GU)*	Govt. decision	59 000	39 000
7 8:1.5	NGOs	Information on developing countries	Govt. directive	110 000	105 465
7 8:1.6	Asia, Middle East and North Africa	Election observers, parliamentary election in Sri Lanka (UD2004/11036/ASO)	Govt. decision	225	83
7 8:1.9	Africa	Agreement with Govt of Tanzania on 3-year support for Tanzania's HIV/Aids Care and Treatment Plan 2004–2006 (UD2004/32455/AF)	Govt. decision	150 000	0
		Bilateral development cooperation with Govt. of Tanzania (UD2004/32455/AF)	Govt. decision	700 000	541 889
		Swedish election observers—Malawi (UD2004/15205/AF)	Govt. decision	150	129
		Swedish election observers—Mozambique (UD2004/50018/AF)	Govt. decision	600	330
7 8:1.26.1	ODA countries	Contributions in Turkey	Govt. directive	10 000	11 466
		Support for OSCE's election project in Georgia (UD2003/67067/EP+UD2004/6235/EP)	Govt. decision	512	482

* Outcome refers also to earlier years.

Appropriation	Designation	Conditions	Type	Financial conditions	Outcome 2004
7 8:1.26.2	OA countries	Contributions in candidate countries	Govt. directive	160 000	108 300
		Support to Swedish party political organisations for democratic development	Govt. directive	13 500	13 500
		Support to NGO's information activities in Sweden	Govt. directive	5 000	4 181
		Support to OSCE's election project for the presidential election in Ukraine (UD2004/65685/EP)	Govt. decision	785	775
7 8:1.32	Research	Support for development research into developing countries in Sweden	Govt. directive	95 000	94 219
7 8:1.33.2	Economic reforms	Support for economic reforms and debt relief:			
		– Budget support Malawi (UD2001/584/GU)	Govt. decision	40 000	0
		– Budget support Honduras (UD2002/385/GU)	Govt. decision	60 000	60 000
		– Budget support Tanzania (UD2003/214/GU)	Govt. decision	120 000	120 000
		– Budget support Uganda (UD2003/214/GU)	Govt. decision	65 000	65 000
		– Budget support Mozambique (UD2003/60596/GU)	Govt. decision	100 000	100 000
		– Budget support Nicaragua (UD2004/13513/GU)	Govt. decision	60 000	60 000
		– Budget support Burkina Faso (UD2004/15221/GU)	Govt. decision	40 000	40 000
		– Budget support Mali (UD2004/15221/GU)	Govt. decision	50 000	50 000
		– Budget support Ethiopia(UD2004/23618/GU)	Govt. decision	80 000	30 000
		– Budget support Bolivia (UD2004/48663/GU)	Govt. decision	70 000	70 000
		– Budget support Rwanda (UD2004/61599/GU)	Govt. decision	40 000	0
7 8:2	Sidas ADMINISTRATIONS (framework appropriation)				
7 8:2.1	Sida's Administration	Credit guarantees for loans to staff	Govt. directive	15 000	950
		Administrative appropriation total	Govt. directive	557 189	541 036
		— whereof indicative amount for ODA countries		525 369	511 795
		—whereof indicative amount for OA countries		31 820	29 241
	OTHER APPROPRIATIONS				
24 39:6.6	Private sector development in the Baltic Sea region (framework appropriation)	Further funds for the Demo-East programme)* (UD1999/1608/EC) *	Govt. decision	40 000	34 682
		— whereof administration		2 500	1 432
		Assignment to arrange international training programmes* (UD1999/1398+1608/EC) *	Govt. decision	20 000	17 426
		Continuation of Nordpraktik—New Managers for Russia* 2003–2004 (UD1999/1608/EC) *	Govt. decision	16 250	16 250
		Replenishment of Swedish consultancy fund at the Nordic Investment Bank, NIB, (UD1999/1608/EC) *	Govt. decision	8 210	8 123
		— whereof administration		210	123
		Transformer station in Siauliai, Lithuania (UD1999/1608/EC)	Govt. decision	8 950	6 820
		— whereof administration		240	0
		— external follow-up		200	20

* Outcome refers also to earlier years.

Cash flow statement (SEK '000)

	Note		040101 -041231	030101 -031231
OPERATIONS				
Costs	34		-890 356	-864 201
Financing of operations				
Income from appropriations		852 707		845 755
Income from fees and other payments	35	51 995		50 083
Income from grants		299		201
Other income		3 273		4 051
Total funds provided for financing of operations			908 274	900 090
Increase in stocks			-1 931	2 448
Reduction in short-term claims			27 591	-1 279
Reduction in short-term liabilities			-1 146	-6 756
CASH FLOW FROM OPERATIONS			42 432	30 301
INVESTMENTS				
Investments in tangible fixed assets		-23 159		-20 960
Investments in intangible fixed assets		-2 469		-18 948
Total investment expenditure			-25 628	-39 908
Financing of investments				
Loans from National Debt Office		54 348		22 555
—repayments		-23 525		-21 440
Sales of fixed assets		1 135		751
Total funds available for financing of investments			31 957	1 866
Change in short-term receivables and liabilities			-400	-884
CASH FLOW TO INVESTMENT ACTIVITIES			5 929	-38 926
LENDING ACTIVITIES				
New loans and write-downs		-10 329		-150 738
Repayments		5 384		6 310
Total lending expenditure			-4 946	-144 428
Financing of lending activities				
Increase in government capital by funds received from government budget		45 266		120 858
Total funds provided for financing of lending activities			45 266	120 858
CASH FLOW TO LENDING ACTIVITIES			40 321	-23 570
COLLECTION OF FEES ETC				
Fees which may not be used by Sida		25 534		27 561
Change in short-term receivables and liabilities		4 993		2 605
Payments to government budget			30 526	30 166
Funds provided transferred to government budget from collection activities			-30 526	-30 166
CASH FLOW TO COLLECTION ACTIVITIES			0	0

	Note	040101 -041231	030101 -031231
TRANSFERS			
Disbursed contributions		-12 118 875	-10 521 484
Financial income		80 255	114 017
Financial expenses		-63 824	-38 507
Change in short-term receivables and liabilities		23 825	47 227
Change in long-term claims		-72 906	24 431
Disbursements in transfer activities		-12 151 525	-10 374 316
Financing of transfer activities			
Funds from government budget for financing of development cooperation		11 868 293	10 132 738
Funds from other agencies for financing of development cooperation		19 906	3 565
Other funds received for financing of development cooperation		41 036	46 566
Increase in government capital with funds from government budget		166 927	297 000
Total funds available for financing of transfer activities		12 096 161	10 479 869
CASH FLOW TO TRANSFER ACTIVITIES		-55 364	105 553
CHANGE IN LIQUID FUNDS		33 318	73 358

	040101 -041231	030101 -031231
SPECIFICATION OF CHANGE IN LIQUID FUNDS		
Liquid funds at the beginning of the year	2 208 766	2 135 408
Increase in cash and postal giro balances	51 315	8 586
Reduction in balances in National Debt Office	-10 070	19 900
Reduction in bank balances	0	-38 862
Reduction in settlement with Government	-7 927	83 735
Total change in liquid funds	33 318	73 358
Liquid funds at the end of the year	2 242 084	2 208 766

Notes, amounts in SEK '000

GENERAL

Sida is obliged to maintain accounts as laid down in the bookkeeping and accounting ordinance. This annual report has been drawn up in accordance with the ordinance on the annual reports of government agencies.

ACCOUNTING PRINCIPLES

Claims have been valued at the amount expected to be received.

Claims and liabilities in foreign currencies have been valued at the prevailing rate at the year-end, unless otherwise stated below.

Fixed assets are assets for permanent use with an acquisition value of at least SEK 10 000 and an economic life of at least three years. Fixed assets are taken up at acquisition value and are depreciated with the straight-line depreciation method. Depreciation starts from the month the asset is taken into operation. The depreciation period for improvements to non-Sida properties is ten years, for computers three years, and for other categories five years.

From 2004 Sida is applying a limit of SEK 100 000 for accrual accounting purposes. Previously the amount was SEK 15 000. The increase in the amount has only affected the outcome marginally, see notes 15 and 23.

Provisions for future pension commitments are calculated as the overall value of all decisions on the basis of specially stipulated insurance techniques. This value includes a special payroll tax.

Expenditure classified as transfers is settled against the appropriation according to the cash principle in those cases where payments are based on official decisions on grants or requisitions received. Invoices received in respect of goods and services that are classified as transfers are settled against the appropriations according to the expenditure principle.

From 2004 onwards a change will be made to the classification of the contingency reserve administered by the Swedish Export Credits Guarantee Board (EKN) on behalf of Sida. Previously this has been accounted for under "long-term claims on other agencies" in the Statement of Financial Position. However, in line with the Swedish Financial Management Authority's instructions for financial reports it shall not be regarded as a balance with EKN and therefore Sida now reports it under "Long-term claims" in the Statement of Financial Position (i.e. not governmental).

The value of the contingency reserve is calculated by EKN. When calculating the value, consideration is given to the estimated value of outstanding claims for damages and the estimated risk of losses in outstanding commitments. Consideration is also given to the so-called concentration risk since commitments are dominated by a few countries and the result is therefore greatly dependent on assessments of these countries.

Exemption from financial management rules

Under the Government's annual directives, Sida has been granted exemptions from the ordinance (1994:14) on government agencies' payments and funds administration in respect of the following bank accounts:

- Account in a commercial bank for emergency cash payments, for payments of letters of credit and for transfers of funds to embassies.

STATEMENT OF FINANCIAL PERFORMANCE

Note 1. Relationship between income from appropriations according the appropriation accounts and the income statement

	040101 -041231	030101 -031231
Appropriation outcome as shown in the appropriation accounts	12 938 576	11 402 661
Appropriation income as shown in the statement of financial performance	-852 707	-845 755
Funds received from the government budget for the financing of developing cooperation.	-11 868 293	-10 132 738
Accounted against state capital (loans)	-217 577	-424 168
	0	0

Note 2. Income from fees and other payments

	040101 -041231	030101 -031231
Income in accordance with Fees Ordinance	17 166	18 591
Income from fee-financed operations	107	53
Other operational income	35 717	32 107
Total income	52 990	50 751

The outcome for Other operational income in 2003 has been reduced by SEK 2 906 000. This is due to an error in the classification of exchange rate differences in previous years. See also note 3.

Note 3. Financial income from operations

	040101 -041231	030101 -031231
Interest income National Debt Office	696	1 092
Other interest income	57	48
Exchange rate gains	1 986	2 906
Other financial income	534	5
Total financial income from operations	3 273	4 051

The outcome for 2003 has been increased by SEK 2 906 000. This is due to an error in the classification of exchange rate differences in previous years. See also note 2.

Note 4. Payroll expenses

	040101 -041231	030101 -031231
Total expenses for personnel	-547 728	-519 263
Of which salaries and wages	-304 435	-288 839

Payments to members of the board and senior management and information on other assignments of board members

Members of the board receive fees for meetings in accordance with the ordinance relating to fees for membership in government boards, committees and councils.

Member	Taxable payment	Membership of other boards
Björling, Ewa	10	----
Ekholm, Berndt	12	Environment Protection Agency
Gustafsson, Holger	14	----
Herrström, Staffan (Deputy Director General)	762	----
Håkansson, Leif	12	National Labour Market Board
		National Board of Agriculture
		Agency for Innovation Systems
Kokko, Ari	12	----
Lind, Hilda	12	----
Norralk, Maria (Director General)	1 010	----
Ohlsson, Birgitta	10	----
Palme, Joakim	12	----
Risinggård, Börje	12	Swedish Customs
		Swedish-Polish Trade Services AB
		Swedish-Russian Chamber of Commerce AB,
		Nordiska Unipol AB
		Silf Competence AB
Ytterberg, Mariann	14	Social Insurance Office in Västmanland
Total payments	1 892	

Report of absence due to sickness at Sida

In accordance with paragraph 3 of the Ordinance on annual reports and budget documentation, information shall be submitted on absence due to sickness at the agency. Absence due to sickness in the table is given as a percentage of the employees' total working time for each group..

Absence due to sickness	040101 -041231	030101 -031231
Total	2,72 %	2,48 %
Long-term absence due to sickness (≥60 days)	4,87 %	1,37 %
Men	1,90 %	2,04 %
Women	3,26 %	2,78 %
Employees –29 years	1,32 %	0,80 %
Employees 30–49 years	2,16 %	2,38 %
Employees 50 years–	3,31 %	2,63 %

Note 5. Other operating expenses

	040101 -041231	030101 -031231
Services purchased	–130 605	–141 657
Telecommunications and post	–22 298	–17 840
Transport and travel	–36 618	–36 910
Office materials, printed matter etc	–19 958	–18 856
Other	–13 675	–11 725
Total other operating costs	–223 154	–226 989

Note 6. Financial expenses, operations

	040101 -041231	030101 -031231
Interest expenses, loans, National Debt Office	–1 401	–3 265
Exchange rate losses	–1 753	–2 511
Other financial expenses	–768	–495
Total financial expenses, operations	–3 922	–6 271

Note 7. Financial income, transfers

	040101 -041231	030101 -031231
Interest income, concessionary credits	44 830	68 670
Interest income, Contingency Reserve	18 860	30 337
Exchange rate gains	16 564	15 009
Total financial income, transfers	80 255	114 017

The outcome for 2003 in respect of exchange rate gains has been corrected by SEK 5 778 000 due to an error in the accounting of exchange rate gains in 2003. See also Note 7.

Note 8. Financial expenses, transfers

	040101 -041231	030101 -031231
Interest expenses, Contingency Reserve	-184	-10
Exchange rate losses	-63 478	-38 437
Other financial expenses	-162	-60
Total financial expenses transfers	-63 824	-38 507

The outcome for 2003 in respect of exchange rate losses has been corrected by SEK 5 778 000 due to an error in the accounting of exchange rate losses in 2003. See also Note 7.

Note 9. Change in capital for the year

	040101 -041231	030101 -031231
<i>Accrued differences in appropriation- financed activities</i>		
Repayments	23 525	21 440
Personnel expenses	-1 966	12 990
Depreciation	-24 560	-22 055
Collections	-4 992	-2 605
Other	-1 097	1 128
<i>Surpluses/deficits in appropriation-financed activities</i>		
Bad debt losses, conditional loans	12 887	-7 757
Concessionary credits – grant elements	-274 692	-292 253
Outcome: soft loans	2 755	15 668
Outcome: contingency reserves	67 321	-24 431
Other transfers	18 531	45 668
Change in capital for the year	-182 289	-252 208

STATEMENT OF FINANCIAL POSITION

Note 10. Intangible fixed assets

	Capitalised expenditure on development		Rights and other intangible fixed assets		TOTAL
	Ongoing	Finalised	Ongoing	Finalised	
Opening balance acquisition value	10 903	0	18 487	0	29 390
Acquisitions during the year	1 463	410	597	0	2 469
Transfers	-12 366	12 366	-19 083	19 083	0
Closing balance acquisition value	0	12 776	0	19 083	31 859
Opening balance depreciation	0	0	0	0	0
Depreciation 2004	0	-624	0	-954	-1 578
Closing balance depreciation	0	-624	0	-954	-1 578
Total per budget item	0	12 152	0	18 129	30 281

Sida's intangible fixed assets refer in their entirety to the electronic document handling system "E-doc". The system was taken onto operation in the autumn of 2004.

Note 11. Tangible fixed assets

Improvements to non-Sida property*		Machines, equipment, installations etc.					TOTAL
	Improvements to non-Sida property	Capital-goods	Vehicles	Computers	Office machines	Furniture	
Opening balance acquisition value	53 094	18 155	22 811	67 216	20 833	32 478	214 587
Acquisitions during the year	1 148	1 351	6 101	10 843	1 448	2 524	23 413
Reverses—acquisition value	0	-199	-1 403	-9 475	-250	0	-11 327
Closing balance acquisition value	54 241	19 306	27 509	68 584	22 031	35 002	226 673
Opening balance accumulated depreciation	-27 382	-13 436	-14 877	-57 309	-13 487	-22 982	-149 473
Depreciation	-5 866	-1 394	-3 217	-7 286	-2 352	-2 866	-22 982
Reversed depreciation	0	79	1 403	9 475	229	0	11 187
Closing balance accumulated depreciation	-33 248	-14 750	-16 690	-55 120	-15 610	-25 849	-161 268
BOOK VALUE	20 993	4 556	10 818	13 464	6 421	9 153	65 406
Total per budget item	20 993					44 413	65 406
Advance in respect of tangible fixed assets							8
Closing balance tangible fixed assets							65 414

* Sida will move into new premises in August 2006. The remaining period of depreciation for expenditure on improvements referring to Sida's existing premises has been adjusted in consideration of this.

Note 12. Long-term claims at other agencies

This item mostly consists of the contingency reserve (SEK 590 339 000), which is administered by the Export Credits Guarantee Board and is tied to the concessionary credit system. The value of the contingency reserve, after allocations have been made to it, is assessed to cover any possible future losses. From 2004 onwards the item will be reclassified to a non-government long-term claim (see above under "Accounting principles"). The remainder of this item is a claim on Swedfund in respect of a conditional loan (SEK 5 585 000). The claim consists of repayments of capital and interest received which have not yet been accounted for by Swedfund to Sida. These are booked from 2004 onwards as a long-term claim. The corresponding amount for 2003 would have been SEK 6 691 000.

Note 13. Loans

Loans: soft loans	041231	031231
Opening balance	225 761	171 217
Reclassification as conditional loans*	-12 963	-
New loans in the year	24 432	57 526
Repayments during the year	-3 389	-3 817
Change for the year in exchange rate differences and expected losses	0	834
Closing balance	233 840	225 761
Conditional loans	041231	031231
Opening balance	180 461	90 577
Reclassification from soft loans*	12 963	-
New loans in the year	15 537	87 831
Repayments during the year	-1 994	-2 494
Loans written off	0	-766
Change for the year in exchange rate differences	-15 384	12 303
Change for the year expected losses	-8 670	-6 991
Funds not yet accounted for**	-5 585	-
Closing balance	177 327	180 461
Total closing balance	411 167	406 222

* refers to the reclassification of soft loans to conditional loans

** refers to capital payments and interest received that have not yet been accounted for by Swedfund to Sida. See also note 12.

Note 14. Accounts receivable

Accounts receivable have decreased considerably in comparison with 2003. The reason for the high balance in 2003 was an outstanding claim of SEK 13 256 000 after the Global Water Partnership left Sida. The claim was settled in the spring of 2004.

Note 15. Cut-off items

	041231	031231
Prepaid rent	19 592	22 200
Other prepaid costs	0	1 933
Accrued grant income	79	1 281
Accrued interest income	4 054	16 113
Other accrued income	490	286
Closing balance	24 215	41 813

From 2004 onwards Sida will apply a limit of SEK 100 000 for accruals. With a corresponding limit, the closing balance at 2003-12-31 would have amounted to SEK 38 827 000.

Note 16. Settlement with the government

	041231	031231
Opening balance	181 151	97 417
<i>Settled against government budget</i>		
– Appropriations	12 938 576	11 402 661
– Income headings	–35 910	–36 476
<i>Settled against government budget, total</i>	<i>12 902 666</i>	<i>11 366 185</i>
<i>Settled against government current account</i>		
– Appropriation funds deposited on interest-bearing account	–557 189	–491 805
– Collections etc.	1 092 348	897 441
– Transfers etc.	–13 445 752	–11 688 087
<i>Settled against government current account, total</i>	<i>–12 910 593</i>	<i>–11 282 450</i>
Settlement with the government	–7 926	83 734
Closing balance	173 224	181 151

Note 17. Holding on interest-bearing account at the National Debt Office

Sida has a credit facility of SEK 20 million on its interest-bearing account at the National Debt Office. The holding on the account consists in essentials of appropriated funds. A breakdown of the composition of balance can be seen below. The balance has increased by approximately SEK 20 million largely due to the increase in the saving on the administrative appropriation.

The most important factors that affect the composition of the balance	041231	031231
Appropriations	50 612	31 005
Fees	1	2
Contributions from other agencies	5	4
Other funds	15	10
Total holding	50 632	31 021
of which short-term liquidity needs	23 249	17 730

Note 18. Other balances at the National Debt Office

The item consists of allocations to cover any possible losses in Sida's activities with concessionary credits and separate guarantees.

Note 19. Government capital

Sida's government capital consists of funds that refer to soft loans, conditional loans and concessionary credits. Sida has no yield requirements in respect of its government capital.

Disbursements of conditional loans are settled against the appropriation and are reported against the government capital. Repayments of conditional loans are entered under the income heading on the government budget and reduce government capital.

Soft loans are reported in the same way, but with the difference that accounting of the claim and repayments to government capital and income heading are made after making adjustments that take into consideration the degree of write-off of the loans.

In connection with provisions for future interest subsidies on concessionary credits, the appropriation is debited and the amount is reported against government capital. The interest subsidies during the year are shown as expenses in the Statement of Financial Performance and result in a change in capital, which is a charge on government capital next year.

Soft loans	041231	031231
Opening balance	179 954	239 516
Reclassification as conditional loans*	-5 601	-
Allocations made during the year	30 000	37 000
Repayments made during the year	-3 389	-3 817
Change in capital for the year	15 668	-92 745
Closing balance	216 631	179 954
Conditional loans	041231	031231
Opening balance	233 571	115 518
Reclassification from soft loans*	5 601	-
New loans for the year	10 650	127 168
Repayments made during the year	-1 994	-2 494
Change in capital for the year	-766	-6 622
Correction from government capital, concessionary credits	10 000	-
Closing balance	257 062	233 571
Concessionary credits	041231	031231
Opening balance	2 229 905	2 232 595
Allocation for the year	176 927	260 000
Correction to government capital, conditional loans	-10 000	-
Change in capital for the year	-223 031	-262 690
Closing balance	2 173 800	2 229 905
Total closing balance	2 647 493	2 643 429

* Refers to the reclassification of soft loans to conditional loans. See also note 13.

Note 20. Change in capital brought forward

	041231	031231
Opening balance	502 817	452 711
Change in capital previous years	-252 208	-311 953
Allocated against government capital for soft loans	-15 668	92 745
Allocated against government capital for conditional loans	766	6 622
Allocated against government capital for concessionary credits	223 031	262 690
Closing balance	458 738	502 817

Note 21. Provisions

	041231	031231
Opening provision	5 737	4 786
Pension expenses for the year	815	3 284
Pension payments for the year	-2 376	-2 334
Closing provision	4 177	5 737

Note 22. Loans at the National Debt Office

In accordance with the Government's annual directives, Sida has a loan facility of SEK 110 million.

	041231	031231
Opening balance	63 355	62 240
Loans taken in the year	54 348	22 555
Repayments made during the year	-23 525	-21 440
Closing balance	94 178	63 355

Note 23. Cut-off items

	041231	031231
Accrued salaries and vacation pay	34 099	35 071
Other accrued expenses	9 470	6 078
Unused grants	3 829	3 985
Deferred income	0	290
Closing balance	47 399	45 425

From 2004 onwards, Sida will have a limit of SEK 100 000 for accruals. With a corresponding limit the closing balance at 2003-12-31 would have amounted to SEK 44 437 000.

APPROPRIATION ACCOUNTS**Note 24. Opening transferred balance**

Opening transferred balance is a term which includes unspent balances on appropriations, appropriation credits and extended grants that Sida has brought forward from previous years.

The Government has decided that Sida may use all unspent balances on appropriations that refer to expenditure area 7. See also note 25 and note 26.

Note 25. Reallocated appropriation items

The Government has decided to reallocate the uncommitted balance on appropriation 7 8:1, see below. In addition Sida has been given access to a certain amount transferred from appropriation items that have been closed, see also note 26. Moreover, the Government has decided on a reallocation between appropriation items. The reallocations can be seen in the table below.

Appropriation	Designation	Reallocation uncommitted unspent balance (+)	Reallocation uncommitted unspent balance (-)	From closed appropriations	Reallocation between appropriation items	Net
7 8:1.1	Humanitarian contributions and conflict management	75 000			130 000	205 000
7 8:1.3	Global development programmes	60 000	-22 643	43 724	137 000	218 081
7 8:1.6	Asia, Middle East and North Africa		-18 629		-157 000	-175 629
7 8:1.7	Latin America	10 000	-68 159			-58 159
7 8:1.9	Africa	110 000	-158 530		-130 000	-178 530
7 8:1.26.1	ODA countries	5 000		238	20 000	25 238
7 8:1.32	Research	67 961				67 961
7 8:1.33.1	Concessionary credits		-260 000	458 115		198 115
7 8:1.33.2	Economic reforms	200 000				200 000
7 8:1	Total	527 961	-527 961	502 077	0	502 077

Note 26. Closed appropriations

At the end of 2003 Sida had unspent funds on appropriation 7 8:1.1.6 Multilateral development cooperation at Sida's disposal (SEK 43 724 000), 7 8:1.2.4 (Europe (SEK 238 000) and 7 8:1.2.6 Concessionary credits (SEK 458 115 000). Since Sida was not authorised to use these appropriation items in 2004, the funds have been transferred, in accordance with the Government's directives, to appropriation item 7 8:1.3 Global development programmes, 7 8:1.26.1 ODA countries, and 7 8:1.33.1 Concessionary credits. These amounts can also be seen in note 25.

Note 27. Appropriation credit

According to the Government's annual directives and letter of appropriations, Sida may use appropriation credits on the appropriation items below in addition to the amount allocated in appropriations. The appropriation credits have not been used.

Appropriation	Designation	Appropriation credit
7 8:1.1	Humanitarian contributions and conflict management	250 000
7 8:1.2	Information	474
7 8:1.3	Global development programmes	50 000
7 8:1.5	NGOs	8 740
7 8:1.6	Asia, Middle East and North Africa	15 380
7 8:1.7	Latin America	7 450
7 8:1.9	Africa	25 670
7 8:1.26.1	ODA countries	7 190
7 8:1.32	Research	6 750
7 8:1.33.1	Concessionary credits	4 760
7 8:1.33.2	Economic reforms	4 770
7 8:2.1	Sida's administration	16 715
Total		397 899

Note 28. Re-allocated funds from unspent balances on extended appropriations

At the end of 2003 Sida had outstanding funds on appropriation item 5 5:6 Peace-Promotion Activities sub-item 3 Sida's operations abroad, amounting to SEK 5 103 000. In accordance with the Government's annual directives this amount shall be transferred to 5 5:2 Peace-Promotion Activities appropriation item 5 At the disposal of the Government.

Note 29. Right to use savings on appropriations and allocated funds

Through a decision of the Government, Sida continues to have the right to use the entire saving of SEK 96 656 000 on appropriation 24 39:6 Private Sector Development in the Baltic Sea Region appropriation item 6 At the disposal of Sida.

Note 30. Accounting against income headings

The year's estimated income that may not be used by Sida is given as SEK 50 000 000 in accordance with the Government's annual directives and letter of appropriations. The outcome of SEK 35 910 000 corresponds to slightly less than 72 per cent of the estimated amount.

In the section on Fees etc. collected in the Statement of Financial Performance, only SEK 30 526 000 is reported as having been transferred to the Government budget. This amount does not correspond to the amount under the Revenue under Government budget revenue headings (SEK 35 910 000). The reason for this is that repayment of conditional loans and soft loans (SEK 5 384 000) are reported against Government capital and therefore affect the change in capital for the year.

The balance on Fees etc. collected in the Statement of Financial Performance consists of accrued, i.e. not yet paid, incomes (– SEK 4 993 000).

The low outcome is due to the fact that payments received in respect of interest from Swedish and foreign organisations have not been as high as estimated. Sida does not know in advance which organisations will report interest due to Sida. Other factors that exert an influence are the banks' rates of interest and exchange rates.

AUTHORISATIONS**Note 31. Definition of authorisation**

The concept of authorisation refers to the right given to Sida in the letter of appropriations to enter into financial obligations involving future expenditure which shall be covered by appropriations that have not yet been allocated to Sida.

Note 32. Outstanding commitments

In 2004, Sida's appropriation structure for appropriation 7 8:1 was changed. For example Research now has its own appropriation item. As a consequence of this Sida has revised the opening outstanding commitments for each appropriation item.

Note 33. Total outstanding commitments

Outstanding commitments consist of binding commitments, i.e. signed and valid agreements/contracts or official decisions on contributions (in cases where there is no agreement), reduced by the accumulated reported expenditure at December 31, 2004. The total of outstanding commitments does not include those reported as committed savings on appropriations.

There is a difference between the total amount of outstanding commitments at the end of the year and the total of those broken-down per year. The difference arises since the total amount of the outstanding commitments includes the difference between the agreed amounts that were allocated before 2004 and disbursements that were made before 2004. These amounts are formally agreed and still valid and therefore they are shown as outstanding commitments and included in the total sum. However, Sida makes the assessment that this difference will, in all probability, not be disbursed and therefore they are not part of the amount broken down for the future. These funds have therefore not been shown as committed appropriations.

CASH FLOW STATEMENT**Note 34. Cost of operations**

	040101 -041231	030101 -031231
Cost of operations according to the statement of financial performance	-913 356	-887 256
Cost of operations according to the statement of financial position	-890 356	-864 201
Difference	-23 000	-23 055

The difference consists of the following items in the Statement of Financial Performance that do not affect the Cash Flow Statement:

	040101 -041231	030101 -031231
Capital losses from sales of fixed assets	0	-49
Allocations for future pension commitments	1 560	-951
Depreciation of fixed assets	-24 560	-22 055
Total	-23 000	-23 055

Note 35. Income from fees and other payments

	040101 -041231	030101 -031231
Income from fees and other payments according to the Statement of Financial Performance	52 990	50 751
Income from fees and other payments according to the Cash Flow Statement	51 995	50 083
Difference	995	669

The difference consists of the following item in the Statement of Financial Performance that does not affect the Cash Flow Statement:

	040101 -041231	030101 -031231
Capital gains from sales of fixed assets	995	669
Total	995	669

The outcome for 2003 for Income from fees and other payments has been reduced by SEK 2 906 000. The reason for this is that an error was made in the classification of exchange rate differences in previous years. The corresponding amount has increased Other income.

DISPUTES

In this context disputes either refer to a situation in which Sida has demanded payment from another party or that another party has demanded payment from Sida and that the party in receipt of the demand is not willing to pay. Below a report is provided on the disputes under the headings Contingent Liabilities and Doubtful Receivables.

Contingent liabilities

Scandiaconsult AB SEK 4.2 million

Scandiaconsult carried out assignments for Sida in West Bank/Gaza in a project relating to the reconstruction of surface water and wastewater systems. In the district court Scandiaconsult has claimed an additional payment over and above that paid by Sida under the contract between the parties, partly for loss of profit and partly for additional costs, in total an amount of approximately SEK 4 200 000. Sida has contested the claim (and has presented a counter claim as described below). The dispute is being prepared for hearing in the district court in 2005.

Business Navigator BV: SEK 237 600

A Dutch company, Business Navigator BV, claims, in addition to an undisputed licence fee, damages for a lost software processor amounting to SEK 237 600, including interest. The claim is based on a standard assessment of loss of income and the risk of unlawful use and copying. Sida has contested the claim but has offered compensation of SEK 10 000 for the technical value of the processor. The company has not yet responded to Sida's offer.

Proni: SEK 4.6 million

A Swedish foundation, the PRONI Institute of Social Education (Proni) claims that, under an agreement, Sida shall pay approximately SEK 4.6 million in grants. Sida, which has terminated the agreement with immediate effect, contests the liability to pay. (See further below under doubtful receivables.)

Thomas Moberg: SEK 60 000

Thomas Moberg, who received grants in 1996 for arranging two art exhibitions, has claimed damages amounting to SEK 60 000 on copyright grounds in respect of the catalogue he wrote for the exhibitions. Sida has contested the claim.

Doubtful receivables

Scandiaconsult AB: SEK 691,000

In the above-mentioned dispute in court, Sida claims compensation for financial losses totalling more than SEK 691 000 due to the breach of contract by the counter party.

Hifab AB and others and NCC AB: SEK 110 million

Hifab International AB and KM International AB (now WSP) have performed assignments, through a consortium, as consultants for a road construction project that was undertaken by NCC in Nicaragua. Since faults have occurred in the road surface, which are estimated to result in an additional cost of at least SEK 110 million, negotiations have been held on the responsibility of the consortium and NCC for payment of this amount. Sida has made a study with the purpose of determining responsibilities in the matter. Negotiations in order to reach a settlement are taking place between the consortium and Sida. The Nicaraguan state, which is party to the agreement with NCC, has started negotiations on damages with the contractors.

Proni: SEK 2.3 million

Proni has received grants from Sida for several years for projects in respect of activities for young people in Former Yugoslavia. In an audit made by Sida, it was questioned whether funds amounting to at least SEK 2.3 million had been used for agreed purposes. Proni has contested its liability for repayment and has claimed compensation as described above under Contingent liabilities. Sida is conducting negotiations with Proni in order to reach a settlement.

Approval of the annual report
by the board of Sida

2004



Approval of the annual report by the board of Sida

Sida's board approved Sida's annual report for 2004 at its board meeting on February 14, 2005.

Maria Norrfalk, *Director General, chairman*

Ewa Björling

Berndt Ekholm

Holger Gustafsson

Leif Håkansson

Ari Kokko

Hilda Lind

Birgitta Ohlsson

Joakim Palme

Börje Risinggård

Mariann Ytterberg

Appendices

2004



Appendix 1. Costs summarised by operational area, region/country and continent

Appendix 1:1. Overview of policy areas, costs in SEK '000

Policy area	2002	2003	2004
International development cooperation	10 927 370	10 228 184	12 364 355
Cooperation with Central and Eastern Europe*	661 827	556 140	–
Foreign and security policy/Peace promotion activities	19 346	12 694	2 970
Total	11 608 543	10 797 019	12 367 324
Administration costs	463 970	497 113	545 562
Grand total	12 072 513	11 294 132	12 912 886

*Policy area Cooperation with Central and Eastern Europe is included from 2004 onwards in policy area International development cooperation.

Appendix 1:2. International development cooperation by operational area and region, costs in SEK '000

Region	OPERATIONAL AREA					Research
	Africa	Asia, Middle East and North Africa	Latin America	Eastern Europe and Central Asia	Global development programmes	
Sub-Saharan Africa	2 765 640	0	0	0	23 383	238 156
Asia, Middle East and North Africa	0	1 749 420	0	0	30 246	105 985
Latin America	0	0	843 203	0	4 650	77 103
Europe	0	0	0	1 442 313	25 801	0
Europe ODA countries	0	0	0	868 802	25 801	0
Europe OA countries	0	0	0	573 511	0	0
Global	0	0	0	0	1 239 266	351 972
Total	2 765 640	1 749 420	843 203	1 442 313	1 323 347	773 216

Appendix 1:2. Continued

Region	Humanitarian contributions and conflict management	OPERATIONAL AREA			Information	Total
		of which conflict management	Economic support	NGOs		
Sub-Saharan Africa	915 059	109 087	479 183	305 841	0	4 727 263
Asia, Middle East and North Africa	394 216	25 262	116 538	202 206	0	2 598 611
Latin America	79 572	14 474	190 000	190 486	0	1 385 015
Europe	41 782	175	4 000	21 572	0	1 535 468
Europe ODA countries	14 595	–7	4 000	21 572	0	934 770
Europe OA countries	27 187	182	0	0	0	600 698
Global	179 940	49 396	6 082	280 183	60 554	2 117 997
Total	1 610 570	198 393	795 803	1 000 288	60 554	12 364 355

Appendix 1:3. International development cooperation by operational area for countries in Africa, costs in SEK '000

Country/Region	Africa	Global development programmes	Research	Humanitarian contributions and conflict prevention	of which conflict managment	Economic support	NGOs	Total
SUB-SAHARAN AFRICA								
Angola	19 776	0	0	100 038	8 000	0	7 213	127 028
Benin	0	0	0	0	0	0	617	617
Botswana	3 175	0	0	0	0	0	0	3 175
Burkina Faso	38 805	0	7 332	-72	0	40 000	3 718	89 783
Burundi	7 363	0	0	40 572	5 559	0	225	48 160
Central African Republic	0	0	0	5 000	0	0	459	5 459
Equatorial Guinea	0	0	0	0	0	0	-5	-5
Ivory Coast	0	0	0	12 055	2 000	0	-17	12 038
Eritrea	0	0	2 621	18 128	0	0	2 776	23 525
Ethiopia	269 546	8	13 333	47 201	3 412	30 000	12 622	372 710
Gambia	0	0	0	100	0	0	3 999	4 099
Ghana	1 185	0	0	0	0	-136	1 959	3 008
Guinea	0	0	0	10 178	0	0	72	10 251
Guinea-Bissau	17 409	0	0	0	0	0	-7	17 402
Cameroon	0	0	0	0	0	0	859	859
Cape Verde	2 161	0	0	0	0	0	0	2 161
Kenya	188 086	0	0	9 645	0	0	21 738	219 469
Congo	9 500	0	0	13 937	1 893	0	2 679	26 116
Congo, Democratic Republic	341	-81	0	109 969	17 771	0	9 299	119 528
Lesotho	0	0	0	0	0	0	150	150
Liberia	0	0	0	68 297	10 000	0	3 420	71 718
Madagascar	0	0	0	0	0	0	1 549	1 549
Malawi	112 128	0	0	781	0	0	2 941	115 849
Mali	58 558	0	0	-105	0	50 000	912	109 365
Mauritania	0	0	0	-53	0	0	3 035	2 983
Mauritius	0	0	0	0	0	0	164	164
Mozambique	358 514	0	14 231	-347	0	100 319	13 751	486 468
Namibia	65 797	0	0	1 710	0	0	5 309	72 816
Niger	0	0	0	0	0	0	613	613
Nigeria	3 447	0	0	3 631	0	0	1 066	8 144
Rwanda	41 599	0	15 300	3 983	0	0	731	61 613
Sao Tomé & Príncipe	0	0	0	0	0	0	149	149
Senegal	291	0	0	0	0	64 063	1 219	65 573
Sierra Leone	0	0	0	19 003	0	0	593	19 596
Somalia	0	0	0	86 367	41 330	0	12 016	98 383
Sudan	0	0	0	174 692	8 430	0	14 068	188 760
Swaziland	0	0	0	0	0	0	1 305	1 305
South Africa	143 612	0	6 811	1 912	0	0	35 413	187 748
Tanzania	424 377	449	37 651	641	0	120 000	30 627	613 744
Chad	0	0	0	10 618	0	0	302	10 920
Togo	0	0	0	0	0	0	1 137	1 137
Uganda	182 731	371	20 123	26 097	0	65 000	19 488	313 810
Zambia	181 957	150	0	1 539	0	0	8 975	192 621
Zimbabwe	62 796	0	0	19 152	0	0	12 419	94 367
Regional Africa	572 488	22 486	120 755	130 390	10 691	9 938	66 282	922 338
TOTAL AFRICA								
SUB-SAHARAN AFRICA	2 765 640	23 383	238 156	915 059	109 086	479 183	305 841	4 727 263

Appendix 1:4. International development cooperation by operational area for countries in Asia, costs in SEK '000

Country/Region	Asia, Middle East and North Africa	Global development programme	Research	Humanitarian assistance and conflict management	of which conflict management	Economic support	NGOs	Total
ASIA, MIDDLE EAST AND NORTH AFRICA								
Asia								
Afghanistan	343 210	0	0	47 611	4 050	0	15 876	406 696
Bangladesh	149 857	0	0	28 492	0	217	16 827	195 394
Bhutan	7 475	0	0	0	0	0	0	7 475
Philippines	5 860	0	0	1 953	0	28 000	10 082	45 895
India	62 286	192	0	8 682	0	0	13 633	84 792
Indonesia	40 039	0	0	12 282	0	0	14 552	66 873
Cambodia	159 335	0	0	12	0	0	6 969	166 316
China	56 565	6 773	0	2 664	0	60 000	6 927	132 928
Korea, North	3 863	0	0	35 339	0	0	734	39 936
Laos	144 036	57	14 858	0	0	0	3 876	162 828
Mongolia	16 133	0	0	-195	0	1 091	202	17 231
Myanmar/Burma	20 942	0	0	5 524	0	0	635	27 101
Nepal	0	0	0	3 714	0	0	3 678	7 392
Pakistan	0	0	0	3 098	0	0	11 874	14 972
Papua New Guinea	0	0	0	0	0	0	645	645
Sri Lanka	102 889	1 500	17 866	12 874	5 434	27 209	6 181	168 519
Thailand	2 193	0	0	38 311	0	0	6 327	46 831
Vietnam	161 197	0	25 166	-18	0	21	10 928	197 295
East Timor	36 516	0	0	1 679	-821	0	1 911	40 106
Total Asia	1 312 396	8 522	57 890	202 021	8 663	116 538	131 856	1 829 224
Middle East and North Africa								
Algeria	0	0	0	14 540	0	0	-15	14 526
Egypt	4 531	0	0	0	0	0	7 498	12 029
Iraq	97 000	0	0	50 777	9 965	0	3 925	151 702
Iran	0	0	0	18 515	0	0	72	18 588
Jordan	5 513	0	0	-390	0	0	900	6 023
Yemen	0	0	0	683	0	0	1 685	2 368
Lebanon	1 075	0	0	1 627	0	0	1 998	4 699
Morocco	4 261	0	0	504	0	0	0	4 765
Syria	847	0	0	-390	0	0	113	570
Tunisia	3 660	0	0	867	0	0	116	4 642
West Bank and Gaza	160 369	0	0	97 941	6 633	0	15 134	273 444
Total Middle East and North Africa	277 255	0	0	184 673	16 598	0	31 426	493 354
Regional Asia, Middle East and North Africa	159 769	21 724	48 094	7 522	0	0	38 924	276 033
TOTAL ASIA, MIDDLE EAST AND NORTH AFRICA	1 749 420	30 246	105 985	394 216	25 261	116 538	202 206	2 598 611

Appendix 1:5. International development cooperation by operational area for countries in Latin America, costs in SEK '000

Country/Region	Latin America	Global development programmes	Research	Humanitarian assistance and conflict management	of which conflict management	Economic support	NGOs	Total
LATIN AMERICA								
Argentina	0	0	0	-195	0	0	2 084	1 889
Bolivia	106 269	0	19 050	-28	0	70 000	16 595	211 886
Brazil	0	0	0	1 134	0	0	16 686	17 820
Chile	173	0	0	-2	0	0	5 510	5 681
Colombia	68 497	0	0	29 752	8 974	0	4 997	103 246
Costa Rica	4 229	0	0	0	0	0	4 380	8 609
Dominican Republic	0	0	0	-2	0	0	988	986
Ecuador	4 036	0	0	0	0	0	5 022	9 058
El Salvador	28 947	0	0	15 000	0	0	12 371	56 317
Guatemala	107 019	0	0	0	0	0	10 662	117 681
Guyana	0	0	0	0	0	0	72	72
Haiti	1 221	0	0	14 720	0	0	434	16 375
Honduras	132 762	0	1 376	-31	0	60 000	9 056	203 164
Jamaica	1 686	0	0	0	0	0	0	1 686
Cuba	18 930	0	0	0	0	0	488	19 419
Mexico	0	0	0	-154	0	0	1 208	1 054
Nicaragua	195 907	0	27 500	1 935	0	60 000	16 528	301 870
Paraguay	2 089	0	0	798	0	0	9 746	12 633
Peru	15 219	0	0	3 711	0	0	14 375	33 305
Uruguay	0	0	0	0	0	0	1 582	1 582
Venezuela	36	0	0	0	0	0	224	261
Regional Latin America	156 182	4 650	29 177	12 935	5 500	0	57 476	260 421
TOTAL LATIN AMERICA	843 203	4 650	77 103	79 572	14 474	190 000	190 486	1 385 015

Appendix 1:6. International development cooperation by operational area for countries in Europe, costs in SEK '000

Country/Region	Eastern Europe and Central Asia	Global development programmes	Humanitarian assistance and conflict management	of which conflict management	Economic support	NGOs	Total
EUROPE							
ODA countries							
Albania	41 106	614	-25	0	0	116	41 810
Armenia	15 152	0	0	0	0	1 746	16 898
Azerbaijan	3 435	0	0	0	0	0	3 435
Bosnia & Herzegovina	212 607	4 327	2 356	-7	0	7 832	227 122
Georgia	29 341	838	0	0	0	0	30 179
Kazakhstan	5 112	628	1 902	0	0	817	8 459
Kyrgyzstan	17 443	0	0	0	0	0	17 443
Croatia	48 612	0	0	0	0	116	48 727
Macedonia	58 038	0	-18	0	0	412	58 432
Moldova	50 630	174	0	0	0	1 838	52 642
Serbia and Montenegro	199 817	5 554	4 746	0	0	1 959	212 076
Serbia	104 451	237	0	0	0	719	105 407
Montenegro	9 619	0	0	0	0	0	9 619
Kosovo	49 566	5 317	2 631	0	0	369	57 884
Other parts of the country	36 181	0	2 115	0	0	870	39 166
Tajikistan	21 173	0	1 730	0	0	0	22 903
Turkey	11 466	0	0	0	0	1 816	13 281
Uzbekistan	781	592	940	0	0	413	2 726
Regional Europe	154 089	13 075	2 965	0	4 000	4 507	178 635
Total ODA countries	868 802	25 801	14 595	-7	4 000	21 572	934 770
OA countries							
Bulgaria	4 775	0	0	0	0	0	4 775
Estonia	28 217	0	0	0	0	0	28 217
Latvia	31 966	0	0	0	0	0	31 966
Lithuania	21 029	0	0	0	0	0	21 029
Poland	5 014	0	0	0	0	0	5 014
Rumania	3 955	0	0	0	0	0	3 955
Russia	318 672	0	27 187*	182*	0	0	345 859
Russia	291 048	0	27 187*	182*	0	0	318 235
Barents region	27 624	0	0	0	0	0	27 624
Slovakia	437	0	0	0	0	0	437
Slovenia	350	0	0	0	0	0	350
Czech Republic	80	0	0	0	0	0	80
Ukraine	59 746	0	0	0	0	0	59 746
Hungary	755	0	0	0	0	0	755
Belarus	32 276	0	0	0	0	0	32 276
Regional Central and Eastern Europe	66 239	0	0	0	0	0	66 239
Total OA countries	573 511	0	27 187	182	0	0	600 698
TOTAL EUROPE	1 442 313	25 801	41 782	175	4 000	21 572	1 535 468

*To Chechnya.

Appendix 1:7. De 20 largest partner countries, costs in SEK '000 and number of contributions

Country	Expenditure			Number of contributions		
	2002	2003	2004	2002	2003	2004
Tanzania	603 951	535 305	613 744	197	166	118
Mozambique	440 804	457 204	486 468	168	171	123
Afghanistan	265 708	337 292	406 696	47	50	23
Ethiopia	201 501	231 044	372 710	150	113	69
Russia*	223 314	197 577	345 859	305	279	159
Uganda	228 071	266 200	313 810	95	117	66
Nicaragua	375 673	290 110	301 870	123	105	52
West Bank and Gaza	272 000	284 028	273 444	117	114	78
Bosnia & Herzegovina	262 234	264 556	227 122	142	147	78
Kenya	139 821	206 018	219 469	79	102	53
Serbia and Montenegro	273 858	229 817	212 076	213	210	103
Bolivia	162 944	190 261	211 886	86	87	53
Honduras	106 931	108 914	203 164	85	63	31
Vietnam	238 517	169 971	197 295	227	207	179
Bangladesh	145 547	282 983	195 394	67	66	42
Zambia	188 000	161 763	192 621	118	113	79
Sudan	93 608	97 455	188 760	41	43	21
South Africa	213 299	191 881	187 748	270	268	183
Sri Lanka	140 640	108 826	168 519	65	94	69
Cambodia	141 161	151 122	166 316	69	48	37
Total	4 717 582	4 762 327	5 484 027	2 664	2 563	1 614

*OA country.

Appendix 2. Cost summarised by main sector, region/country and continent

Appendix 2. International development cooperation by country and main sector, costs in SEK '000

Country/Region	Human rights and democratic governance	Social sectors	Infrastructure, private sector and urban development	Natural resources	Other sectors	Total
SUB-SAHARAN AFRICA						
Angola	21 141	72 955	13 668	12 299	6 965	127 028
Benin	157	355	4	53	48	617
Botswana	1 065	2 054	0	56	0	3 175
Burkina Faso	50 637	35 868	210	-3	3 072	89 783
Burundi	15 005	19 584	8 002	5 013	557	48 160
Central African Republic	69	3 234	51	2 066	39	5 459
Equatorial Guinea	-5	0	0	0	0	-5
Ivory Coast	2 910	7 129	0	0	1 999	12 038
Eritrea	5 079	10 670	681	3 403	3 691	23 525
Ethiopia	24 878	145 028	3 400	95 906	103 498	372 710
Gambia	980	1 647	101	906	466	4 099
Ghana	1 561	671	514	170	92	3 008
Guinea	1 266	3 387	297	0	5 300	10 251
Guinea-Bissau	8 498	-4	8 909	0	0	17 402
Cameroon	260	337	67	103	92	859
Cape Verde	2 004	0	0	157	0	2 161
Kenya	79 093	59 187	40 875	31 919	8 395	219 469
Congo	12 966	12 120	297	394	338	26 116
Congo, Democratic Republic	32 004	67 497	954	9 807	9 266	119 528
Lesotho	150	0	0	0	0	150
Liberia	13 855	46 357	1 050	5 342	5 114	71 718
Madagascar	211	641	32	448	217	1 549
Malawi	32 708	51 903	30 121	326	791	115 849
Mali	10 562	42 727	1 513	1 034	53 530	109 365
Mauritania	759	1 345	307	284	287	2 983
Mauritius	164	-1	0	0	0	164
Mozambique	90 167	21 150	243 909	21 296	109 946	486 468
Namibia	12 888	43 943	4 367	7 434	4 185	72 816
Niger	484	62	3	44	20	613
Nigeria	4 222	1 969	944	47	962	8 144
Rwanda	17 366	16 401	7 457	22	20 367	61 613
Sao Tomé & Príncipe	20	62	3	44	20	149
Senegal	803	397	64 086	290	-3	65 573
Sierra Leone	778	9 684	4 439	4 127	567	19 596
Somalia	45 608	43 775	466	3 263	5 272	98 383
Sudan	69 645	87 865	12 393	13 592	5 266	188 760
Swaziland	305	445	269	136	150	1 305
South Africa	73 953	41 916	52 640	6 759	12 480	187 748
Tanzania	84 550	205 200	131 389	58 908	133 698	613 744
Chad	3	10 816	22	44	34	10 920
Togo	182	534	47	240	135	1 137
Uganda	28 350	160 518	36 811	10 314	77 817	313 810
Zambia	22 738	98 136	17 501	45 171	9 075	192 621
Zimbabwe	37 399	43 005	4 786	6 321	2 855	94 367
Regional Africa	217 709	310 733	112 026	141 045	140 825	922 338
TOTAL SUB-SAHARAN AFRICA	1 025 144	1 681 302	804 611	488 778	727 428	4 727 263

Appendix 2 cont. International development cooperation by country and main sector, costs in SEK '000

Country/Region	Human rights and democratic governance	Social sectors	Infrastructure, private sector and urban development	Natural resources	Other sectors	Total
ASIA, MIDDLE EAST AND NORTH AFRICA						
Asia						
Afghanistan	33 166	151 594	38 412	3 292	180 231	406 696
Bangladesh	19 922	142 537	12 705	8 661	11 567	195 394
Bhutan	3 810	0	3 665	0	0	7 475
Philippines	9 440	5 867	131	30 217	240	45 895
India	20 455	23 978	16 929	19 734	3 696	84 792
Indonesia	40 068	12 654	3 977	2 298	7 876	66 873
Cambodia	107 972	52 332	352	1 201	4 459	166 316
China	16 624	22 732	65 180	21 370	7 022	132 928
Korea, North	407	13 741	3 388	17 399	5 001	39 936
Laos	37 626	20 480	66 995	22 251	15 475	162 828
Mongolia	10 286	-94	5 631	1 387	21	17 231
Myanmar/Burma	7 660	19 116	139	53	133	27 101
Nepal	2 353	3 805	528	127	578	7 392
Pakistan	5 652	5 271	360	1 556	2 134	14 972
Papua New Guinea	73	326	66	98	82	645
Sri Lanka	74 750	20 102	52 505	825	20 337	168 519
Thailand	4 338	36 822	1 023	2 087	2 560	46 831
Vietnam	65 623	58 437	23 138	46 050	4 047	197 295
East Timor	15 608	25 954	202	279	-1 937	40 106
Total Asia	475 832	615 654	295 329	178 886	263 523	1 829 224
Middle East and North Africa						
Algeria	-9	3 684	0	0	10 850	14 526
Egypt	2 462	7 691	675	669	532	12 029
Iraq	70 872	24 155	40 112	175	16 387	151 702
Iran	74	15 108	0	0	3 405	18 588
Jordan	433	1	5 525	33	31	6 023
Yemen	1 088	539	173	19	549	2 368
Lebanon	1 518	1 782	1 151	28	220	4 699
Morocco	2 076	504	1 076	1 109	0	4 765
Syria	15	-335	858	17	15	570
Tunisia	3 284	641	685	17	15	4 642
West Bank and Gaza	72 077	146 603	42 634	1 196	10 934	273 444
Total Middle East and North Africa	153 891	200 372	92 889	3 264	42 938	493 354
Regional Asia, Middle East and North Africa	62 049	67 000	35 731	69 692	41 561	276 033
TOTAL ASIA, MIDDLE EAST AND NORTH AFRICA	691 771	883 026	423 949	251 843	348 022	2 598 611
LATIN AMERICA						
Argentina	906	544	18	246	174	1 889
Bolivia	63 529	19 755	24 910	8 993	94 700	211 886
Brazil	6 687	6 824	612	1 869	1 829	17 820
Chile	2 727	1 596	190	462	706	5 681

Appendix 2 cont. International development cooperation by country and main sector, costs in SEK '000

Country/Region	Human rights and democratic governance	Social sectors	Infrastructure, private sector and urban development	Natural resources	Other sectors	Total
Colombia	79 586	13 353	187	726	9 394	103 246
Costa Rica	1 281	2 691	999	2 296	1 343	8 609
Dominican Republic	268	342	17	241	117	986
Ecuador	5 577	1 844	81	859	697	9 058
El Salvador	22 866	2 887	25 009	1 555	4 000	56 317
Guatemala	77 625	11 664	21 878	1 865	4 649	117 681
Guyana	72	0	0	0	0	72
Haiti	1 327	13 866	88	45	1 050	16 375
Honduras	53 328	56 006	18 893	5 516	69 421	203 164
Jamaica	1 203	0	484	0	0	1 686
Cuba	16 341	206	1 047	70	1 754	19 419
Mexico	179	457	135	168	115	1 054
Nicaragua	89 875	80 379	31 373	38 140	62 103	301 870
Paraguay	7 017	1 346	1 629	1 398	1 244	12 633
Peru	22 927	5 533	735	999	3 112	33 305
Uruguay	497	195	339	425	125	1 582
Venezuela	196	11	0	0	55	261
Regional Latin America	101 424	54 021	22 448	30 268	52 259	260 421
TOTAL LATIN AMERICA	555 436	273 520	151 072	96 140	308 847	1 385 015
EUROPE						
ODA countries						
Albania	27 901	3 806	3 272	2 923	3 908	41 810
Armenia	9 231	2 294	23	5 195	155	16 898
Azerbaijan	3 435	0	0	0	0	3 435
Bosnia & Herzegovina	49 216	9 424	117 670	44 729	6 083	227 122
Georgia	23 269	3 086	0	3 825	0	30 179
Kazakhstan	5 466	1 865	483	98	548	8 459
Kyrgyzstan	11 540	1 148	0	4 755	0	17 443
Croatia	19 800	1 556	24 502	529	2 339	48 727
Macedonia	26 907	3 606	3 772	21 933	2 214	58 432
Moldova	35 507	5 494	4 417	5 291	1 932	52 642
Serbia and Montenegro	105 431	15 950	54 402	26 039	10 254	212 076
Serbia	55 227	2 274	24 954	23 002	-50	105 407
Montenegro	4 764	1 795	3 060	0	0	9 619
Kosovo	26 083	7 204	18 275	2 934	3 388	57 884
Other parts of the country	19 357	4 678	8 112	103	6 916	39 166
Tajikistan	8 810	3 818	4 389	3 649	2 237	22 903
Turkey	13 140	92	0	49	0	13 281
Uzbekistan	1 181	1 328	43	60	114	2 726
Regional Europe	93 598	36 032	32 110	14 044	2 851	178 635
Total ODA countries	434 432	89 500	245 084	133 119	32 634	934 770
OA countries						
Bulgaria	1 794	53	2 888	40	0	4 775
Estonia	11 615	3 717	12 378	381	127	28 217
Latvia	17 432	1 487	5 779	7 344	-76	31 966
Lithuania	15 103	3 975	1 767	185	0	21 029
Poland	3 670	877	0	468	0	5 014
Rumania	2 205	1 429	9	351	-39	3 955
Russia	111 609	89 277	114 442	19 207	11 323	345 859
Russia	100 031	80 148	107 526	19 207	11 323	318 235
Barents region	11 578	9 130	6 916	0	0	27 624
Slovakia	97	0	0	340	0	437
Slovenia	310	0	0	40	0	350

Appendix 2 cont. **International development cooperation by country and main sector, costs in SEK '000**

Country/region	Human rights and democratic governance	Social sectors	Infrastructure, private sector and urban development	Natural resources	Other sectors	Total
Czech Republic	0	0	0	80	0	80
Ukraine	35 593	8 347	8 775	6 687	344	59 746
Hungary	623	52	0	80	0	755
Belarus	15 915	11 606	3 074	788	893	32 276
Regional Central and Eastern Europe	35 289	5 982	11 370	4 168	9 430	66 239
Total OA countries	251 254	126 801	160 483	40 159	22 002	600 698
TOTAL EUROPE	685 686	216 301	405 567	173 278	54 636	1 535 468
Global contributions	344 277	545 959	181 006	310 617	736 138	2 117 997
TOTAL	3 302 315	3 600 108	1 966 205	1 320 656	2 175 072	12 364 355

Appendix 3. Guarantees and concessionary credits

For each new type of guarantee Sida shall report the guaranteed capital debt, the guarantee reserve where applicable, expenses and income in respect of guarantees and the accumulated risk-valued outcome.

Import guarantees

Sida's guarantee commitments amounted to SEK 1.9 million on December 31, 2004. This is an increase of SEK 0.8 million in comparison with 2003.

Independent guarantees

The Government has authorised Sida to work with independent guarantees on a trial basis. The trial period runs from March 11, 1999 to March 11, 2005. A request will be made for prolongation. The budget authorised by the Government amounts to SEK 1 billion. The aim of this guarantee instrument is to mobilise commercial resources, with relatively small government funds and risk-taking, which would not have otherwise been available for projects given priority from the development policy perspective.

Sida's commitments in respect of independent guarantees amounted to SEK 230 million as at December 31, 2004. The commitments consist of four guarantees: a guarantee of SEK 70 million to Swedfund for borrowing in Swedish Export Credit AB in respect of Sida's participation in AIG-African Infrastructure Fund; a guarantee of SEK 80 million for a share issue made by a telecommunications company, MTN-Uganda; a guarantee of SEK 80 million (USD 12 million) in respect of rehabilitation of the port in Maputo; and a currency risk guarantee to Swedish Export Credit in respect of a transmission investment in Namibia. A risk valuation of the commitments shows a loss risk of SEK 49 million, which corresponds to Sida's reserve. In 2003 the corresponding figure was SEK 60 million. The reduction mainly reflects the shorter period of exposure and a lower exchange rate for USD. In view of the pilot nature of the activity, the Government has permitted the establishment of a reserve of SEK 500 million for guarantees, by allocating funds that have been accumulated in the concessionary credit scheme. The income from guarantee activities amounted to SEK 2 383 000. The activity has not had any expenses.

Concessionary credits

At the end of the year Sida had outstanding commitments and guarantees in 27 countries. The largest engagements were in China and Vietnam, SEK 493 million and SEK 311 million respectively, followed by Sri Lanka and Thailand. The Export Credit Guarantee Board has valued the risk of Sida's guarantee commitments and

Appendix 3. Guarantees in SEK million			
Issued during the year	2002	2003	2004
Guarantee commitments	297	109	71
Guarantees	53	235	68
Outstanding at the end of the year			
Commitments	884	535	492
Guarantees	4 656	3 287	1 842

outstanding claims as at December 31, 2004, in accordance with a new accounting principle approved by Parliament.

Sida's guarantee commitment in respect of concessionary credits amounted to SEK 2 334 million at December 31, 2004 of which SEK 1 842 million refers to outstanding obligations and SEK 492 million to current undertakings. This means that the volume has continued to decrease considerably since 2002 when it amounted to SEK 5 540 million. This trend can be partly explained by the fact that a large part of the commitments are in foreign currencies, primarily USD, and the conversion rate for USD has decreased during the last three years. Other reasons are that repayments are being made on the outstanding stock and the volume of new credits has decreased. New commitments, limited to four transactions, amounting to SEK 70 million were made in 2004.

The valuation indicates that the provision for the expected risk of loss was estimated at SEK 217 million and the provision for the concentration risk at SEK 116 million. All in all this led to a provision being made for risk in Sida's guarantee commitments of SEK 333 million or 14 per cent. The corresponding figures for 2003 were 14.2 per cent or a risk value of SEK 468 million, which can be compared to 15.2 per cent or SEK 706 million in 2002.

On December 31, 2004 Sida's outstanding claims amounted to more than SEK 1.1 billion, which is an increase in comparison with previous years. When consideration is taken of expected losses, caused for example by debt write-off as a result of the HIPC conditions, the claims are valued at SEK 355 million, or 32 per cent. The concentration of Sida's claims in a small number of countries is reflected in a special provision. This risk concentration is estimated at SEK 86 million and therefore the total value of the claims is estimated to amount to SEK 269 million, or 24 per cent.

Sida's payments have reached higher levels in recent years. In 2004 Sida disbursed approximately SEK 264 billion, which is a considerable increase compared to

2003 (SEK 119 million). The increase is mainly due to the negative developments in Zimbabwe and considerable amounts in respect of Ghana and Pakistan in accordance with the Paris Club agreement. Another cause was the further settlements within the framework of the extended HIPC initiative. These types of settlements will increase in the future when more countries reach the so-called final point and are then offered debt write-off of up to 100 per cent. (The final point is the point in time when a country receives final debt write-off of up to 100 per cent.) However, Sida's commitments in respect of HIPC countries are small and therefore the effect where Sida is concerned is considered to be manageable. The issue of final compensation for Sida for the HIPC write-offs that are being made has not yet been determined.

Sida's concessionary credits shifted from a negative outcome of SEK 24.4 million in 2003 to a positive outcome of SEK 67.3 million in 2004.

As in previous years Algeria dominated in respect of recoveries. They amounted to more than SEK 30 million. Algeria is repaying its foreign loans in accordance with the Paris Club agreement, which remains in force until 2011.

Agency capital, i.e. assets minus liabilities and risk provisions, has increased from SEK 523 million to SEK 590.3 million. The cash flow is similar to previous years. Sida's conclusion is that the present level of the contingency reserve well covers the estimated risk level, but that the continued high level of compensation payments is disturbing in combination with the uncertainty in respect of compensation for the HIPC write-offs.

Appendix 4. International organisations

Appendix 4:1. UN agencies, project cooperation, SEK million

	2002	2003	2004
UNICEF	374.0	403.5	696.4
World Bank group	402.0	442.5	625.8
UNDP	259.0	377.8	534.2
WHO	126.4	109.7	132.8
UN-DHA/UNOCHA	90.0	93.4	100.1
WFP	50.0	35.2	99.0
FAO	61.4	90.1	95.3
UNESCO/IIEP	26.2	40.1	42.4
ILO	55.2	28.3	36.8
UNHCHR	12.5	10.5	25.5
WMO	25.0	22.8	25.0
UNOPS	7.2	0	23.8
PAHO	46.0	25.8	21.4
UNEP	17.5	7.6	18.8
UNIFEM	–	–	15.5
Habitat/UNCHS	20.0	10.3	14.8
UNHCR	55.0	72.0	13.4
UNFPA	2.0	15.3	12.1
UNRISD	10.0	13.0	12.0
UNECA	10.0	10.9	10.0
WTO	7.4	10.0	10.0
IMF	10.0	0	10.0
UNAIDS	1.1	4.9	9.8
United Nations Foundation	–	–	8.0
ICTP	9.0	7.0	7.0
UNISDR	0	4.5	6.5
UNTCA	6.2	0.8	5.7
University for Peace	0.0	3.5	5.5
IFAD	0.7	4.0	5.3
UN	53.0	26.8	4.8
UN/WIDER	0	1.8	4.3
UN-LIREC	–	–	4.0
UNCTAD	4.5	4.0	3.7
ECLAC	6.9	3.3	3.2
ITC	1.5	1.1	0.8
UNV	1.1	–3.5	0.3
UNMAS	0	10.0	0.0
UNMIK	0	7.2	0.0
UNIDO	0.5	2.0	0.0
IAPSO	0	1.4	0.0
WIPO	0	0.2	0.0
UNCHR	4.5	0	0.0
UNDCP	3.0	0	0.0
ESCAP	–0.3	0	0.0
Other	0	0	–0.4
Total UN agencies, project cooperation	1 758.5	1 897.8	2 643.6
Total UN*	2 851.0		

*The figures for 2002 also include core support to the UN organisations amounting to SEK 1 092.5 million.

Appendix 4:2. Other international organisations, SEK million

	2002	2003	2004
ICRC	231.0	215.0	235
Lutheran World Federation	93.7	112.9	124.6
IPPF	70.0	70.0	100
Asian Development Bank	5.1	13.2	64.3
IOM	15.9	48.9	52
Save the Children	18.4	37.9	38.2
IUCN	36.5	36.1	37.6
IADB/IDB	0	10.7	37.3
OAS	32.6	30.4	29.4
ICRAF	19.6	32.8	28.4
OECD	–	–	25.8
EU	–	–	24.1
Asian Institute of Technology	20.9	14.7	23
Mines Advisory Group	12.2	13.0	15.9
GWP	0	11.0	11
Mekong Committee	12.4	10.2	9.5
European Bank	7.5	6.0	6
OSCE	–	–	4.1
Others	689.1	646.9	542.5
Total other international organisations	1 264.9	1 309.7	1 408.7
TOTAL UN AND OTHER INTERNATIONAL ORG.	4 115.9	3 207.50	4 052.30

REPORT REQUIRED

Sida shall present a report on the total amount of development cooperation channelled via Sida to international organisations such as UN agencies, development banks, etc.

Appendix 5. Posts financed by the international development cooperation

REPORT REQUIRED

No later than February 1, 2004, Sida shall submit a plan for posts financed by the development cooperation appropriation to the Ministry for Foreign Affairs for the year 2004. The plan shall state the number and focus of short-term and long-term assignments. Sida shall present a report on the outcome in its annual report. The report shall be broken down into full-time posts and short-term assignments.

In 2004, the number of full-time posts (appointments for

more than 12 months) amounted to 122 posts, at a cost of slightly more than SEK 184 million.

There were 89 locally employed programme officers at the end of 2004, at a cost of approximately SEK 33 million.

During the same period 172 short-term assignments (appointments not exceeding one year) were financed at a cost of SEK 8 million. None of the short-term assignments was the result of an external recruitment.

Appendix 5:1. Utilisation of the development cooperation appropriation as at May 31, 2004

Category of personnel*	Budget (SEKm)	Disbursed (SEKm) (31 May, 2004)	Forecast (SEKm) (31 Dec, 2004)	Forecast (number) (31 Dec, 2004)
Long-term personnel	189	75.3	187	108
Short-term personnel	9.7	3.2	9	145
Locally employed programme officers	35.3	13.6	34	93
Total	234	92.1	230	346

Appendix 5:2. Utilisation of the development cooperation appropriation as at December 31, 2004

Category of personnel*	Budget (SEKm)	Forecast (SEKm) (31 Dec, 2004)	Disbursed (SEKm) (31 Dec, 2004)	Forecast (number) (31 Dec, 2004)	Number (31 Dec, 2004)
Long-term personnel	189	187	184.4	108	112
Short-term personnel	9.7	9	8	145	172
Locally employed programme officers	35.3	34	32.8	93	89
Total	234	230	225.2	346	373

*The focus of the posts has not been reported since a postholder can work with several different sectors.

Appendix 6. Internal efficiency

REPORT REQUIRED

Sida shall present indicators of the agency's internal efficiency in different parts of its development cooperation activities.

The indicators used are mainly indicators of productivity trends in the use of resources at Sida—i.e. the use of resources for the performance “supplied” by Sida in its programmes of development cooperation. This type of indicator must be used with considerable caution since no evaluation is made of the utility of the performance supplied. In order to measure Sida's efficiency and performance, the productivity indicators must be supplemented with an evaluation of the agency's performance and an evaluation of the total amount of resources used.

The indicators chosen by Sida show trends in Sida's activities in relation to the goals of its work with change. These have the aim of increasing the value of Sida's performance in development cooperation.

The aim is to give information on Sida's development over time. Two different types of indicators are presented: trends in the contributions portfolio, and the breakdown of staff time by operational areas and regions. The indicators for regions are measured in the form of annual time series. The structure and definition of Sida's operational areas were changed in 2004. This makes it difficult to make comparisons with previous years.

In order to follow the size of the contributions portfolio, Sida has selected the following indicators: average outcome per contribution, average agreed amount per contribution and average duration of agreement per contribution. Where new contributions are concerned, the above-mentioned indicators are used with the exception of the average outcome per new contribution, since this would not give a correct picture. The idea is that a larger outcome per contribution and a longer agreement period require fewer resources. This type of indicator is affected by each year's appropriations, any ceilings on expenditure and so on.

In appendix 6:1 it is possible to see that Sida's strategic priorities were successful during the year. The total number of contributions has decreased by four per cent in relation to the year before. The average outcome, the average agreed amount and the average agreement period per contribution have increased. The average agreed amount for new contributions has continued to

increase. The average agreement period for new contributions is longer compared to 2003, largely as a result of the low number of new contributions.

Sida's administrative expenses consist mostly of staff costs. With the aim of measuring how Sida's personnel resources have been used, Sida has made a survey every year for the four last years in which working time has been distributed to operational area and country. The figures are influenced by the fact that the methods of making measurements have been improved over the years. In 2002, locally employed programme officers at embassies were not included consistently in the measurements of number of full-time posts. However, from 2003 onwards these programme officers have been included in the measurements.

It is not relevant to compare outcome or trends between different operational areas since their activities are so different in respect of content, control, form of support and so on. The indicators produced should be used instead to see trends over years. This has not been done this year in respect of operational areas due to the new structure.

At a management group meeting in May 2004, a number of measures were approved that have the aim of improving internal efficiency at Sida. One of these measures was to give the Department for Finance and Corporate Development the assignment of producing a proposal for a time-reporting system. The assignment was completed in the autumn of 2004 and the final report was taken up in the management group on January 11, 2005.

The following is a summary of the main conclusions of the final report.

Time reporting shall be introduced generally at Sida in 2006. It will be compulsory and apply to both Sida and embassies/field offices. It shall be linked to performance and possible to aggregate under form of support and operational areas. Time reporting shall also function as a management instrument for the everyday work in departments and divisions. It shall be preceded by time planning and be followed up regularly.

By introducing time reporting, Sida will be able, for example, to provide specific cost data for the production of contributions, different forms of support and so on.

Appendix 6:1. Report required internal efficiency, overview

All Sida's contributions	2002	2003	2004
Number of contributions	6 224	5 986	5 740
Average outcome per contribution, SEK '000	1 865	1 804	2 166
Average agreed amount per contribution, SEK '000	6 877	7 474	8 746
Average duration of agreement per contribution, months	33	34	37
Sida's new contributions			
Number of new contributions	2 025	1 902	1 585
Average agreed amount per new contribution, SEK '000	5 605	6 658	7 878
Average duration of agreement per new contribution, months	21	19	21

Appendix 6:2. Report required internal efficiency, new contributions

Operational area	Average agreed amount per new contribution SEK '000	Average duration of agreement per new contribution, months
Africa	8 206	24
Asia, Middle East and North Africa	11 456	25
Latin America	7 394	24
Eastern Europe and Central Asia	4 464	20
Global development programmes	3 114	16
Research	28 789	37
Humanitarian contributions and conflict management	7 893	20
Economic support	40 211	14
<i>Concessionary credits</i>	13 686	14
<i>Economic reforms</i>	80 000	13
NGOs	21 914	19
Information	2 411	10
Average total*	7 878	21

*All Sida's contributions are included in the total.

Appendix 6:3. Report required internal efficiency, all contributions

Operational area	Average outcome by contribution, SEK '000
Africa	1 953
Asia, Middle East and North Africa	2 275
Latin America	1 697
Eastern Europe and Central Asia	1 234
Global development programmes	1 462
Research	3 452
Humanitarian contributions and conflict management	3 677
Economic support	15 604
<i>Concessionary credits</i>	5 149
<i>Economic reforms</i>	49 583
NGOs	6 062
Information	1 730
Average total*	2 166

*All Sida's contributions are included in the total.

Appendix 6:4. Estimated annual full-time posts by operational area, costs in SEK '000

Operational area	Outcome 2004, SEK '000	Annual full-time posts 2004	Outcome/annual full-time posts 2004
Africa	2 765 640	141,8	19 504
Asia, Middle East and North Africa	1 749 420	91,5	19 119
Latin America	843 203	31,9	26 433
Eastern Europe and Central Asia	1 442 313	58,9	24 487
Global development programmes	1 323 347	28,7	46 110
Research	773 216	35,1	22 029
Humanitarian contributions and conflict management	1 610 570	20,7	77 805
Economic support	795 803	10,0	79 580
<i>Concessionary credits</i>	200 803	1,0	200 803
<i>Economic reforms</i>	595 000	9,0	66 111
NGOs	1 000 288	12,3	81 324
Information	60 554	19,0	3 187
Not distributed by operational area	–	62,0	–
Total	12 364 355	511,9	24 154

Appendix 6:5. Report required internal efficiency, new contributions by region

Regions	Average agreed amount per new contribution, SEK '000			Average duration of agreement per new contribution, months		
	2002	2003	2004	2002	2003	2004
Sub-Saharan Africa	6 258	9 391	10 328	20	19	23
Asia including North Africa	5 416	9 766	12 203	19	23	29
Latin America	4 740	8 253	9 857	20	21	24
Europe ODA countries	2 726	4 492	5 183	18	20	19
Europe OA countries	2 578	2 203	3 451	18	18	22
Global	5 677	3 529	4 289	15	18	17
Average total*	6 040	7 296	7 878	18	20	21

*All Sida's contributions are included. A contribution can be included under one or more regions but no contributions have been included more than once in the total.

Appendix 6:6. Report required internal efficiency, all contributions by region

Regions	Average outcome per contribution, SEK '000		
	2002	2003	2004
Sub-Saharan Africa	1 946	2 068	2 585
Asia including North Africa	2 060	2 497	2 631
Latin America	1 900	1 969	2 328
Europe ODA countries	1 528	1 482	1 513
Europe OA countries	815	715	961
Global	2 232	1 446	1 834
Average total*	2 025	1 972	2 166

* All Sida's contributions are included. A contribution can be included under one or more regions but no contributions have been included more than once in the total.

Appendix 6:7. Estimated annual full-time posts for each region, costs in SEK '000

Region	Annual full-time posts 2004	Outcome 2002, SEK '000	Outcome 2003 SEK '000	Outcome 2004 SEK '000	Outcome/Annual full-time posts 2002	Outcome/Annual full-time posts 2003	Outcome/Annual full-time posts 2004	Outcome/Annual full-time posts 2003/02	Outcome/Annual full-time posts 2003/04
Sub-Saharan Africa	180,2	3 905 625	4 019 673	4 727 263	27 739	23 397	26 233	-15,6	10,8
Asia including North Africa	111,4	2 064 248	2 401 674	2 598 611	20 663	21 348	23 327	3,0	8,5
Latin America	39,9	1 232 873	1 131 932	1 385 015	22 959	21 277	34 712	-7,3	38,7
Europe ODA countries	47,7	883 951	933 838	934 770	27 198	23 945	19 597	-13,0	-22,2
Europe OA countries	17,4	661 827	556 140	600 698	28 527	29 271	34 523	2,6	15,2
Global	22,6	2 840 672	1 741 068	2 117 997	46 416	32 302	93 717	-30,4	65,5
Not distributed by region	92,7	-	-	-	-	-	-	-	-
Summa	511,9	11 589 196	10 784 325	12 364 355	24 763	20 660	24 154	-19,9	14,5

Appendix 7. Integration of gender equality and work on the Government personnel policy

In accordance with the “Government’s gender equality policy and action plan for its term of office”, the work of purposefully promoting gender equality at Sida by providing equal opportunities for advancement and development for women and men and abolishing unjustifiable differences in wages shall be intensified and reported on.

Goals for 2004

- Further improve the analytical tools for pay surveys and analyses
- Provide information on and discuss what is meant by sexual harassment, and aspire to create a working climate that counteracts sexual harassment.

Pay issues

Since 2001 Sida has made pay surveys and analysed them from the perspective of requirements in the legislation on gender equality. The instruments and analytical tools that were produced at the pay negotiations in 2003 were considered to be deficient and poorly adapted to Sida’s operations and requirements. This was also confirmed by an evaluation made of Sida’s job evaluation instruments by an independent consultant.

The analytical instruments were further developed during the summer and autumn of 2004 and this work has resulted in new analytical tools and a basis for analysis that has formed the foundation of a pay survey and analysis of the entire organisation. This material and an action plan for equitable pay were produced at the request of the Office of the Equality Opportunities Ombudsman and also sent to this Office.

An action plan for equitable pay has been produced on the basis of the survey.

Composition of the staff

See appendix 8:2.

Of Sida’s staff (excluding those on leave of absence), 60 per cent are women. Where programme officers are concerned, the proportion of women is somewhat lower: 56 per cent, and in the management group the

proportion is even smaller: 47 per cent. However, it is worth noting that the proportion of female managers has increased by 9 per cent from 2003. The increase also applies to the proportion of women managers at embassies/field offices, now 46 per cent, which can be compared to 36 per cent in 2003.

Sida can therefore state that the targeted initiative to recruit more women managers has succeeded in a very marked way. However, now the work remains to be done of supporting the women managers in their management roles in different ways, and of continuing to emphasise equality in recruitment to management posts.

Other activities in respect of gender equality

Sida has drawn up a diversity plan for 2005. The new diversity plan will also include gender equality. Where the action plan for gender equality within the framework of the diversity plan is concerned, this will not involve any major changes. Instead the goals will be more clearly defined and made possible to measure and follow up. The importance of improving the balance between men and women in every working group and of ensuring that opportunities for development and working conditions are gender-neutral can clearly be seen in the plan. A contingency plan for sexual harassment has been approved and is part of Sida’s compulsory management training programme.

Goals for 2005

- To be able to state at the pay negotiations that Sida does not have any unjustifiable difference in pay between women and men.
- To follow up the diversity plan for 2005 and produce a new plan for 2006.

Goals for 2006 and 2007

- Consolidation of Sida’s pay policy and relative pay levels in relation to other organisations.
- Follow up the diversity plan for 2006 and produce a new plan for 2007.

Appendix 8. Sida's human resource management

REPORT REQUIRED

Sida shall submit a report on the extent to which the agency's objectives for human resource management in 2004 have been achieved, and on the goals of the agency's human resource management for 2005 and for 2006–2007 respectively. The report on goals shall focus primarily on the age structure of the staff, breakdown by women and men, mobility, and the work done by Sida to promote ethnic and cultural diversity. A report shall be made on groups of staff in three categories: management staff, core staff and support staff. The goals of human resource management shall be specifically linked to Sida's operational goals, current human resource situation, and an assessment of the labour market situation. The goals shall be concrete and possible to follow up.

1. ADJUSTMENT

In 2002 Sida finalised its human resource strategy project. The project gave prominence to issues such as future operations and future human resource needs, expected gaps, and an analysis of the retirement situation in the future.

Since then Sida has worked with these issues, for example by developing learning issues, developing its recruitments, and focusing on working environment issues in order to be regarded as an attractive employer.

In 2004 Sida's management group started making a long-term analysis of operations, for example through Vision 2010 and an action plan to implement the new policy for global development. In 2005 a human resource analysis will be made with the analysis of operations as its starting point. Hopefully the operations and human resource analysis will provide guidance on ways

in which Sida should change in size, organisation, forms of work and areas of expertise.

Goals for 2005

- Start an operations and human resources analysis with the aim of producing a concrete action plan for the entire agency on ways in which Sida shall acquire relevant skills and experience for the vacancies which will arise as a result of the retirement of staff, which will accelerate during the period 2006–2010.
- Strategic use of funds for adjustment.
- Continue to have a generous attitude towards semi-retirement
- Strategic utilisation, from the transfer of knowledge perspective, of staff who wish to work to 67 years.

Goals for 2006–2007

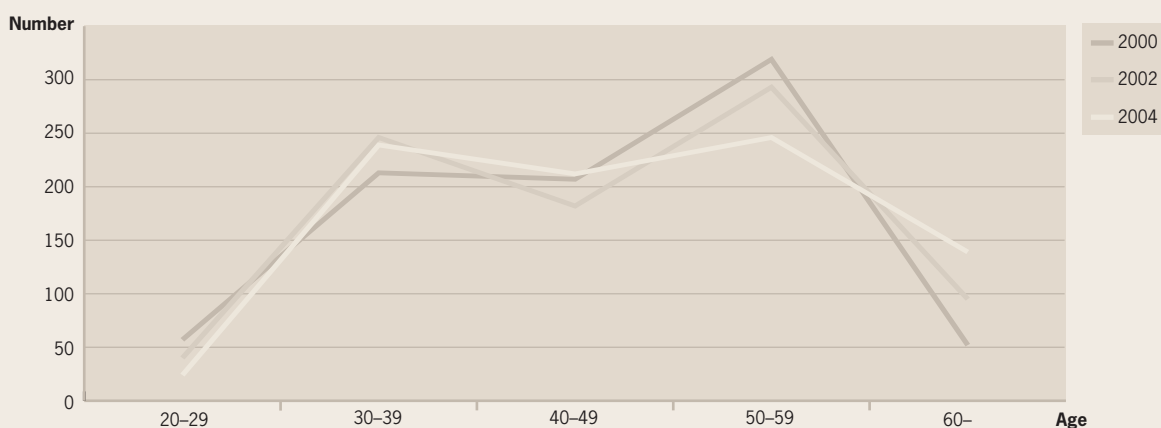
- Finalise the operations and human resource analysis and implement the human resource plan for the entire agency.

2. RECRUITMENT: EXTERNAL AND INTERNAL MOBILITY

Goals for 2004

- Complete the review of Sida's recruitment process and develop recruitment methods.
- Further develop the marketing material for use on labour market days etc.
- Maintain Sida's good name among job applicants.

Appendix 8:1. Age structure 2000, 2002 and 2004, including staff on leave of absence



Appendix 8:2. **Personnel statistics**, as at December 31, 2004.

	2002			2003			2004		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Form of employment									
Permanent staff	370	261	631	373	273	646	370	260	630
stationed in Stockholm	303	196	499	299	205	504	287	192	479
stationed in Härnösand	4	6	10	6	6	12	6	6	12
stationed at embassies	57	57	114	65	60	125	72	62	134
other duty stations (EU, Sandö)	6	2	8	3	2	5	5	0	5
Temporary staff	71	53	124	78	45	123	83	46	129
stationed in Stockholm	53	30	83	61	24	85	55	31	86
stationed in Härnösand	0	0	0	0	0	0	0	1	1
stationed at embassies	17	22	39	15	19	34	26	12	38
other duty stations	1	1	2	2	2	4	2	2	4
Staff on leave of absence	67	34	101	77	27	104	76	28	104
in other development cooperation organisations	12	10	22	14	12	26	11	8	19
for studies	10	2	12	11	1	12	8	3	11
for other reasons	45	22	67	52	14	66	57	17	74
Total number of employees	508	348	856	528	345	873	529	334	863
Posts (excl. staff on leave of absence)									
Management posts	33	56	89	33	54	87	43	49	92
Programme officers	302	234	536	309	238	547	305	235	540
Administrative assistants	105	25	130	108	27	135	105	22	127
Total	440	315	755	450	319	769	453	306	759
Educational levels									
Postgraduate education	24	41	65	26	41	67	27	38	65
Higher education, post secondary education > 2 years	297	247	544	341	251	592	354	243	597
Post-secondary education < 2 years	58	18	76	30	12	42	28	13	41
Upper secondary education	116	33	149	117	33	150	108	32	140
Nine-year compulsory school	13	9	22	13	9	22	12	8	20
External recruitments									
Management staff	3	1	4	0	0	0	0	0	0
Programme officers	21	19	40	25	15	40	20	22	42
Administrative assistants	3	2	5	8	0	8	2	0	2
Recruitments to embassies									
Management staff	6	7	13	8	4	12	4	6	10
Programme officers	21	18	39	18	15	33	31	19	50
Administrative assistants	5	0	5	1	0	1	0	0	0
Average age									
Employees	46	48	47	45	49	47	46	49	48
Externally recruited staff	37	40	38	35	38	36	37	38	38

Composition of the staff

See appendix 8:2.

Development of the recruitment process

In 2004 Sida produced a new recruitment policy that will be submitted to the Director General for approval in January 2005. Sida is compiling recruitment routines

and methods under the heading “Recruitment from A–Z” on Sida’s Intranet. This will make it easier for managers and staff to find information on the recruitment process and to understand the various parts of this process. Among other things templates for interviews and assessments have been produced.

Each year Sida makes recruitments to the 42

embassies/field offices where Sida has staff. These recruitments are very labour-intensive and Sida therefore produced new recruitment routines in 2004 in order to make the recruitments to posts abroad more efficient and simpler. The new routines were evaluated in the autumn and will be further developed for the recruitments to the field in 2005.

In 2004 Sida produced a new regulation, which has been approved by the Director General, on the theme of working in the field. This regulation lays down that work abroad is a natural part of a career at Sida and that staff should be prepared to accept a position abroad. Furthermore Sida, as employer, will make it possible for staff to acquire the right skills and experience.

Sida also continued to work on methods for human resource reports and analyses (see Sida CV under Sida as a learning organisation). In 2004 Sida started an analysis of the ways in which the new Policy for Global Development will affect Sida's needs of qualifications and experience in the future. Among other things a project has started on the production of skills profiles for working with poverty prevention measures in accordance with Sida's overarching document *Perspective on Poverty*, and profiles for working in corruption-prone environments, with their starting point in an internal audit report. Work on these skills analyses will continue in 2005.

In 2004 the Department for Africa made a capacity study in which a long-term operational and human resource analysis was produced to define future needs of human resources for Sida's work at embassies in Africa.

Mobility analysis

In 2004 and 2005 Sida has an assignment to make savings corresponding to a reduction of the departmental budgets for pay and operations of 2 per cent in 2004 and 4 per cent in 2005. There are several reasons for this, including more expensive premises. In connection with this savings programme, a decision was made to make no new recruitments of permanent staff. This had the effect that new recruitments were severely restricted in 2004, particularly in respect of expertise in the fields of, for example, journalism and business administration, which could not be obtained through internal mobility. Since, in general, Sida has considerable internal and external mobility (posts at embassies and international organisations), Sida has a large number of temporary staff. By strategically not refilling vacancies and not extending the contracts of temporary staff, Sida would make the assessment that it is possible to achieve the goals of the savings programme without having to give staff notice.

However, the savings programme has come at a very sensitive period from the strategic human resource perspective since Sida should really be recruiting young staff who, during a transitional period, can learn from those members of staff that will retire during the period 2006–2010. The savings programme has forced many proficient young temporary employees to leave the

organisation and the work on adjustment has come to a temporary standstill.

From the personnel statistics (see appendix 8:2), it can be seen that the number of employees (permanent and temporary) decreased by ten employees in 2004 and that the number of permanent employees decreased by 16 employees. It can be noted that the number of temporary employees has increased somewhat in relation to the number of permanent employees. This is due to the decision not to recruit permanent employees. External mobility for 2004 is estimated at 11.5 per cent which can be described as a "sound" figure.

Since Sida has a large number of employees working on time-limited contracts at embassies/field offices, there are considerable opportunities for internal mobility. In 2004, 60 members of staff were recruited for posts in the field and 40 members of staff returned to Sida in Sweden. As a step in the process of increasing delegation to the field and, at the same time, strengthening Sida's presence in the field, it can be noted that the number of employees at embassies/field offices increased by 13 members of staff in comparison with 2003 and by 19 members of staff in comparison with 2002. This is an extremely positive element in Sida's human resource management and creates considerable opportunities for mobility and development for Sida's staff.

In the field recruitment process for 2004, 87 permanent employees applied for the 44 posts that were announced. This has had the effect that it has not always been possible to find a suitable candidate and therefore Sida has been obliged to make external recruitments to some posts at embassies that were difficult to fill. The personnel statistics also show that the proportion of temporary employees at embassies is 22 per cent. However, this is a decrease in relation to 2002 when the proportion was 25 per cent. Nonetheless, making external recruitments directly to embassies/field offices has not proved to be completely suitable since experience of work at head office is of central importance for good work in the field. The proportion of internal applicants to posts in the field should therefore increase and the proportion of external recruitments to the field should decrease.

The savings programme has also had the effect that internal mobility has increased.

Sida as an attractive employer: external mobility

Where external recruitments are concerned, Sida has many applicants, on average about 100, for each post. An external survey of workplaces showed that Sida is regarded as an attractive workplace. Sida was in ninth position on the list of economist and lawyers. It was in 97th position on the list of engineers and technicians. A fact sheet has been produced containing information on working at Sida. It is distributed on "labour market days" arranged by universities in Sweden. To retain Sida's good name among job applicants, Sida takes pains to be highly professional in all its recruitments.

Management

In the light of the age structure at Sida and the large number of staff who will retire in the next few years, it is of central importance that the group of staff at Sida with management experience is gradually renewed and rejuvenated. It can be noted that that average age of managers at Sida was 53 years in 2004. In 2003 it was 52 years. Since a large number of Sida's managers are over 55 years, Sida must ensure that the supply of managers is secured in the long term.

To further increase management mobility, Sida produced a proposal in 2004 to introduce time-limited appointments for managers. This will give more members of staff the opportunity to work as managers. Sida is working in parallel on the production of alternative career paths to make a sound job rotation possible for Sida's more experienced staff.

Semi-retirement and retirement

Sida has previously produced guidelines on semi-retirement based on the government agreement which came into force on January 1, 2003. In 2004 a total of 22 members of staff had taken semi-retirement. This corresponds to 33 per cent of the total of 65 persons in the age group of 61–64 years, stationed in Sweden. This figure can be compared with the corresponding proportion in 2003 which was 18 per cent. Where retirement is concerned, 12 members of staff retired with old age pensions and two took early retirement due to sickness.

Goals for 2005

- Further improvement of recruitment routines and instruments with the aim of having an efficient recruitment organisation in place for the years when a large number of staff will retire. This will start in 2006.
- Produce skills profiles for the most common posts at Sida (see also Sida as a learning organisation) while taking the new Policy for Global Development into consideration.
- Increase the number of internal applicants to posts at embassies/field offices by 20 per cent.
- Reduce the number of temporary employees at embassies/field offices from 22 per cent to 15 per cent.
- Continue to have a generous attitude towards semi-retirement with the aim of creating a good process of transition between work and retirement for members of staff.
- Strategic utilisation from the transfer of knowledge perspective of staff who wish to work to 67 years.

Goals for 2006 and 2007

- Continue the strategic work to meet the large number of retirements.
- Implement a strategic recruitment process at

Sida with the aim of replacing staff who have retired.

- Production of a management strategy to ensure the availability of future managers at Sida.

3. SIDA AS A LEARNING ORGANISATION

Goals for 2004

- Finalise the learning strategy project
- Start an annual systematic control of Sida's learning
- Increase awareness of and forms for informal learning
- Produce new tools for planning and development talks with members of staff, which lead to development plans for all members of staff.
- Make strategic use of the funds available for retraining purposes.
- Continue to focus on the human resource development of Sida staff at embassies and field offices, particular the locally employed staff.

Policy development

The learning strategy project has been finalised and a final report has been submitted with a number of recommendations for learning at Sida in the future. These recommendations include:

- Defining the knowledge that is to be regarded as core knowledge at Sida, i.e. compulsory areas of knowledge for Sida's staff
- Drawing up a plan for strategic learning for the year 2005
- Drawing up proposals for supplementary leadership skills for managers
- Drawing up forms for the use of individual electronic cvs in which each member of staff documents his/her learning activities
- Developing support for learning and making learning visible in Sida's main processes, i.e. operational planning, the country strategy process and assessment processes.

Sida has started to produce a policy document on how Sida learns, in which Sida's views on both informal and formal learning are described.

A new tool for planning and development talks was produced during the year and was tested in connection with operational planning activities in the autumn.

With the aim of strengthening the skills of staff at embassies/field offices, guidelines have been produced for preparatory training, training for local programme officers and managers in the field.

For the last three years Sida has had a knowledge management function in the form of an internal web portal called "Sida Search". Here Sida staff can find databases, links, and possibilities to exchange knowledge

with colleagues. Sida Search was further developed in 2004 and an enhanced portal will be presented in 2005.

Concrete learning activities

During the year Sida arranged 64 courses for different basic training activities, for example on policies, working methods and administration. A total of 600 course participants attended these courses. A major initiative in 2004 was the basic course in Sida's rating system.

A project for IT-based training, which prepares Sida as an organisation to work with network-based learning, produced four e-learning modules: HIV/Aids, capacity development, "Sida at Work" and "Aid instruments".

The new Department for Policy and Methodology is working closely with the Department for Personnel and Organisation Development on the planning and implementation of different learning activities. The following can be mentioned:

- The agency project "From Words to Action", which has implemented a number of learning activities. These are described in more detail in section 3 of this annual report; and
- Learning activities with the aim of enhancing the knowledge of staff about national strategies for poverty reduction (PRSP). See section 3 in this annual report.

All in all, 58 persons participated in Sida's preparatory courses for service abroad in 2004. The content of these courses is continuously revised, but they have contained the Policy for Global Development, Perspectives on Poverty, democracy and human rights, conflict perspectives, gender equality, sustainable development, economic growth, country strategy process, Sida at Work, poverty analyses etc. There is an ambition to give more scope to economic issues, administration, procurement, contracts, agreements, internal consultative support in personnel matters, working environment in the field, and matters relating to ethics.

Two week-long courses were arranged during the year for 40 national programme officers working at embassies. The courses have been held in cooperation with the Ministry for Foreign Affairs and Parliament, and taken up Sweden's Policy for Global Development. In connection with these courses separate training programmes have been arranged on Sida's accounting system, procurement, and Sida's rating system.

Sida has continued to develop the organisation, for example through internal and external consultative support for leadership and group development, support for work processes, and training programmes in coaching. These inputs have reached most of the organisation's managers and staff.

Personnel at Sida have been given the opportunity to circulate to other departments or other organisations. Employees have also been given the opportunity to participate in training programmes or to serve at embassies.

Goals for 2005

- Implement the recommendations made by the Learning Strategy project
- Further develop the use by Sida of e-learning as a tool for human resource development in the learning that takes place in Stockholm and at the embassies.
- Provide more support to the embassies in matters relating to organisation development and human resource development.
- Start work on ways in which Sida should work with career planning in relation to the staff.
- Install a new version of Sida Search.

Goals for 2006 and 2007

- As part of Sida's human resource development plan, specify the subjects in which Sida staff should be trained in order to prevent the loss of skills and experience resulting from the large number of forthcoming retirements.
- Continue strategic development initiatives in accordance with the needs of operations for Sida's departments and embassies.
- Design systems to measure the long-term learning that takes place after training programmes.

4. PAY POLICY

Goals for 2004

- See "Diversity", section 6 below, in respect of the survey and analysis of differences in pay
- Together with the Ministry for Foreign Affairs and other organisations, produce a proposal for an ethical policy for work in the field.
- Evaluate the pay negotiations of 2003 and, on the basis of the results of the evaluation, take requisite action in respect of Sida's pay policy.

The evaluation of the pay negotiations of 2003 showed that both the tools for assessment and the pay talks model have enhanced the quality of setting pay in several respects. The goals of the pay policy—equalisation of pay in relation to other organisations and a greater pay range—that was set up for the pay negotiations was only partly achieved.

Prior to the pay negotiations in 2004, job evaluation will be finalised and result in an analytical base for Sida's pay structure. The base will make it easier to set justifiable and quality-assured pay levels. There has been a broad policy discussion and tools for the setting of individual pay have been further developed.

In the pay survey that Sida made in 2003, it proved that many of the differences in pay between women and men were due to the fact that the men, who had higher levels of pay, were managers. Therefore, in 2004, Sida produced a proposal to start time limited management

appointments. This has adjustment purposes as well as pay policy purposes. Managers' salaries will be limited in time and the members of staff that take up another appointment will have their pay reviewed so that the new salary is comparable with other members of staff with the same position. This will prevent unjustifiable differences in pay.

Naturally the qualifications and experience of the former manager will be taken into consideration when his/her new salary is set.

In June Sida submitted its response to a report on conditions of service abroad. Sida agreed in general with the proposals made in the report. Some differences of opinion were presented in respect of the basic allowance, spouse allowance, travel benefits, removals costs, and compensation in cases of sickness or injury. Sida also made the assessment that the report's proposals would result in increased costs that will have to be compensated.

In 2004 Sida and the Ministry for Foreign Affairs produced an ethical policy for work abroad. The policy clearly lays down Sida's approach in different issues, for example alcohol and drugs, prostitution and organised crime.

Most Sida staff in the field have their spouse with them. The question of the situation of accompanying spouses and their possibilities of obtaining work has been discussed at Sida for a long time. The study of pay conditions for employees abroad raised a number of questions on sickness benefit and parental insurance that are now being dealt with by the Government.

In order to find job opportunities for accompanying spouses Sida investigated in 2004 whether it is possible for accompanying spouses to work with other employers in the duty country.

Goals for 2005

- To implement pay negotiations during the first quarter that are totally in line with the pay talks model.
- To ensure that, in the pay negotiations in 2005, Sida's pay levels are in line with comparable pay levels outside Sida
- Further training for Sida's managers in the pay policy and pay talks.
- The ethical policy for work in the field shall be used at Sida's preparatory training programmes prior to work in the field and be a living document at embassies where it will function as a form of support for managers and staff.

Goals for 2006 and 2007

- Consolidate Sida's pay policy
- Further improve the tools for review and analysis of pay levels.

5. WORKING ENVIRONMENT AND HEALTH

Goals for 2004

- Reduce absence due to sickness, particularly among female members of staff.
- Further increase awareness of stress and take requisite measures to prevent stress, for example through targeted training programmes for managers in which the responsibility of managers is clearly specified.
- Improve the physical working environment in respect of computer screens, light, air, climate and noise.
- Further improve the tools for systematic work on the working environment.

Sick leave analysis

The following can be noted from an analysis of Sida's sick leave statistics.

The sick leave ratio has increased from 2.5 per cent to 2.7 per cent. However, the increase can be explained by a number of persons on long-term sick leave due to physical complaints not related to work.

Sida has not succeeded in reducing absence due to sickness among female members of staff, with the exception of those in the age group 30–49 years. The largest increase is to found among women in the age group 50 years and older (from 2.8 to 3.9). The sick leave ratio is not remarkably high and, where Sida is concerned, can be completely explained by long-term sick leave due to physical complaints not related to work. The fact that the total absence due to sickness in per cent (over 60 days) has increased is due to the large number of persons on long-term sick leave and several deaths in 2004.

Other working environment activities

An organisation survey of the psychosocial working environment was made in December 2004. It had a response frequency of 74 per cent which is an increase of 3 per cent in comparison with the last survey. The results have not yet been analysed.

A tool for systematic work on the working environment has been produced for use in all departments, as has a working environment policy.

Sida has produced a document containing advice on the working environment at embassies.

In 2004 Sida signed a contract with a landlord for renting new premises. Before Sida chose a new landlord, a survey of the working environment consequences of a move was analysed by Sida in cooperation with the trade unions. Thereafter Sida drew up a plan.

Each year the departments make risk assessments and a work environment plan based on a model. In 2004 all departments but one submitted their plans.

Awareness of stress has increased through training programmes for managers and staff.

In order to reduce absence due to sickness Sida has invested in a large number of keep-fit activities, SAFARI,

Appendix 8:3. Sick leave, per cent

	2003	2004
All employees	2,5	2,7
Of whom staff of long-term sick leave at least 60 days	1,4	4,9
All men	2,0	1,9
All women	2,8	3,3
All under 30	0,8	1,3
All between 30–49	2,4	2,2
All 50 and older	2,6	3,3

in which 384 members of staff have expressed interest in participating. In addition the Personnel Department has provided a number of stress-related courses paid for by the departments.

Goals for 2005

- All Sida's managers shall undergo training in work environment issues with the aim of clarifying current requirements in the working environment legislation in respect of systematic work on the working environment.
- Sida continues to clarify responsibilities for the working environment at organisation, group, and individual level.
- Organisational surveys shall be followed up and requisite action taken.
- Continue the stress prevention work and try to make it possible for individual members of staff to participate in and exert an influence on issues that concern their work situation, and their control over the demands made of them.
- The impact assessment of the working environment and its plan of action which was produced in 2004 prior to the future move to new premises shall form a foundation for work on the working environment in preparation for the move.

Goals for 2006–2007

- Move to new premises and continue the work as described above.

6. DIVERSITY

Goals for 2004

- Produce a diversity plan and action plan for 2004 and 2005.

- Establish a diversity council in order to give further prominence to matters relating to diversity in the organisation.
- Further improve the analytical tools for making pay surveys and analyses.

A diversity plan and an action plan for its implementation are being produced.

In order to give prominence to matters relating to diversity, a diversity council has been established consisting of representatives of different departments at Sida. The diversity council works with concrete measures to enhance knowledge and understanding of diversity and to prevent discrimination. The concept of diversity includes both ethnic and cultural questions concerning diversity and equality.

Goals for 2005

- Revision and follow-up of the diversity plan
- Consolidation of the tools for pay analyses and surveys.
- To be able to state at the pay negotiations in 2005 that there are no unjustifiable pay differences at Sida.
- In 2005 Sida will make a diversity survey in respect of gender equality and ethnic and cultural diversity.

Goal for 2006 and 2007

- Revision and follow-up of the diversity plan.

7. COOPERATION WITH OTHER GOVERNMENT AGENCIES, ORGANISATIONS, AND TRADE AND INDUSTRY

Sida cooperates with a large number of Swedish organisations: government agencies, trade and industry and NGOs. This permits a continuous process of mutual learning and exchange of experience. This has been further underlined in the new policy for global development.

In 2004 the following activities were implemented for Swedish partners in cooperation (primarily consultants, universities and agencies):

- Nine overview courses
- Eight Logical Framework (LFA) courses
- Four short, adapted courses.

Goals for 2005

- Extend exchanges with other employers
- Together with Germany hold the Third Donor Workshop on Competence
- Development and Staff Training.

Appendix 9. Summary—Reports and assignments

1.1 Reports on the management and control of Sida's activities

POLICY AREA: FOREIGN POLICY AND SECURITY POLICY

Peace promotion activities

In its annual report Sida shall provide an account of the ways in which it has cooperated with the education and training programmes implemented by the Folke Bernadotte Academy and other Swedish government agencies and institutions.

Report on page 94.

Quarterly reports shall be provided of trends in the costs of activities that are financed by this appropriation item, and on any changes in these activities. An individual report shall be made on each contribution.

Reports have been provided.

POLICY AREA: INTERNATIONAL DEVELOPMENT COOPERATION

A. Overall report

Report on the overarching goal

Sida shall evaluate, measure and report on all its activities against the goal of Sweden's international development cooperation.

Report on pages 16–19 and under each operational area.

Report on perspectives and central component elements

Sida is to report on ways in which development cooperation has promoted and been permeated by the two perspectives and the central component elements.

Report on pages 20–22.

Report: harmonisation and alignment

Sida is to report on the measures it has taken to strengthen harmonisation and alignment with partner countries and other donors.

Report on pages 23–24.

B. Reports: operational areas

Report for all operational areas

For each operational area the report shall contain a description of the ways in which Sida supports, monitors and participates in the dialogue on the nationally owned processes of the partner countries for combating poverty, including the ways in which Sida promotes the participation of poor people and their representatives in establishing priorities, decision-making processes, and the implementation and follow up of measures to reduce poverty.

Reported under each geographical operational area.

Sida would make the assessment that the report requirement mainly concerns the regional operational areas.

Asia, Middle East and North Africa

Sida shall submit a report on its support to the environmental field in Asia in respect of both costs and selection of form of support.

The report shall include an analysis of results in the field.

Report on pages 39–42 under the operational area.

Eastern Europe and Central Asia

Sida shall provide a report on the ways in which its activities have contributed to promote closer relations for the partner countries with European cooperation structures and values as an important component in the struggle against poverty.

Report on page 52 under the operational area

Sida shall report on the ways in which the contributions have been coordinated with TACIS and CARDS.

Report on pages 52–53 under the operational area.

Sida shall report on the ways in which its activities have contributed to conserve, protect and improve the environment in and around the Baltic Sea and Northwest Russia.

Report on page 53 under the operational area.

Sida shall report on the ways in which its activities in respect of Russia, Estonia, Latvia and Lithuania have contributed to increase cooperation between regions on both sides of the new border that was created as a result of the enlargement of the EU.

Report on page 53 under the operational area.

Sida shall report on the ways in which Swedish municipalities, county administrative boards, county councils and regions have been used in programmes of development cooperation in Eastern Europe.

Report on page 53 under the operational area.

Sida shall report on the ways in which its activities have promoted the implementation of agreements made within the framework of the following regional organisations: Barents Euro-Arctic Council, Council of Baltic Sea States, and Arctic Council.

Report on page 53 under the operational area.

Where Swedish NGOs are concerned, Sida shall report on the allocation of grants to frame organisations and sectors, and on the number of foreign partners in cooperation. Where applicable, the number of Swedish organisations included in the activities of the frame organisations shall also be reported.

Report on page 54 under the operational area.

Where support for the information activities of NGOs in Sweden is concerned, Sida shall report on information grants disbursed, broken down by organisation.

Report on page 54 under the operational area.

Global development programmes

Sida shall provide a report on the breakdown of its support to international organisations and networks with a global focus. The report shall include ways in which this support interacts with other contributions at regional and national level.

Report on pages 56–58 under the operational area.

Where support channelled through organisations associated with Swedish political parties for the development of democracy in developing countries and countries in Eastern Europe is concerned, Sida shall present a report on the breakdown of the support by organisation and region, including joint projects. The report shall clearly specify development cooperation activities (ODA).

Report on pages 90–91 under Other reports required.

Research

Sida shall report on the support it provides for research cooperation with and between developing countries, for international research with a focus on developing countries and problems related to development, and for research in Sweden on developing countries and development issues. Sida shall report on the amount of support it provides to individual partner countries and on ways in which this support has been integrated into programmes of cooperation with the countries.

Report on pages 59–61 under the operational area.

Humanitarian contributions and conflict management

Sida shall present a report on the utilisation of funds, and on the content and geographical focus of contributions in the operational area, broken down by humanitarian contributions and conflict management contributions.

In respect of contributions for conflict management Sida shall report on:

- *the measures it has taken as a result of the UN Security Council resolution 1325 (2000).*
- *the measures it has taken as a result of the UN Security Council resolution 1460 (2003).*
- *measures to promote security that have contributed to strengthening the protection of individuals and groups, such as support for the disarmament, demobilisation and rehabilitation of ex-combatants and support for peace observers and human rights observers.*
- *contributions that support processes of reconciliation, for example dialogue and participation, mediation, truth commissions, trauma processing and media projects.*
- *scope and focus of Sida's support for mine management.*

Report on pages 62–66 under the operational area.

Non-government organisations

In its report on the activities of non-governmental organisations, Sida shall include the breakdown of grants to frame organisations, sectors and countries, and the number of foreign partners in cooperation per frame organisation. Where appropriate, the number of Swedish organisations included in the activities of the frame organisation shall be specified.

Report in tables 13 and 14 and on pages 74–75 under the operational area.

Where support for the information activities of NGOs is concerned, Sida shall submit a report on the number of approved information grants per organisation.

Report on page 75 under the operational area.

Information

Sida shall submit a report on the outcome of the public opinion surveys/polls that have been made on interest in and awareness of development cooperation, development issues and the Millennium Development Goals within the framework of the Policy for Global Development.

Report on pages 76–78 under the operational area.

1.2 Other reports required

Humanitarian contributions and conflict management

Sida shall submit a report on the measures it has taken to ensure that its programmes of development cooperation in areas affected by conflicts or in conflict-prone areas are implemented in a sensitive way in order to ensure they do not have a negative effect on an armed conflict or contribute to the emergence of an armed conflict. Sida shall submit a report on the measures it has employed in order to take advantage of the potential offered by development cooperation to prevent and solve armed conflicts by working to exert an influence on underlying structural causes.

In respect of its humanitarian activities and programmes of long-term development cooperation, Sida shall report on

- *contributions for disaster preparedness and other contributions for the prevention of natural disasters and damage caused by events similar to disasters.*
- *support for reconstruction and recovery projects in connection with humanitarian contributions in order to facilitate the process of transition from a disaster to permanent development.*
- *contributions to projects relating to long-term refugees under the management of the UNHCR and other organisations.*

Report on pages 80–82 under Other reports required.

HIV/Aids

Sida shall present a report on the ways in which measures related to HIV/Aids have been consolidated and integrated into Sida's work. Sida shall present initiatives that have contributed to aspects relating to sexuality and gender equality being taken into consideration in its work with HIV/Aids. Sida shall report on the ways in which it has participated in relevant fora. Sida shall report on the ways in which it has participated in the coordination of international resources for combating HIV/Aids.

Sida shall report on its support for research into infectious diseases in poor countries, including HIV/Aids.

Report on pages 82–84 under Other reports required.

Sexual and reproductive health and rights

Sida shall present a report on its support for sexual and reproductive health and rights. In this report the focus should be placed on the

implementation of the action plan produced at the Cairo conference, the impact of sexual and reproductive health and rights in programmes of multilateral cooperation, and support to countries, multilateral organisations and Swedish and international NGOs. Sida shall report on the ways in which it has worked to strengthen the LGBT (homosexual, bisexual and transsexual persons) perspective, for example capacity development support to strengthen the rights of LGBT persons in the partner countries.

Report on page 84 under Other reports required.

Combating drugs

Sida shall present a report on the measures it has taken to strengthen its contributions to counteract drugs as an obstacle to development. Special light shall be shed on the links between drugs and HIV/Aids, SRHR and crime-related issues.

Report on pages 84–85 under Other reports required.

Programme support and financial management

Sida shall present a report on the measures it has taken to increase its levels of activity and expertise in financial management, with a focus on those countries that receive budget support and/or where there are ongoing or planned programmes of sector support. Furthermore, Sida shall report on the ways in which it has worked to strengthen cooperation with other donors and the Bretton Woods institutions in the field of financial management.

Report on page 85 under Other reports required.

Trafficking

Sida shall present a report on the measures it has taken to combat trafficking in people, particularly women and children, in accordance with the strategy approved by the Government.

Report on pages 85–86 under Other reports required.

The rights of the disabled

Sida shall present a report on the ways in which it has integrated the rights of the disabled into its activities and the special initiatives that it has taken, including support to the WHO.

Report on pages 86–87 under Other reports required.

Trade

Sida shall present a report on the measures it has taken to strengthen human resource development and capacity development in developing countries and their ability to make good use of the advantages offered by international trade, and their ability to safeguard their interests in international trade negotiations. In this respect Sida's contributions shall constitute part of Sweden's cooperation with individual countries, but they shall also constitute part of the support for regional and sub-regional cooperation. Sida shall present a report on the ways in which it has contributed to enhancing the capacity of developing countries to handle rules and other requirements imposed by external markets. The report shall also include the ways in which developing countries can use the international trade rules to develop good governance in the broad sense of the term.

Report on pages 87–88 under Other reports required.

Migration

Sida shall present a report on the measures it has taken within the

framework of its participation in the EU's cooperation on migration issues, principally those within the mandate of the High Level Working Group, to prevent and counteract involuntary migration.

Report on pages 88–90 under Other reports required.

Sida shall present a report on the ways in which it has contributed to creating better forms and rules for orderly migration, for example for capacity development in the legal sector and for the reception of refugees.

Report on page 90 under Other reports required.

International organisations

Sida shall present a report on the total amount of development cooperation channelled via Sida to international organisations such as UN agencies, development banks, etc.

Report in Appendix 4.

Guarantees

For each new type of guarantee Sida shall report the guaranteed capital debt, the guarantee reserve where applicable, expenses and income in respect of guarantees and the accumulated risk-valued outcome. This information—apart from the accumulated risk-valued outcome—shall also be reported on in the interim report. Has been reported in the interim report. Report in Appendix 3.

Uncommitted balances on appropriations

If Sida wishes to make reallocations of uncommitted balances, it shall submit a report to the Ministry for Foreign Affairs no later than March 1, 2004 on the amount of the balances, committed and uncommitted, carried forward as at December 31 2003 at appropriation sub-item level and submit proposals for the allocation of the uncommitted balances.

Communication to the Ministry for Foreign Affairs
March 1, 2004.

Forecasts

Sida shall submit expenditure forecasts to the Ministry for Foreign Affairs at appropriation level for the years 2004–2007 for all appropriations place at the disposal of the agency.

For 2004 Sida shall report expenditure forecasts on the following dates: January 20, March 8, May 5, August 9, and November 1. The forecasts shall be commented on both in relation to the previous forecast and in relation to the budget. The assumptions on which the report is based shall be presented.

Forecasts for OA countries shall be reported on separately.

Reports submitted in accordance with the above requirements.

1.3 Reports required: Sida's organisational management

Posts financed by the development cooperation appropriation

No later than February 1, 2004, Sida shall submit a plan for posts financed by the development cooperation appropriation to the Ministry for Foreign Affairs for the year 2004. The plan shall state the

number and focus of short-term and long-term assignments. Sida shall present a report on the outcome in its annual report. The report shall be broken down into full-time posts and short-term assignments. Sida shall submit a forecast to the Ministry for Foreign Affairs no later than June 30 2004 on the use of funds for posts financed by the development cooperation appropriation for the year 2004. The forecast shall present both full-time posts and short-term assignments. Reported on January 20, 2004 and June 22, 2004 and in Appendix 5.

Internal efficiency

Sida shall present indicators of the agency's internal efficiency in different parts of its development cooperation activities. Report in Appendix 6.

Integration of gender equality and work on the Government personnel policy

In accordance with the Government's gender equality policy and action plan for its term of office, the work of purposefully promoting gender equality at Sida by providing equal opportunities for advancement and development for women and men and abolishing unjustifiable differences in wages shall be intensified and reported on. Report in Appendix 7.

Sida's human resource management

Sida shall submit a report on the extent to which the agency's objectives for human resource management in 2004 have been achieved, and on the goals of the agency's human resource management for 2005 and for 2006–2007 respectively. The report on goals shall focus primarily on the age structure of the staff, breakdown by women and men, mobility, and the work done by Sida to promote ethnic and cultural diversity. A report shall be made on groups of staff in three categories: management staff, core staff and support staff. The goals of human resource management shall be specifically linked to Sida's operational goals, current human resource situation, and an assessment of the labour market situation. The goals shall be concrete and possible to follow up. Report in Appendix 8.

1.4 Assignments

Millennium Development Goals

Sida shall contribute to the follow-up and reports made by the international community of results in relation to the Millennium Development Goals and contribute to the process for the further development of indicators of goal fulfilment. Goal no 8 shall be given special attention. The work shall focus on the UN Secretary General's interim report on the follow-up of the Millennium Development Goals for 2005.

Corruption

No later than November 15, 2004 Sida shall present the measures it has taken for combating corruption in fields such as the legal sector and public administration sector in partner countries. Communication to the Government, November 1, 2004.

Africa

No later than March 31, 2004 Sida shall submit a report on the implementation of the strategy for Swedish support for regional and sub-regional development cooperation in Africa. The report should include both the main areas for cooperation and cooperation with major regional and sub-regional organisations.

Communication to the Government, March 31, 2004.

No later than March 31, 2004 Sida shall submit a report on ways in which Swedish development cooperation has contributed to strengthening African capacity to prevent, manage and solve conflicts in Africa.

Communication to the Government, March 31, 2004.

No later than March 31, 2004 Sida shall submit a report on the measures it has taken to support the development and implementation of NEPAD (New Partnership for Africa's Development) both within the framework of cooperation with individual countries and through support provided for regional and sub-regional cooperation. Communication to the Government, March 31, 2004.

Sida shall start work on producing its approach to development cooperation with Malawi.

Communication to the Government, April 2, 2004.

Asia

In 2004 Sida shall produce a proposal for a country strategy for the West Bank and Gaza.

Communication to the Government, December 21, 2004.

Latin America

In May 2004 the third summit meeting between EU and Latin America and the Caribbean will be held in Guadalajara, Mexico. Prior to this meeting Sida shall review its contributions in the light of the mechanism for bi-regional partnership that was initiated at earlier summit meetings, and also consider further bi-regional cooperation projects.

Letter to the Ministry for Foreign Affairs, May 13, 2004.

Eastern Europe and Central Asia

No later than January 31, 2005, Sida shall submit a proposal for new four-year strategies for Russia and Ukraine, and a proposal for revised two-year guidelines for Kosovo.

Communication to the Government, January 28, 2004.

Where cooperation with the Western Balkans is concerned, Sida shall present a report no later than October 1, 2004, on the ways in which the support has made it possible for refugees and internally displaced persons to return to their home districts.

Communication to the Government, September 20, 2004.

No later than April 1, 2005 Sida shall submit country reports in relation to the country strategies for Croatia, Albania, Serbia-Montenegro and Moldova. The reports shall be broken down into

the following main areas: promotion of human rights, democracy and good governance, equality between women and men, sustainable use of natural resources and protection of the environment, economic growth, social development and social security, and conflict management and security. They shall contain a description, and an analysis and discussion of the outcome.

Every quarter Sida shall submit a report to the Government Offices' working group for support for the promotion of security on the projects for which final reports have been received by Sida.

A report has been submitted.

Sexual and reproductive health and rights (SRHR)

No later than April 30, 2005, Sida shall submit a contribution to the Swedish policy for the work on SRHR from a development perspective.

Research

No later than December 31, 2004, Sida shall submit a report on support for and experience gained from research in the field of conflict management and security.

Communication to the Government, December 13, 2004.

Humanitarian contributions and conflict management

No later than October 15, 2004, Sida shall submit draft guidelines to the Government on the focus and priorities of Sida's work with conflict management, as a contribution to the Government's work on the production of an overall strategy for conflict prevention.

Postponed until March 31, 2005.

Global development programmes

Sida shall submit a proposal for guidelines for the use of funds under the appropriation item no later than October 31, 2004.

Communication to the Government, October 28, 2004.

Social responsibility of enterprises

Sida shall produce guidelines for its further engagement in issues relating to the social responsibility of enterprises. The international conference on development aspects of the social responsibility of enterprises, which took place in March 2004 and which Sida co-financed, is an important component in this connection.

The assignment will be finalised in March 2005.

Health

No later than March 31, 2004, Sida shall enter into an agreement for the period 2004–2005 on direct support for Apoteket AB for the continuation of its activities as the WHO Collaborating Centre in respect of International Chemical Reference Substances (ICRS).

Formal decision DESO 2004-03-29.

In consultations with the Ministry for Foreign Affairs, Sida shall make assessments of contributions to enable support to be given in 2004 to national plans for HIV/Aids treatment etc, including medicines, which have been drawn up with the aid of the Clinton Foundation.

Genetic resources

Sida shall produce documentation for a decision on possible support to the Global Crop Diversity Trust. A report on the assignment shall be submitted no later than March 31, 2004.

Communication to the Government, April 12, 2004.

Trade

Sida shall participate in the Government's assessment group for WTO issues and support the Government in its work with trade-related support in the organisations concerned.

The assignment has been completed.

Sida shall strengthen its capacity for trade-related support.

Capacity has been strengthened.

Global conventions

Sida shall contribute to the work of producing Sweden's fourth national report on the Climate Convention.

Sida has contributed.

Swedish reports to the UN Commission for Sustainable Development—water, sanitation and human settlements

The framework of the UN Commission for Sustainable Development (CSD) includes a follow-up of the goals that were agreed at the World Summit Meeting on Sustainable Development in Johannesburg. In 2004 and 2005, the focus of CSD is on water, sanitation, and human settlements. As a contribution to the Swedish preparations, Sida shall therefore, in a dialogue with the Ministry for Foreign Affairs, submit analytical accounts of the activities performed in the fields of water, sanitation and human settlements, including the cross-cutting issues stated in the CSD's action plan. These reports shall be submitted on March 15 and December 1, 2004.

Reports were submitted on March 15 and December 1, 2004.

Study of the effects of development cooperation on Swedish exports

All parts of Swedish society, particularly trade and industry and its organisations, have an important role in the Policy for Global Development. The Government intends to make a study of the effects of development cooperation on the Swedish resource base and Swedish exports. An assignment will be given to Sida to participate in this work.

No assignment has yet been received by Sida.

Consultant funds

An evaluation of the development effects, as well as the contribution to the promotion of trade, of the tied consultant funds in the development banks will be made in the Government Offices. It is planned that the evaluation will be completed no later than October 1, 2004. When the results of the evaluation are available, the need of funding and forms for possible further activities will be examined. Sida shall continue to allocate requisite funding to the funds that are not replenished in 2004 (World Bank and UNDP/ UNOPS).

Sida has allocated requisite funding.

OECD/DAC statistics

In accordance with directives from OECD's Development Assistance Committee (DAC), Sida shall compile and report statistics to DAC and the Government.

Sida has submitted reports to DAC and to the Ministry for Foreign Affairs.

Performance report for Parliament.

The Government shall make an annual report to Parliament on the results achieved in respect of the Policy for Global Development.

The policy will be implemented step by step. The Government's report shall include contributions made in various policy areas to strengthen the Policy for Global Development and describes what is being done by Sweden to enhance consensus in the EU's actions. Prior to the submission of the Government's performance report for 2004, Sida shall report, no later than May 14, 2004, on the agency's activities within the framework of the Policy for Global Development.

Report submitted to the Government on May 13, 2004.

Abbreviations and photographers

2004



Abbreviations

ACDEB European Network on Debt and Development, Eurodad, and Association of Church Development Projects

ADB Asia Development Bank

ADEVI Asociación de Defensa de la Vida (organisation working to reduce child labour)

AHRI Armauer Hansen Research Institute (research institute with a focus on tuberculosis)

AIDS Acquired Immune Deficiency Syndrome

AIT Asian Institute of Technology

APNAC African Parliamentarians Against Corruption

APR Annual Progress Review

ARRPEEC Asian Regional Organization in Energy, Environment and Climate

ARSO African Regional Organization for Standardization

ARTF Afghanistan Reconstruction Trust Fund

ASEAN Association of Southeast Asian Nations

BALTIC 21 Agenda 21 for the Baltic Sea region

BEST Business Environment Strengthening for Tanzania (BEST programme)

BIO-EARN Biotechnology, biosafety and biopolicy in East Africa

BPC Bethlehem Peace Centre (culture centre in Bethlehem)

BRAC Bangladesh Rural Advancement Committee

CAI-ASIA Clean Air Initiative in Asian Cities

CARDS Community Assistance for Reconstruction, Development and Stabilisation (EU's programme for development in the Balkans)

CDA Collaborative Development Action

CEDAW Convention on the Elimination of All Forms of Discrimination Against Women

CG Consultative Group (coordination meeting of donors)

CGAP Consultative Group to Assist the Poor (a network led by the World Bank)

CGIAR Consultative Group on International Agriculture Research (global network for research institutes)

CODESRIA Council for the Development of Social Science Research in Africa

CV Curriculum Vitae

DAC Development Assistance Committee

DAR Disability and Rehabilitation Unit (WHO)

DAW Division for the Advancement of Women (UN)

DDP District Development Programme

DFID Department for International Development (UK)

DOTS Directly observed treatment short course

EAC East African Community

EAR European Agency for Reconstruction

ECLAC Economic Commission for Latin America and the Caribbean

ECMI European Center for Minority Issues

ECOWAS Economic Community of West African States

EEPSEA Economy and Environment Programme for South East Asia

EFA Education for All

EFA-FTI Education for All—Fast Track Initiative

EMVI European Malaria Vaccine Initiative

EPOPA Export Promotion of Organic Products from Africa

EQIONET Regional Network on Equity in Health in Southern Africa

ESCAP Economic and Social Commission for Asia and the Pacific

ESSP Emergency Services Support Programme (World Bank Fund)

EU European Union

FAO Food and Agriculture Organisation

FAST Fast International (Early Analysis of Tensions and Fact-finding)

FBA Folke Bernadotte Academy

FTI Fast-Track Initiative

GICHD Geneva International Center for Humanitarian Demining

GOVNET Network on Governance (international forum for development cooperation)

GWP Global Water Partnership

HELCOM Helsinki Committee—Action Programme for the Baltic Sea

HIPC Heavily Indebted Poor Countries

HIV Human Immunodeficiency Virus

IADB/IDB Inter American Development Bank

IAFFE International Association for Feminist Economists

IAPSO Inter-Agency Procurement Services Office

ICDDR,B Centre for Health and Population Research in Bangladesh

ICIPE International Center for Insect Physiology and Ecology

ICJ-S Integrated Criminal Justice System

ICMA International Centre for Research in Agroforestry

ICRAF World Agroforestry Centre

ICPD International Conference for Population and Development (held in Cairo in 1994)

ICRC International Committee of the Red Cross

IDASA Institute for Democracy in Southern Africa

IDEA International Institute for Democracy and Electoral Assistance

IBFAN International Baby Food Action Network

IDP Internally displaced person

IEEP International Institute for Educational Planning

IF Integrated Framework for Trade-Related Capacity Building in LDCs

IFAD International Fund for Agricultural Development

ILO International Labour Office

IMF International Monetary Fund

IMP Iniciativa de Mujeres por la Paz

IOM International Organisation for Migration

IPPF International Planned Parenthood Federation

IRFFI International Reconstruction Fund Facility for Iraq

ISS Institute for Social Studies

IT Information Technology

ITC International Trade Centre

IUCN World Conservation Union

IWHC International Women's Health Coalition

JAS Joint Assistance Strategy (donor coordination in Tanzania)

JLI Joint Learning Initiative

LAMP Land Management Programme (in Tanzania)

LDC Least Developed Country

LFA Logical Framework Approach (tool for project planning and administration)

MAMTA Health Institute for Mother and Child (in India)

MDG Millennium Development Goals

MENA Middle East and North Africa

MIM Multilateral Initiative on Malaria

MONRE Ministry of Natural Resources and Environment (in Vietnam)

MOPAN Multilateral Organizations' Performance Network

MRC Mekong River Commission

MSF Médecins sans Frontières

MTDP Mid-Term Development Plan

NDEP Nordic Dimension Environmental Partnership

NORAD Norwegian Agency for Development Cooperation

NSU Negotiations Support Unit (consultant support for peace negotiations between Palestine and Israel)

NEPAD New Partnership for Africa's Development

NGO Non-Governmental Organisation

NIB Nordic Investment Bank

NPEP National Poverty Eradication Programme

NPRS National Poverty Reduction Strategy

OAS Organization of American States

ODA Official Development Assistance (given to countries classified by OECD as developing countries)

OECD Organization for Economic Co-operation and Development

OSCE Organization for Security and Cooperation in Europe

OOSREA Organization for Social Science Research in Eastern and Southern Africa

PAHO Pan American Health Organization

PEDP Primary Education Development Programme

PLO Palestinian Liberation Organization

POP Perspectives on Poverty

POVNET Network on Poverty Reduction (DAC's network for poverty issues)

PRBS Poverty Reduction Budget Support

PRS Poverty Reduction Strategy

PRSP Poverty Reduction Strategy Papers

REPSI Resources Policy Support Initiative

SEF Sida Environmental Fund

SEI Stockholm Environment Institute

SENSA Swedish Environment Secretariat for Asia

SIWI Stockholm International Water Institute

SRHR Sexual and Reproductive Health and Rights

STEa Science, Technology and Environment Agency

TACIS Technical Assistance for the Commonwealth of Independent States (EU's programme for countries in the former Soviet Union)

TAS Tanzania Assistance Strategy

UDSM University of Dar es Salaam

UN United Nations

UNAIDS Joint United Nations Programmes on HIV/Aids

UNCHR United Nations Commission on Human Rights

UNCHS United Nations Centre for Human Settlements (Habitat)

UNCTA United Nations Country Team Appeal

UNCTAD United Nations Conference on Trade and Development

UN-DHA United Nations Department of Humanitarian Affairs

UNDCP United Nations Drug Control Programme

UNDP United Nations Development Programme

UNECA United Nations Economic Commission for Africa

UNEP United Nations Environment Programme

Unesco United Nations Educational, Scientific and Cultural Organization

UNFPA United Nations Population Fund

UNCHS United Nations Human Settlements Programme (Habitat)

UNHCHR United Nations High Commissioner for Human Rights

UNHCR United Nations High Commissioner for Refugees

Unicef United Nations Children's Emergency Fund

UNIDO United Nations Industrial Development Organization

UNIFEM United Nations Development Fund for Women

UNISDR United Nations International Strategy for Disaster Reduction

UN-LIREC United Nations Centre for Peace, Disarmament and Development in Latin America and the Caribbean

UNMAS United Nations Mine Action Service

UNODC United Nations Office for Drugs and Crime

UNOCHA United Nations Office for the Coordination of Human Affairs

UNOPS United Nations Office for Project Services

UNRISD United Nations Research Institute for Social Development

UNRWA United Nations Relief and Work Agency for Palestinian Refugees in the Near East

UNTCA United Nations Technical Cooperation Activities

UNV United Nations Volunteers

UN/WIDER World Institute for Development Economics Research

USAID U.S. Agency for International Development

WABA World Alliance for Breastfeeding Action

WFP World Food Programme

WHO World Health Organization

WIOMSA Western Indian Ocean Marine Sciences Association

WIPO World Intellectual Property Organization

WMU World Maritime University

WTO World Trade Organization

Photographers

p 13: Ulrica Zwenger

The following photographs in the annual report illustrate the texts, but are not taken directly from the projects described in the texts.

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The objectives of Swedish International development cooperation

The overall goal of Sida's work is to contribute to an environment supportive of poor people's own efforts to improve their living-conditions. This is well in line with the international commitment to halve the proportion of people in the world living on less than one dollar per day by 2015. The struggle against poverty is in focus and programmes of development cooperation shall promote, and be characterised by, the following central component elements:

- respect for human rights
- democracy and good governance
- equality between women and men
- sustainable use of natural resources and protection of the environment
- economic growth
- social development and social security
- conflict management
- global public goods

Sida's contributions are based on the changes that the partner countries themselves wish to implement and are prepared to allocate resources to. Sida's mission is to make a careful analysis of the types of contributions that can achieve the desired results and thereafter build up knowledge and provide capital.

Together with a large number of countries in the world, Sweden supports the concrete goals adopted by the UN Millennium Summit Meeting. The principal goal among the so-called Millennium Development Goals is to halve the proportion of poor people in the world living on less than one dollar per day by 2015. Moreover, there are a number of concrete goals that refer, for example, to health, education and gender equality.

Do you want to know more?

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