

SWEDEN

1) QUANTITY OF AID

1.1. Current/Recent Quantity Performance:

Net ODA \$USm	4,730
% of GNI	0.98%

Source: OECD/DAC, preliminary 2008 data.

Since 2001, Swedish ODA has increased by 184% in absolute amount (up from US\$1666m) and relative to GNI (from 0.77%). However, it fell back slightly in relation to GNI in 2007, due to a fall in debt relief, before rising again in 2008.

1.2. Future Quantity Intent

Sweden is committed to allocating 1% of GNI to ODA indefinitely. The 2009 budget calls for a 9% increase in ODA from 2008 levels to be allocated to democracy and human rights initiatives, improving maternal health, and addressing the food crisis (MFA, 2008). The Swedish government has also announced an additional US\$500m from 2009-11 to help countries adapt to global climate change, specifically in Africa. After including the impact of the global recession, the DAC calculates that Sweden would need to deliver US\$4,625 million in 2010 to meet its 1% target (DAC, 2009).

2) KEY AGENCIES/MECHANISMS

2.1 Agencies and Structures

Ministry for Foreign Affairs (MFA)

The Ministry for Foreign Affairs is responsible for Sweden's overall development policy, but most bilateral aid allocation is implemented by SIDA, although the MFA is more closely consulted with respect to fragile states and budget support (see also www.sweden.gov.se/sb/d/2059).

Swedish International Development Cooperation Agency (SIDA)

SIDA is Sweden's main aid implementation agency – accounting for around 53% of total Swedish aid, and responsible for implementing almost all bilateral aid. SIDA is heavily decentralised, and Sweden's presence on the ground in recipient countries is joint between MFA and SIDA. 13 country offices are 'fully delegated' and 6 partially delegated and this process of delegation is continuing. Full delegation gives decision-making responsibility to the head of the individual field office for activities up to USD 6 million and for all programmes and projects included in the Country Plan (see SIDA, 2005, p33).

2.2 Key Policies and Documents

The new development cooperation policy (Government of Sweden, 2007; MFA, 2007)

Sweden has committed to reforms through a “country focus approach” that will focus on:

- Fewer countries – 33 partner countries to receive significant assistance; several other countries to receive limited support (countries are named)
- Africa
- The Balkans and former Soviet states
- Peace and security by increasing cooperation with countries in conflict and post-conflict states
- Democracy and human rights by funding “democratic social development”

The country focus approach aims to improve aid effectiveness and free resources. Sweden’s development cooperation policy also calls for free competition in public procurements, increased coordination and cooperation among donors, and increased recipient-country ownership over plans and development priorities.

SIDA Annual Report (SIDA, 2008)

The Annual Report series provides updates on SIDA’s policies, operations, and financial information.

3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

3.1. Recipient Countries

Top ten countries	% of total ODA gross disbursements	% of bilateral ODA gross disbursements	US\$m
Iraq	3.7%	5.1%	145
Tanzania	2.6%	3.6%	102
Mozambique	2.2%	3.0%	86
Uganda	1.4%	1.9%	55
Ethiopia	1.4%	1.9%	55
Kenya	1.2%	1.6%	47
Sudan	1.2%	1.6%	47
Afghanistan	1.1%	1.6%	45
Palestinian Adm. Areas	1.1%	1.5%	44
Bosnia and Herzegovina	1.1%	1.5%	44

Source: OECD/DAC, 2005-2006 Data.

The top ten recipients listed above received 23.3% of bilateral ODA in 2005-06. Sweden conducts bilateral development cooperation with 125 countries of which 67 require a Swedish administrative presence. Recently announced plans will phase out bilateral ODA in all but 63 countries, 33 of which will be “partner countries” (MFA, 2007).

Distribution among different groups of recipients (% gross bilateral ODA):

Least Developed Countries	26.8%
Other Low Income Countries	9.3%
Sub-Saharan Africa	30.6%

Source: OECD/DAC, 2005-2006 Data.

3.2. Allocation Criteria

3.2.1. *Pre-selection criteria*

Each country needs to have a framework of cooperation in place with SIDA over a given period.

3.2.2. *Allocation criteria:*

Countries are assessed on four criteria and their respective indicators:

- Level of poverty and need – Average income, infant mortality, income distribution, girls access to formal education
- Aid effectiveness – Coherence of recipient-country's development policy, degree of governance effectiveness, anti-corruption activities
- Democratic development – Degree of political democracy, respect for human rights, role of civil society
- Demand for Swedish expertise – Presence of other donors in areas of Swedish expertise, need in areas where Sweden has a comparative advantage

In addition, historical links are considered.

Three categories of partner countries have been identified based on the criteria (MFA, 2007).

- Long-term partners (12): Burkina Faso, Ethiopia, Kenya, Mali, Mozambique, Rwanda, Tanzania, Uganda, Zambia, Bangladesh, Cambodia, Bolivia
- Conflict or post-conflict partners (12): Burundi, Democratic Republic of the Congo, Liberia, Sierra Leone, Somalia, Sudan, Afghanistan, Timor-Leste, Iraq, West Bank-Gaza, Colombia, Guatemala
- Eastern European reform partners (9): Albania, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Serbia, Turkey, Ukraine

4) AID POLICIES

SIDA's policies are set out in some detail in SIDA (2005).

4.1. Concessional

Virtually all Swedish aid is grants, apart from a few loans to middle-income countries.

Grant element of total ODA commitments (excluding debt reorganisation)	-
Grant element of bilateral ODA commitments to LDCs	100%

Source: OECD/DAC, 2005-2006 Data.

4.2. Types of Assistance

Breakdown of different types of ODA (commitments unless otherwise stated):

	\$USm	% of gross bilateral ODA disbursements
Stand-alone technical cooperation (disbursements)	113.8	4.0%
General budget support	116.9	4.1%
Sectoral projects and programmes (including some technical cooperation)	1555.0	55.1%
Action related to debt	292.4	10.4%
Developmental food aid	4.1	1.5%
Other commodity assistance	-	-
Emergency and distress (disbursements)	260.2	9.2%

Source: OECD/DAC, 2006 Data.

Note: The breakdown into different types of assistance shown in the table is taken from different OECD/DAC data sources. As such, the final column does not add to 100%.

SIDA has a wide range of aid instruments at its disposal, depending on country circumstances. Sweden is committed to budget support and sector-wide approaches, and has been one of the pioneers of this approach. In the long run, SIDA sees budget support as the preferred form of cooperation: ‘SIDA should increase the share of programme-based support (general budget support and sector programme support) whenever conditions allow’ (SIDA, 2005, p40). SIDA guidelines emphasise the importance of country leadership and ownership of development programmes and projects, with SIDA funding construed as ‘contributions’ to these programmes and projects rather than freestanding Swedish initiatives. So, in some partner countries like Rwanda, general budget support makes up a significant portion of aid (69% of the total according to the Paris survey). Overall, only 46% of Swedish aid in 2007 was allocated to project support (SIDA 2008).

Despite the high commitment to programme support that is clear from Swedish development cooperation policy documents, only 2 partner countries out of 14 (Guyana and Mali), give the highest scores on the HIPC-CBP indicator measuring the relative amount of programme support. Similarly, out of 28 countries in which local Swedish delegations filled out the Paris survey (indicator 9), only 3 indicate giving more than 70% of their aid in programme based support: Mali (93%), Ethiopia (78%) and Malawi (72%).

As for Technical Cooperation, HIPC-CBP finds most alignment and capacity building quality in Ethiopia, Guyana and Rwanda. Paris Indicator 4 indicates that all TC is coordinated with country programmes in Nicaragua and Vietnam. (Only countries with Swedish TC programmes above US\$ 2m are cited here). For a recent perspective on SIDA’s approach to capacity building, see SIDA (2006c).

4.3. Channels of Assistance

Sweden allocates around 28% of its ODA via multilateral organisation, of which 22% goes to the EC, 47% to UN agencies and 4% to the World Bank; additionally, almost 14% of Swedish bilateral aid went to NGOs in 2007.

Sweden’s commitment to budget support and sectoral approaches means that much of its aid uses country systems and processes. SIDA aims to use country systems wherever possible: ‘As far as possible, Sida should use the public financial management systems of its partner countries for channeling its funds’ (SIDA, 2005, p40). As a member of the EU, Sweden signed up commitments in Paris in 2005 to channel 50% of government-to-government assistance through country systems.

How does this commitment translate into evidence coming out of the HIPC-CBP survey? In Bolivia, Ethiopia and Mali almost all Swedish ODA is provided through the budget (these countries give the top score on this indicator to Swedish aid).

4.4. Sectors and Projects

Sector	% of bilateral ODA (commitments)
Social and Administrative Infrastructure	35.2%
Of which: Education	4.6%
Health	5.8%
Population	3.5%
Water supply and sanitation	2.4%
Government and civil society	15.5%
Economic Infrastructure	5.3%
Of which: Transport and communications	1.6%
Energy	2.0%
Production	5.9%
Of which: Agriculture	3.8%
Industry, mining, construction	1.3%
Trade and tourism	0.8%
Multi-sector	7.8%
Programme Assistance	4.4%
Action relating to debt	11.0%
Emergency aid	11.1%
Administrative expenses	7.2%
Unspecified	12.2%

Source: OECD/DAC, 2006 Data.

Swedish aid has historically prioritised the social sectors and governance-related expenditure. This is likely to continue given the emphasis on the MDGs in current policy. Sweden is also seeking to concentrate its aid in fewer sectors: ‘SIDA should reduce the number of sectors and/or programmes/projects that it supports in order to concentrate on areas where Sweden has comparative advantages in terms of knowledge and/or experience. (see also section 5.5 on delegated cooperation). Sweden emphasises the importance of country leadership and ownership, so sectoral allocations are responsive to countries’ own policies and strategies where these have been defined through a participatory PRS. Sweden has committed to restricting the number of sectors it works in a given country to three, in consultation with other “Nordic +” donors. Also, Nordic+ donors aim at a long term perspective with a minimum of 5-7 years, in its active engagement in a sector (Nordic+, 2005).

Alignment with PRS processes is considered highest in Guyana, Mali and Ethiopia, which give Sweden the top score in the HIPC-CBP survey.

4.5. Flexibility

The delegation (by the MFA) of the right to determine detailed budget allocations to SIDA’s Director General allows for swift increases – or reductions – of individual allocations, as and when dictated by circumstances. In addition, Sida sets aside contingency allowances at the regional level, and has the flexibility to reallocate funds during the year, as well as to carry funds over into the next fiscal year.

According to the HIPC-CBP survey flexibility is highest in Ethiopia, Rwanda and Guyana, which give top scores to Swedish aid.

4.6. Predictability

SIDA's guidelines argue that 'SIDA funds should always be integrated with, and reflected in, the planning and budgeting process of the partner country. In order to achieve this SIDA should provide timely, transparent and comprehensive information on resource flows' (SIDA, 2005, p40). Normally formally limited by law to making only 1-year commitments, in 2005 2-year budget support agreements were concluded with Burkina, Mali, Mozambique, Nicaragua, Rwanda and Zambia. SIDA has indicated in several places its willingness to move towards longer-term commitments, but that has not yet been translated in tangible results (SIDA, 2008).

Predictability as measured by Paris indicator 7 (disbursements recorded by Government / aid scheduled by donors) is highest in Honduras (94%), Burkina Faso (83%), Ethiopia and Mozambique (82%). The HIPC-CBP gives the highest score regarding multi-year planning to Ethiopia, Bolivia, Nicaragua, Honduras and Uganda. Best practice on disbursement timetables being in line with the national budget cycle can be found in Mali. Still according to HIPC-CBP, 100% of aid was disbursed in the intended fiscal year in Ethiopia, Guinea-Bissau, Guyana, Malawi and Mali.

4.7 Conditionality

Swedish aid does not impose particular conditionalities, but is based on a number of principles which it shares with the partner country within the framework of the signed protocol agreement. As such it is a very active member of most budget support harmonisation groups where they exist (e.g. Burkina, Mali, Rwanda, Mozambique, and Tanzania). It is working actively with Denmark, Finland, Germany, the Netherlands, Norway and the UK (the "Nordic Plus" group) to establish guidelines for reductions in conditionality in all Swedish-supported programmes including those by multilateral organisations. For budget support programmes, Sweden still demands from partner countries to have an on-track IMF programme, but there is no formal link anymore with IMF programs having to be on-track before disbursements can be made.

Enforcement of conditionality is most flexible in Bolivia, Guyana and Honduras (these countries give the top score to Swedish aid). Delays due to conditionality related issues are lowest in the same three Latin American countries plus Malawi – again giving the top scores (HIPC-CBP survey).

4.8. Policy Dialogue

SIDA is an active participant in policy dialogues with recipient governments. It makes its own assessments of PRSPs in determining the Swedish contribution to a country's programmes, including assessments of the PRSP process. In countries where it has a significant programme, it has frequently supported recipient government positions in discussions with the BWIs.

According to the HIPC-CBP, Sweden exercises the most independence vis-à-vis the BWIs in Guyana (top score), closely followed by Ethiopia, Guinea-Bissau, Uganda and Zambia. Engagement in the policy dialogue is considered highest in Ethiopia, Guyana and Malawi, which give the top score.

5) AID PROCEDURES

More information on SIDA's procedural guidelines can be found in SIDA (2005)

5.1 Conditions Precedent

In general, SIDA does not ask for counterpart funding. The HIPC-CBP indicator on the number & type of conditions precedent indicates best practice in Guyana and Malawi, with delays being kept to a minimum in general, with best practice in Ethiopia, Guyana and Malawi.

As a general rule, SIDA's policy is not to establish separate Project Implementation Units for its aid, and Paris indicator 6 confirms this, with 18 out of 28 countries reporting no PIUs at all in 2007.

5.2 Disbursement Methods

The disbursement method that Swedish aid adopted in Rwanda is direct payment. SIDA has set a number of procedural rules on this respect. It does not accept offers of goods and services from individuals without the trade register number. It encourages joint ventures, economic interest groups, and service providers must provide all proof of their legality at the commercial, tax and administrative levels as well as a certificate dated less than 6 months showing that they have not infringed the provisions of the labor legislation. As soon as the service or goods provider is chosen at the end of a transparent bidding procedure, he has a maximum period of ten days to sign a contract with SIDA (See SIDA, 2006b).

Best practice according to the HIPC-CBP indicator can be found in Mali and Zambia, where more than 2/3 of disbursements is by cash advance. Delays are kept to a minimum in Malawi and Guyana.

5.3 Disbursement Procedures

Details of Swedish disbursement procedures are still being collected. According to the HIPC-CBP survey best practice on the number of disbursement procedures can be found in Zambia and Malawi, where the number of additional (to the partner country) procedures is zero. Paris indicator 5a indicates that all SIDA aid for the Government sector is going through partner country systems in Bolivia, Mali and Malawi.

5.4 Procurement Procedures

In 2006, the OECD/DAC reported that all Swedish bilateral ODA was untied. SIDA seeks as far as possible to use partner countries' procurement systems (see National Board for Public Procurement (2002) for information about procurement rules and regulations that applies for the public sector). According to Paris indicator 5b, best practice in this can be found in Bolivia and Mali where partner country's procurement systems are used for 100% of Swedish aid, followed by Nicaragua (95%). For more information on SIDA procurement, see SIDA (2004).

5.5 Coordination

Sweden has made significant progress in coordinating with other donors – it has a formally-constituted Harmonisation Plan (SIDA, 2006d) and has made good progress in implementation, including through delegated partnerships with other donors and full participation in joint assistance strategies where these exist. For case studies see SIDA (2006c, p18-27). There are also instances of Sweden acting as a 'silent

partner', where another country administers funds on behalf or vice versa. For example, in Mali, Norway has delegated all its bilateral cooperation to Sweden – in a corresponding manner to the delegation by Sweden of all its bilateral cooperation in Malawi to Norway. Support to Burundi is already being channelled via UK DFID and total delegation is being considered. Support to the southern Sudan is even delegated to the board of a joint office (together with the Netherlands, UK and Norway), which is administered by Norway (SIDA, 2006a, p20). Sometimes the delegation goes less far, for example in Rwanda SIDA has delegated its assistance to the UK's DFID in only one sector (education)

Most of the examples in the previous paragraph are applications of the principles agreed by the so-called 'Nordic +' group of donors, of which Sweden is a member. With this group of countries, Sweden has agreed on many harmonisation documents such as guidelines on delegated cooperation, and on division of labour (Nordic+, 2005, 2006). As a member of the EU, Sweden committed in 2005 in Paris to reduce the number of uncoordinated missions by 50%.

Only in 7 countries did SIDA manage to have its missions joint in 50% or more of the cases with best practice in Bangladesh, Indonesia and Laos where all missions were done jointly with other donors (Paris Indicator 10a). On analytical work, there are 3 countries (Uganda, Mozambique and DRC) where all the work is conducted jointly with other donors (Paris Indicator 10b).

Key Sources (*All internet sources were accessed in October 2008*)

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