

No. 90

**Official Development Assistance (ODA)**

**Sweden**

**April 1996**

A report prepared for the Japan International  
Cooperation Agency (JICA)

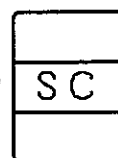
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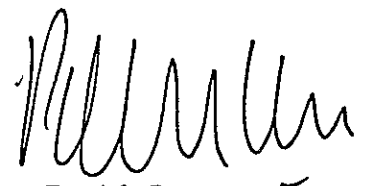
**A Report on the Swedish International Development Agency (SIDA) prepared for  
the Japan International Cooperation Agency (JICA),  
by Patrick Orr, Raitt Orr & Associates.**

**1 April 1996**

**Introduction**

SIDA is an organisation in transition. It is therefore not possible to respond to the JICA questionnaire as originally drafted. However the visit to SIDA undertaken by Mr Ogiwara and myself on 19/20 March was extremely timely. New philosophies, policies and initiatives are being drawn up in key areas of SIDA activity and we were able to receive and review documents some of which were still in draft stage.

It may well be appropriate to carry out a more detailed survey in a year's time when the effects of the fundamental changes made will be more easy to evaluate.



Patrick Orr

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## **Publications**

- **SIDA policy for sector programme support**
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- **Infrastructure and economic cooperation**
- **The Swedish concessionary credit scheme**
- **A review of the programme for technical cooperation; organisation; implementation and results**
- **Promoting Sustainable Livelihoods, final draft**
- **SIDA's action programme for equality - situation report**
- **SIDA's strategy for its programmes of assistance in support of democracy and human rights**
- **Democracy, human rights and conflict management 1990-1995**
- **Summary of environmental assessment policies and procedures for development assistance activities**
- **Policy for SIDA cooperation in basic education and education reform**
- **Sweden's Development Assistance in Figures and Graphs 1994/95**

## **1. Overview**

Major political developments have shaped Sweden's approach to Official Development Assistance (ODA) since my last visit to Stockholm on 23 and 24 March 1994. As I reported to JICA on 25 April 1994, proposals were already being discussed by Sweden's then ruling Conservative coalition government for a restructuring of the Swedish International Development Authority (SIDA) following parliamentary enquiries stimulated by public disquiet.

However, the return of the Social Democrats to power in September that year did not lead to a reversal of these proposals. Instead, radical changes took place, implemented officially on 1 July 1995 after the new Swedish parliament had decided that SIDA should become a single organisation within six months.

In short - since that time - SIDA (now the Swedish International Development Agency) has become a new organisation in a new building (more accessible to the general public), with a new statute and a new Director General, Bo Goransson.

In broad terms, in times of economic stringency, the government has demanded a more effective and coordinated aid programme for less money. It requires that its instruments of aid should be more flexible to administer. It believes that while it should retain a profile in as many

countries as possible (presently 120 countries), utilising all forms of aid - from total grants to loans and credits- it should reduce the number of projects in which SIDA is involved and, indeed, the number of staff at SIDA itself. At the present time SIDA has 560 staff at its headquarters in Stockholm and 90 serving overseas.

Country programmes, currently approved by the government for 21 countries, will be cut back to 15 countries over the next three to four years as grant aid is exchanged with other forms of development assistance. It was pointed out, for example, that India -a recipient of Swedish grant aid- has a larger economy than Sweden. Certain countries, such as Namibia, have already been targeted for phasing out of direct grant aid. Instead - in the 21 countries- sector support in such areas as agriculture and education will assume greater priority.

Here, within SIDA, a policy of **sector programme support** is being developed (see 'Sector Programme Support': Department for Policy and Legal Issues, July 1995). This is based on the analysis of a sector with assistance being given to several projects within the sector and to institution-building at sector level within the framework of a single agreement. This seeks donor coordination within sector programmes although it is accepted that "the goals of Swedish development cooperation may risk getting lower priority when mixed with other donor policies." Similarly "in sector programme support it will ... not always be possible to demonstrate in physical terms how or where Swedish funds have been used."

Despite the apparent streamlining of the aid process, it is the stated aim of the Government to return its overall aid levels to the politically desirable one percent of GNP. This has only been achieved twice before, in 1982 and 1992.

A further complicating factor has been the decision taken to join the European Union (EU) by popular referendum in November 1994. This has led directly to an 18 month financial accounting period for SIDA (1995/1996) as the agency adjusts to the EU standard of calendar year accounting. As a member, too, of the EU, Sweden must contribute direct assistance for the EU's multilateral aid programmes.

The implications of Sweden joining the EU was studied by a Foreign Ministry working group with representatives of Swedish NGO/ social groups. The official conclusion was that EU membership would not demand a significant change of course in Sweden's development policy.

While not expecting any major impact on their aid policies, the Swedish government have made it clear that Sweden will want a significant say in questions of EU development policy concepts. It will not renounce its salient positions, particularly if its Nordic EU partners, Denmark and Finland, share those positions. Norway, of course, did not vote to join the EU which impacts on the close relationship enjoyed by NORAD and SIDA.

Certainly Sweden will find it difficult to live with the bureaucracy and delays which seem to mark much of the Brussels aid process.

In conclusion, it is probably too early to evaluate the effect of the sweeping changes that have been made at 'new SIDA' in terms of the overall operation of the agency. Like any fundamental change, there has been disappointment, dissatisfaction, confusion and tension, not least because of the speed with which change was implemented. Many of the acknowledged philosophical differences between the original outside agencies, such as BITS (covering concessionary financing of investment projects) and SwedeCorp (trade and industry development) have been forcibly incorporated into, and their identities merged, with new SIDA. By any standards SIDA is currently going through a tough period of self-assessment and is still in the process of merging different cultures.

Overall, however, it appears that SIDA's new policies and priorities will set the pace for ODA, as they have done in the past.

## **2. New SIDA - reorganisation**

As indicated, on 1 July 1995, SIDA was formally merged with BITS, SwedeCorp, SAREC (the Swedish Agency for Research Cooperation with Developing Countries) and the Sandö Course Centre, and a new organisation was created within SIDA itself - new SIDA.

Heading the organisation is the Director General, appointed directly by the Government through the Ministry of Foreign Affairs, supported by two directors from within SIDA who serve as deputies to him. A board of directors is also appointed by the government which is separate from SIDA but meets to discuss the policy role of the agency. The Director General is chairman of the board.

The new Director General was given a free hand by the government to implement the reorganisation policy. He has worked to develop a less hierarchical structure -a flat rather than a pyramid approach.

**Regional departments** have been established to plan long term development cooperation and coordinate support for programme countries. **Sector departments** recommend which projects or programmes are to be supported and "channel capital and competence to recipient countries and NGOs accordingly."

In this situation the new SIDA is working less with central governments, more through the second tier of government, such as local government. SIDA is currently refocussing its programmes in Vietnam, Mozambique and South Africa towards this 'second tier' approach.

The terms of reference of the different departments within SIDA are attached. Each department has its own director, making a total of 14 directors all at equal level. Each department has its own unit with a head of unit. The flat approach is described as creating 'advisers' within the sector departments, specialising in subject areas.

The Department for Policy and Legal Services was set up to work out policies to direct all of SIDA's work. It is the direct instrument of the Director General.

The former BITS and SwedeCorp now form part of the **Department for Infrastructure and Economic Cooperation** consisting of 80 percent former BITS business and 20 percent SwedeCorp. The department covers the range of technical cooperation activities handled formerly by BITS including technical assistance activities designed to improve the level of skills, knowledge, technical know-how and productive aptitudes of the population in developing countries (see 'a review of the programme for technical cooperation; organisation, implementation and results': 15 February 1996).

The department's **Division for Project Financing** handles concessionary credit schemes based on principles of export credit through market lending. A new credit line has been introduced offering high concessionality terms (see 'The Swedish Concessionary Credit Scheme: January 1996). In a major study, to be published in June, the division will follow the lead of OECF in recommending untied financing.

As in any period of change, the role of information, both internal and external, assumes a high degree of importance. Public opinion, in terms of Swedish aid, is regarded extremely seriously by the Government and an annual opinion survey on whether Swedish aid should be increased or not - and whether it goes to the right area - usually has political consequences. Last autumn's survey indicated that 59% were satisfied at the current level of aid.

The Information Department at SIDA has implemented a skillful change of corporate identity, with a new logo and separate colours to identify each department and its publications. Advertisements were placed in the major Swedish newsmedia with all development projects and project countries listed. A telephone number was published in the advertisement for follow up enquiries. The Information Department employs ten half-time consultants to work with the teaching staff at schools nationwide. Special groups are targeted for information activity on a regular basis - politicians, industry, consultants in collaboration ventures, the NGO community and SIDA staff.

### 3. New SIDA - philosophy

The overall aim of Swedish development assistance is to raise the standard of living of poor people - and this has not changed over the years. Five specific goals towards this end were formulated, the first four in 1978 and the fifth in 1988. These goals were:

- economic growth
- economic and social equality
- economic and political independence
- democratic development
- environmental quality

This year a new goal - as discussed this month in the Swedish parliament is to be added: gender equality.

The new board of SIDA has defined its new policy areas as follows:

- to more clearly orientate aid to poorer people
- to implement the new goal of gender equality
- to make the contribution to human rights and democracy more effective.
- to provide greater resources to environmental sustainability.

### 3.1 Poverty reduction

Bearing in mind its overall aim of poverty reduction, SIDA began to ask questions of itself in the early 1990's. There was growing public dissatisfaction with the Swedish aid programme culminating in fierce newspaper criticism. Was Swedish aid reaching the poorest of the poor? The old tensions between the "commercial" and "humanitarian" purposes of aid were revived. The debate - and the plan to split SIDA into two organisations as described in my 1994 report - was overtaken by the general election and the change of government.

However the press campaign in 1992 put the poverty reduction issue back on the agenda and, in 1994, SIDA launched a Task Force to analyse ways in which its projects and programmes were achieving poverty reduction (Task Force on Poverty Reduction) and to determine if indeed they were. The task force was set up "to review SIDA's experience in reducing poverty, examine the needs and achievements of partner countries, and to propose methods and approaches to improve SIDA's effectiveness in reducing poverty."

The resulting report is structured in two principal parts. The first looks into broad issues of relevance for analysing and reducing poverty. The second looks at poverty issues from a sectoral and more agency-internal perspective. The report integrates the poverty issue into all areas of SIDA activity. The final draft, entitled 'Promoting Sustainable Livelihoods', is enclosed with this report. It is considered one of the most important documents produced by SIDA in recent times and will set the agenda for

Swedish ODA over the next few years. The report is officially published in April and an action plan will be drawn up for implementation by the summer.

### **3.2 Gender equality**

On 1 November 1995 a Government-appointed commission arrived at the conclusion that equality should become the sixth goal of Swedish development assistance. It was emphasised that the equality perspective should be integrated into all the other five Swedish development goals. A paper - 'SIDA's action programme for equality' is included with this report.

Among action to be taken is a programme to be produced by 30 June 1996 in which the gender dimension is built into all areas of SIDA activity, with plans coordinated for all SIDA divisions (see appendix 1 of action programme).

A new project in 1996 is "the planning of a course in equality at university level which will take up concepts, approaches and a historical perspective with an emphasis on developments in Sweden as part of a global perspective." All SIDA staff will take part in 3 day workshops on the gender perspective.

As a special initiative, four countries have been selected - Nicaragua, Namibia, Tanzania and India - at which gender becomes part of all programme discussions and negotiations.

SIDA is presently working out a strategy adapted to sector areas: a consultative paper is shortly to be produced on education and health in relation to gender.

### **3.3 Human rights and democracy**

Human rights, democracy and conflict management at SIDA is under the responsibility of the **Department for Democracy and Social Development**. Its roots are in Sweden's support for the anti-apartheid movement, based on resolutions of the UN General Assembly, with direct assistance for the ANC and its victims persecuted through the courts in South Africa. Sweden's strong views on human rights issues were emphasised in 1973 when aid was withdrawn from Chile following the military coup - the only time that country aid has been withdrawn in this way. Since 1989 and the fundamental changes in South Africa and the former Soviet block, assistance has been focussed, government to government, on reform of the judiciary and the courts, and through NGOs with the aim of creating balanced democratic societies. There has been a tradition in Sweden of development of political parties through the churches or through trade unions, with NGOs as the most effective channel.

The tragedies in the Horn of Africa and in Rwanda and Burundi have led to a new issue being introduced - **conflict management**. SIDA has therefore been asked to draw up a new policy document by the end of 1996 to incorporate this and include an inventory of all reports and evaluations which by its own description, up to now have been somewhat experimental.

The emphasis will continue on South Africa, with a third of Sweden's assistance for South Africa being spent on democratisation. There is support for South Africa's Truth and Reconciliation Commission and for the nationwide consultation taking place for the new constitution. Nicaragua, El Salvador and the West Bank/Gaza are also singled out for support. (See SIDA's strategy for its Programmes of Assistance in Support of Democracy and Human Rights, June 1993).

### **3.4 Environmental quality**

Major changes in this area have also been introduced following the establishment of new SIDA. As part of a programme submitted to the Government in January 1996, following a directive given last year, there is to be a "harmonisation of activities" previously undertaken by SIDA and the other Swedish aid agencies. All departments within SIDA have been asked to draw up environmental policies relating to their specific programmes. This report is only available in Swedish at the present time. **The Department for Natural Resources and Environment** is responsible for coordinating this activity.

Other areas of responsibility cover food security, including the World Food Summit in Rome in November on which the Nordic countries are working closely together. Sweden is a member of the FAO committee planning the conference.

A Committee on Food Security in East and Southern Africa has been established in SIDA.

The department also monitors activities after UNCED to ensure that actions and agreements signed by the Government of Sweden are carried out.

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**PROGRAMME FOR MR ORR AND MR OGIWARA,  
VISIT TO SIDA 19 - 20 MARCH, 1996**

**Tuesday 19**

09.30 Room 6122	<b>Poverty Alleviation</b> Ms Kristina Bohman, Department for Policy and Legal Services
10.30 Room 4927	<b>Sida's Action Plan for a Sustainable Development</b> Mr Inge Gerremo, Department for Natural Resources and Environment
12.00 Room 8924	<b>Technical Cooperation</b> Ms Stina Mossberg, Head of Division, Department for Infrastructure and Economic Cooperation
13.00	<b>Lunch</b> Host: Mr Lars Liljeson, Head of Division for Project Financing, Department for Infrastructure and Economic Cooperation
15.00 Room 6124	<b>Policies of the new organization</b> Mr Anton Johnston, Head of Methods and Institutional Development Unit, Department for Policy and Legal Services

**Wednesday 20**

09.30 Room 5914	<b>Democratization</b> Ms Anne Bruzelius, Head of Division, Department for Democracy and Social Development
10.30 Room 5265	<b>Swedish support to the Education Sector</b> Mr Kjell Nyström, Head of Division for Education, Department for Democracy and Social Development
11.30 Room 1141	<b>Public Support and Opinion Towards ODA</b> Ms Lena Tranberg, Deputy Head of Information Department

13.00  
Room  
8123

**Economic Cooperation**

Mr Bengt Oberger, Head of Division for Business  
and Enterprise Development, Department for  
Infrastructure and Economic Cooperation

14.00-15.00  
Room  
6949

**Women in development**

Ms Agneta Halldén, Department for Policy and  
Legal Services, Gender Unit

15.00-16.00  
Room  
5229

**Cooperation with Non-Governmental Organizations  
and Disaster Relief**

Mr Magnus Carlquist and Mr Ingmar Armyr, Department for  
Cooperation with Non-Governmental Organizations and  
Disaster Relief

# The different departments within Sida have the following terms of reference

## **The Board of Directors and the Director General**

They are appointed by the Government. They establish the framework for Sida's activities, take policy decisions and ensure that governmental and parliamentary decisions are followed.

## **The Regional Departments**

Are responsible for country assessments, plan and coordinate development cooperation. Their work is carried out in close cooperation with the development cooperation embassies

## **Central and Eastern Europe**

Cooperation primarily with Estonia, Latvia and Lithuania, Poland and north-west Russia. Support includes activities within democratisation, support to market economic institutions, the social sector, environment and nuclear security.

## **Democracy and Social Development**

Supports activities which promote democracy, public administration, health and education, culture and the media.

## **Infrastructure and Economic Cooperation**

Supports activities within energy, telecomms, transport, urban development and environment, business, economic cooperation, capital market development, trade, international courses and development and cooperation credits.

## **Natural Resources and Environment**

Is responsible for development cooperation within the area of natural resources. Special emphasis on agriculture, forestry, fisheries and rural development.

## **Research Cooperation**

To strengthen the research capacity of developing countries via bilateral and regional activities. Promote research relevant to developing countries both internationally and in Sweden. A Research Committee is connected to the Department whose task is to guarantee the quality of support to research and to allocate grants for research into development issues. The eleven members of this Committee, nine being external researchers, are appointed by the Government.

## **Cooperation with Non Governmental Organisations and Disaster Relief**

To coordinate development cooperation via popular movements and NGOs. Responsible for disaster relief and assistance to refugees outside Sweden plus support to reconstruction. Ensure that issues concerning peace and armed conflicts are monitored and to coordinate development assistance to ex-Yugoslavia.

## **Administration and Sandö**

Responsible for financial administration, personnel, personnel development, in-house services and recruitment of development cooperation personnel. Course activities at Sandö are included in this department. Sandö arranges courses in foreign languages and cultures primarily for development staff but also for the general public.

## **Policy and Legal Services**

Analyses the world around us and develops policies for activities so that Sida can achieve development cooperation objectives in a more efficient and sustainable fashion. Macroeconomic assessments, gender issues, poverty, alienation emphasis in assistance, other coordination. Legal Secretariat.

## **Evaluations and Internal Audit**

Secure the quality of Sida's activities through evaluations, methodological development and advisory activities.

## **Information**

Is responsible for Sida's external and in-house communications. The goal is to create dialogues between Sida and the world around which contribute to the fulfilment of the agency's objectives.

In addition, INFO has been assigned a special task by the Parliament which is to provide development education and information in such a way that the public opinion favours Sweden's development cooperation.

<b>Administrativa avdelningen med Sandö</b>	<b>Department for Administration including Sida-Sandö</b>	<b>ADM</b>	<b>3</b>
ADB enheten	Division for Management Information Services, MIS	ADM / ADB	4
Bemannings och personalpolitiska enheten	Division for Human Resources, Planning and Policy	ADM / BoP	3
Enheten för upphandling	Procurement Division	ADM / EFU	3
Enheten för redovisning och finansiering	Division for Accounting and Financing	ADM / FIRE	3
Enheten för internationell rekrytering	Division for International Recruitment	ADM / IREK	3
Personaladministrativa enheten	Division for Personnel Administration	ADM / P-ADM	3
Personalutvecklingsenheten	Personnel Development Division	ADM / PU	2
Utbildningslokaler	Sida Training Centre		2
Enheten för kontorsservice och centralarkiv	Division for Office Services, Central Archives and Records Management	ADM / SERV	2
Enheten för ekonomistyrning	Division for Financial Control	ADM / STYREK	3
<b>Resebyrå</b>	<b>Travel Agency</b>	<b>BENNETT BTI</b>	<b>0</b>
<b>Avdelningen för demokrati och social utveckling</b>	<b>Department for Democracy and Social Development</b>	<b>DESO</b>	<b>5</b>
Administrativa enheten	Administrative Division	DESO / ADM	5
Enheten för demokrati, mänskliga rättigheter och konflikthantering	Division for Democracy, Human Rights and Conflict Management	DESO / DEMO	5
Förvaltningsbiståndsenheten	Division for Public Administration and Management	DESO / FÖRV	5
Hälsoenheten	Health Division	DESO / HÄLSO	5
Enheten för kultur och medier	Division for Culture and Media	DESO / KULT	5
Sekretariatet för policy och metodutveckling	Secretariat for Policy Development	DESO / Policy	5
Undervisningsenheten	Education Division	DESO / UND	5
<b>Generaldirektören</b>	<b>Director General</b>	<b>GD</b>	<b>6</b>
GD-kansliet	Director General's Office		6
<b>Avdelningen för infrastruktur och ekonomiskt samarbete</b>	<b>Department for Infrastructure and Economic Cooperation</b>	<b>INEC</b>	<b>7</b>
Enheten för administration	Administrative Division	INEC / ADM	7
Energi- & teleenheten	Energy & Telecoms Division	INEC / ENETEL	7
Enheten för ekonomiskt samarbete	Division for Economic Cooperation	INEC / EKOSAM	8, 7
Finansieringsenheten	Project Financing Division	INEC / FINANS	7
Enheten för handel	Trade Division	INEC / HANDEL	7, 8
Enheten för internationella kurser	International Training Programmes	INEC / IK	7
Enheten för kapitalmarknadsutveckling	Capital Market Division	INEC / KAP	7
Enheten för näringslivsutveckling	Business and Enterprise Development Division	INEC / NÄRING	8
Enheten för transporter	Transport Division	INEC / TRANSP	3
Enheten för urban utveckling	Urban Development Division	INEC / URBAN	8
Verkställande avdelningsledning	Departmental Management Group	INEC / VAL	7
<b>Informationsavdelningen</b>	<b>Information Department</b>	<b>INFO</b>	<b>1</b>
Biståndsforum	Sida Information Centre	BISTÅNDSFORUM	1
Presstjänsten	The Press Service	PRESS	1
Oisa, Globala affärer, Omvärlden	Sida Periodicals		1
Zenit: Café och utställning om vatten och bistånd	Zenit: Café and Exhibition about Water and Development Assistance	ZENIT	0
<b>Avdelningen för naturresurser och miljö</b>	<b>Department for Natural Resources and the Environment</b>	<b>NATUR</b>	<b>4</b>
Afrikaenheten	Division for Africa	NATUR / AFRIKA	4
Asien/Latinamerikaenheten	Division for Asia and Latin America	NATUR / ASIEN/LA	4
Enheten för övergripande miljöfrågor	Sida's Environment Policy Division	NATUR / MILJÖPOLICY	4
<b>Avdelningen för policy och juridik</b>	<b>Department for Policy and Legal Services</b>	<b>POLICY</b>	<b>6</b>
Policyavdelningens sekretariat	Secretariat, Policy Department	POLICY	6
Ekonomigruppen	Economic Analysis Unit	POLICY / EKON	2
Juridiska enheten	Secretariat for Legal Services	POLICY / JUR	6
Jämsställighetsgruppen	Gender Unit	POLICY / JÄM	6
Metodgruppen	Methods and Institutional Development Unit	POLICY / METOD	6
Multigruppen	Multilateral Unit	POLICY / MULTI	6
Soc.okulturella gruppen	Socio-Cultural Unit	POLICY / SOCIO	6
<b>Latinamerikaavdelningen</b>	<b>Department for Latin America</b>	<b>RELA</b>	<b>6</b>
<b>Asienavdelningen</b>	<b>Asia Department</b>	<b>REMA</b>	<b>6</b>
<b>Avdelningen för Södra Afrika</b>	<b>Department for Southern Africa</b>	<b>RESA</b>	<b>6</b>
<b>Avdelningen för Östra och Västra Afrika</b>	<b>Department for East and West Africa</b>	<b>REWA</b>	<b>6</b>
<b>Avdelningen för forskningssamarbete</b>	<b>Department for Research Cooperation</b>	<b>SAREC</b>	<b>4</b>
Administrativa gruppen	Administration Group	SAREC / ADM	4
Enheten för universitetsstöd och nationell forskningsutveckling	Division for University Support and National Research Development	SAREC / UNI	4
Ämnesenheten	Division for Thematic Programmes	SAREC / ÄMNES	4
<b>Avdelningen för samverkan med enskilda organisationer och katastrofbistånd</b>	<b>Department for Cooperation with Non-Governmental Organisations and Humanitarian Assistance</b>	<b>SEKA</b>	<b>5</b>
Administrativa gruppen	Administration Group	SEKA / ADM	5
EO-enheten	Division for Cooperation with NGOs	SEKA / EO	5
Katastrofenheten	Division for Humanitarian Assistance	SEKA / KAT	5
<b>Avdelningen för Central- och Östeuropa</b>	<b>Department for Central and Eastern Europe</b>	<b>Sida-Öst</b>	<b>6</b>
Enheten för Baltikum och Centraleuropa	Division for Baltic States and Central Europe	Sida-Öst / EBC	6
Enheten för miljö och energi	Division for Environment and Energy	Sida-Öst / EME	6
Enheten för policy och planering	Division for Policy and Planning	Sida-Öst / EPP	6
Enheten för Ryssland / O.S.S.	Division for Russia / C.I.S.	Sida-Öst / ERO	6
<b>Sekretariatet för utvärdering och intern revision</b>	<b>Department for Evaluation and Internal Audit</b>	<b>UTV</b>	<b>3</b>

# Sida policy for Sector Programme Support

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Sector Programme Support (SPS) is a form of assistance, that builds on previous experiences of long term support to sector development and the international discussion on broader approaches to sector development. The ideal form of SPS will only rarely be achieved. But the process towards it is desirable *per se*, implying a stronger recipient government commitment and better harmonisation of donor contributions.

1. Sector Programme Support may be granted:

- to partner countries which meet basic requirements in terms of sector policies and capacity for planning and implementation;
- both as budget support disbursed through the recipient government's budget but directed to a particular sector, and, when relevant, as financial and technical assistance to earmarked activities in the sector such as capacity building and research;
- in harmonisation between major donors as regards formats for disbursements, procurement, reporting, annual monitoring of progress and auditing;
- with targets for capacity building and minimum policy conditions to be defined at the outset and be reviewed at regular intervals.

2. The socio-economic framework must be conducive to SPS, especially when the support is to be granted in the form of non-specified allocations to the sector budget. Sida will base its assessment on the following criteria:

- the foreign exchange allocation system is accessible to the general public;
- the exchange rate policy is market-based;
- the fiscal policy is aimed at reducing the budget deficit, with possible budget reallocations being sensitive to the impact on poverty and gender;
- the monetary policy aims at stable prices;
- the public services are accessible and delivered at reasonable quality.

3. When government agencies or departments are responsible for implementing the SPS, their planning and implementation capacity is crucial to its success. The capacity should be assessed against the following criteria:

there is a government programme for the sector, laying down programme objectives as well as operational targets and means of implementation;

- government and other stakeholders in the country are committed to implement the programme.
  - the institutional framework is capable of managing specific tasks for reaching programme objectives.
4. In order for the government to take leadership in development, resource mobilisation and implementation of SPS it is important that the contributions from donors are harmonised. In the process of developing SPS, Sida and other donors must be willing to:
- fund activities expressed in the recipient government's policy and project documents,
  - accept, whenever appropriate, the government's format for disbursements, procurement, reporting and accounting, and
  - have joint reviews of the achievements in the sector based on a monitoring of indicators at sector level as well as of institutional capacity.

A more elaborate presentation and discussion of SPS is included in "Sector Programme Support. Background Document to Sida Policy, July 1995", which can be obtained from Sida's Policy Department.



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