

## The DAC's main findings and recommendations

*Sweden is an adept, ambitious and influential actor on global sustainable development who has shown leadership at the international level on peace and conflict prevention, environmental sustainability and climate change, and gender equality. Its highly generous levels of official development assistance (ODA) have strong public support and it prioritises activities to raise development awareness. Sweden has in place a comprehensive toolbox to help it to leave no one behind and promote gender equality and women's rights. Sweden's decentralised approach is also a major asset that enables responsive and flexible programming. In addition, it has a proactive approach to addressing corruption.*

*Sweden is strongly committed to the international development effectiveness principles, actively supporting country ownership and donor co-ordination, and is a valued, long-term partner to multilateral and civil society organisations. However, there is scope for Sweden to do more to partner with and use the systems of developing country governments. It could also optimise its partnerships with the private sector by aligning Swedfund's investments more fully with its strategic development co-operation priorities.*

*A pioneering approach to focus on long-term, sustainable results through learning and adaptive programming should enhance Sweden's programme impact, but will require further capacity-building and systems reform. These include strengthening knowledge management and innovation processes. Sweden should also continue to ensure its development co-operation is guided by relevant, strategic and independent evaluations.*

*Sweden is an effective and principled humanitarian donor. Its more co-ordinated approach to addressing the development, humanitarian and peace nexus in fragile and crisis contexts is helping Sweden to better identify and address the root causes of fragility. This approach now needs to be systematically applied in all relevant partner countries.*

*Sweden's new development co-operation and humanitarian assistance policy framework is coherent but broad in scope, and could benefit from consolidation to facilitate its implementation. There is also scope for Sweden to further exploit the synergies among its multiple strategies and to allocate a higher share of its development assistance to a prioritised set of partner countries in order to enhance impact and reduce pressure on staff capacity.*

*Ensuring adequate staff capacity remains a challenge for Sweden with its growing ODA budget, increasing focus on working in fragile contexts and greater use of complex financial instruments. While the Ministry for Foreign Affairs and the Swedish International Development Cooperation Agency (Sida) have taken steps to bolster capacity, staffing gaps remain and Sweden could benefit from taking a more long-term and deliberative approach in light of this ongoing challenge.*

## Sweden is a strong development partner

### *Sweden is an adept, ambitious and influential actor on global sustainable development*

Sweden actively engages at the international level to support global public goods, promote human rights and address global challenges. A Team Sweden approach enables the Ministry for Foreign Affairs (MFA) and Sida staff to jointly represent Sweden in global development processes, pooling their expertise and speaking with a unified voice. Working deliberately with other countries and stakeholders to build alliances, Sweden has shown leadership in its pursuit of peace and conflict prevention, gender equality through its Feminist Foreign Policy, and environmental sustainability and climate change.

Sweden is drawing on the expertise of the whole of its government and a broad set of actors across Swedish society to help to deliver on its ambitious goal to be a leader in implementing the 2030 Agenda. Its Delegation for the 2030 Agenda brings together representatives of Sweden's business and research communities, civil society organisations (CSOs), and municipal governments, and has helped the government to assess progress and promote awareness of the Sustainable Development Goals. A National Action Plan for implementing the 2030 Agenda has also been established, and Sweden is in the process of creating national indicators for all the targets and an integrated follow-up system to regularly monitor progress. In addition, Sweden has put in place cross-government action areas for delivering on key goals, including a report on global health. A renewed political commitment to policy coherence for sustainable development, as well as reformed organisational processes, have also enhanced Sweden's ability to identify and address synergies and trade-offs.

### *Sweden is a generous donor with a comprehensive toolbox for leaving no one behind and promoting gender equality*

In 2017, Sweden provided 1.02% of its gross national income (GNI) as ODA, making it the most generous OECD Development Assistance Committee (DAC) donor in relative terms. Sweden has consistently met its 2006 national commitment to deliver 1% of GNI as ODA. Sweden's parliament and the Swedish public back this target. The high level of public support in Sweden for development aid is bolstered by the MFA's and Sida's continued prioritisation of development awareness-raising activities.

Sweden is highly committed to deliver on its pledge to leave no one behind. In 2017, Sweden was already providing 63% of its bilateral aid by income to least developed countries (LDCs), against the DAC average of 39% and was the sixth-largest DAC provider to fragile contexts in absolute terms. Sida has developed a new, multidimensional poverty approach and a Poverty Toolbox to support staff to even better target and address poverty in all its forms across its programming.

Sweden is a DAC leader in providing gender-focused aid: 87% of its bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective in 2017. Sida supports its staff to operationalise gender equality across Sweden's programmes through a new global strategy, a Gender Equality Network of staff specialists and advisors, and regional Gender Help Desks. Sweden's Feminist Foreign Policy, established in 2014, is enabling Sweden to use the full range of its foreign policy tools - diplomacy, security and trade - to pursue the goal of gender equality.

### *Sweden is a long-term and valued partner to multilateral organisations and civil society*

Sweden is a champion of multilateralism and provides long-term core funding to its priority multilateral organisations, including its United Nations humanitarian partners. It works with other donors to support improvements to the effectiveness of the multilateral system and plays an active role on the governing boards of multilateral organisations, advocating for gender equality, human rights and the environment.

Sweden is a highly-appreciated partner for CSOs and provided almost one-third of its ODA to and through civil society in 2017, most of this to non-Swedish CSOs. Sweden supports a vibrant, local civil society in developing countries as an integral part of its pursuit of democratic governance, and also works with CSOs as implementing partners to deliver on other policy priorities. Sida currently has multiannual framework agreements with 15 Swedish CSOs that enables them to fund their own programme priorities under the overarching guidelines set by Sida.

### *Decentralisation enables responsive programming, and Sweden takes a proactive approach to addressing corruption*

Sida's decentralised model of development co-operation is a major asset. In 2017 38.5% of Sida's workforce was located abroad, up from 25% in 2013. Sida also provides its field staff a high degree of delegated programme and financial authority. Coupled with Sweden's considerable budget flexibility, this enables country programming to be designed and managed on the ground with strong local knowledge of context. It also allows Sweden to be agile, adapting its programming in response to changing partner country needs, which is particularly welcome in fragile situations. Sweden takes a proactive approach to preventing, detecting and responding to corruption that includes supporting partners to improve their own corruption risk management systems and institutions.

### *Sweden is an effective and principled humanitarian donor*

Sweden has a strong humanitarian tradition and actively works to drive a more efficient and co-ordinated humanitarian system at the global level. Its policies and strategies are aligned to the Grand Bargain and other international humanitarian commitments. Sweden has strengthened the quality of its partnerships with the humanitarian community, notably providing much-needed, long-term predictability for its partners engaged in protracted crises. A needs-based allocation model allows Sida to also engage in forgotten crises where it has no specific political or development interests.

## **Sweden can build on its achievements**

### *Sweden could better align Swedfund's investments to its strategic priorities*

Sweden has scaled up its use of private sector instruments and diversified its platforms for mobilising private sector investment and know-how for development. Using Sida's guarantees and Swedfund's loans, equity and funds, Sweden mobilised USD 1.4 billion from the private sector between 2012 and 2017. There is scope to further optimise Sweden's use of private sector instruments, however. Swedfund, unlike Sida and other government implementing agencies, is not involved in the design or execution of Sweden's development strategies, even those with a strong, inclusive economic growth component because it is a limited liability company and hence directed by owner instructions. This fact

sometimes constitutes a challenge to fully deploying Swedfund's instruments to reach its development priorities and makes it difficult for Sida and Swedfund to collaborate on country-level investments, using their complementary instruments.

*Recommendation:*

1. **Sweden should strengthen the alignment of Swedfund's investments to its development policy, including creating closer links between Swedfund and Sida's activities.**

*A new, more joined-up approach to addressing development, humanitarian and peace needs to be systematically applied*

The introduction of the conflict perspective into Sweden's development programming has further strengthened Sida's ability to work in fragile and crisis contexts. Sweden has also started to introduce joint risk and resilience analysis and programming by the MFA, Sida and the Folke Bernadotte Academy in fragile and crisis contexts. These steps, along with the establishment of a new department at the MFA that is responsible for conflict, humanitarian and migration issues, are driving a more coherent approach and helping Sweden to better identify the vulnerabilities and root causes of fragility in partner countries. There is now an opportunity for Sweden to ensure this approach is more systematically applied across all relevant countries. In line with the DAC recommendation on the humanitarian-development-peace nexus, coherence could also be strengthened if Sweden explicitly articulated in its country strategies the links between its humanitarian assistance and other aid streams where humanitarian assistance has been provided for decades.

*Recommendation:*

2. **Sweden should now systematically apply its joined-up approach to addressing development, humanitarian and peace needs in all its fragile partner countries.**

*To support Sweden's pioneering approach to delivering long-term, sustainable results, capacity needs to be built up and systems reformed*

Since the last peer review, Sweden has transformed its approach to results-based management with the aim of achieving long-term, sustainable results through innovation, learning and adaptive programming. This new approach offers Sweden the opportunity to focus more on impact and what is driving change in real time rather than fixing on a static picture of context and taking a narrow focus on predetermined inputs and outputs. However, Sweden is reliant on MFA and Sida staff and their partners having the capacity to deliver a solid theory of change and to regularly monitor results and changes in the wider context to determine whether their assumptions of what drives change stand up. Sweden also requires the systems in place to easily alter programming, if need be, and to capture and disseminate learning and innovations across its development institutions. While Sweden has taken steps to build capacity and Sida is piloting a new adaptive programming technique, there is more to be done to ensure this innovative approach genuinely takes root, particularly with regard to building more effective knowledge management systems which remain weak across Sida and the MFA.

*Recommendation:***3. To support Sweden's pioneering approach to focusing on long-term, sustainable results based on learning and adaptive programming, Sweden needs to:**

- provide further guidance and training to build staff and partner capacity to deliver on its new results-based management approach
- ensure its programme management systems facilitate adaptive management and innovation
- improve its knowledge management systems to ensure learning is captured and shared across the whole system.

*Sweden could further enhance its strong commitment to development effectiveness by working more directly with and through the systems of partner country governments*

Sweden is committed to the internationally agreed principles of effective development co-operation. It aligns its strategies to partner country's priorities and actively supports donor co-ordination efforts. It also works to build the capacity of partner country governments in several areas ranging from public financial management to research, national statistics and evaluation.

Sweden makes limited use of developing country governments as implementing partners which is reflected in some of the internationally agreed indicators for assessing progress on development effectiveness. According to the Global Partnership for Effective Development Co-operation's preliminary data for 2018, while Sweden has significantly increased the annual predictability of its bilateral ODA in assessed countries since 2010, its use of partner countries' public financial management and procurement systems to deliver bilateral ODA has slightly declined over the same period of time. In addition, the data shows a decrease since 2010 in Sweden's share of bilateral aid recorded on partner countries' budgets, the medium-term predictability of its aid and its use of country-led results frameworks. Sweden attributes this to its increased engagement in fragile contexts, the shrinking democratic space in some partner countries and its use of multilateral aid (core and multi-bi). Nevertheless, Sweden could make further efforts, where appropriate, to help to build and use partner country systems to achieve the sustainable development results it is seeking.

*Recommendation:***4. Sweden should develop guidance to help staff to determine when it is appropriate to partner directly with partner country governments, use country systems, and increase the share of aid that is recorded on budget.***Sweden should continue to ensure its development co-operation is guided by relevant and strategic independent evaluations*

In the early years following its inception, Sweden's Expert Group for Aid Studies (EBA) produced a higher number of research overviews than independent evaluations. Sweden re-articulated the mandate of the EBA in 2016 to encourage it to increase the number of independent evaluations it produced. While more evaluations are now being undertaken, they have been criticised for lacking relevance and impact. Steps are being taken by the Swedish government and the EBA to improve performance, and there has been improvements in the quality of evaluations. However, ensuring that the EBA continues to

produce material of high quality and relevance should remain a priority for Sweden, given that the EBA is the only body tasked with evaluating the totality of Sweden's bilateral and multilateral ODA.

Sida's Evaluation Unit is mandated to provide independent strategic evaluations of Sida's activities and support operational units in carrying out high-quality and reliable decentralised evaluations that tend to focus on single interventions. The Evaluation Unit finalised three strategic evaluations in 2018, of which one was directly commissioned by the Evaluation Unit while the other two were commissioned by thematic departments. There is scope for Sida to reflect on whether its Evaluation Unit has an appropriate balance between strategic and decentralised evaluations.

*Recommendation:*

**5. The MFA and Sida should continue to assess whether their policies and programmes are being consistently informed by relevant and independent strategic evaluations.**

### Sweden needs to address ongoing challenges

*Sweden's broad policy framework requires consolidation and synergies among its numerous strategies could be better exploited*

Previous peer reviews have recommended that Sweden establish a single framework that clearly sets out its policy priorities. Sweden's 2016 *Policy Framework for Swedish Development Cooperation and Humanitarian Assistance* establishes a coherent policy framework. This framework, Sweden's second since the last peer review, still struggles to provide a clear hierarchy of priorities, however. Its five perspectives and eight thematic priorities, which include new policy priorities, make for a broad policy vision.

The framework is accompanied by 63 strategies - 6 regional, 25 country, 13 global thematic and 19 relating to multilateral co-operation - that set out in more detail how Sweden will meet its policy objectives in a given area/country over a given period and, in most cases, are accompanied by a budget envelope. While these numerous strategies individually are aligned to the policy framework, connections among strategies are not being exploited sufficiently. For instance, there is no systematic approach to information sharing to ensure that the owners of global thematic strategies, who are based in Sida's geographic departments, have an overview of activities undertaken within their policy area that are funded through country strategies. Nor do country-level staff necessarily have an overview of how global thematic strategies are being operationalised in their country or region. As a result, Sweden is not able to fully exploit the synergies among its strategies which could improve programme impact and it is difficult to ensure consistent and coherent programming.

*Recommendations:*

**6. Sweden should consolidate its existing policy framework to allow staff to build up skills and knowledge in the newly-identified areas and to enable time for implementation.**

**7. Sweden should establish a systematic approach to sharing information on the activities undertaken through its existing strategies to better capitalise on synergies.**

*Sweden's development co-operation still lacks geographical concentration*

Although Sweden has managed to reduce the number of its partner countries since the 2013 peer review to 35 from 44, its aid programme remains thinly spread geographically compared to those of other DAC members. Sweden does not rank among the top donors in most of its 35 priority countries, and it allocated just 19% of gross bilateral ODA to its top 10 recipients over 2016-17 (against the DAC average of 29%) and only 29% to its top 20 recipients (against the DAC average of 40%). While there is no doubt that small amounts of ODA can have a significant impact in partner countries, improving concentration in a few key partners could heighten Sweden's impact and would reduce pressure on staff capacity, which is already stretched. More concentration would also enable Sweden to better exploit synergies within partner countries between its different programmes.

*Recommendation:*

**8. To enhance the impact of its programming and reduce pressure on staff capacity, Sweden should allocate a higher share of its development assistance to a prioritised set of partner countries.**

*Sweden's growing and increasingly complex set of programmes requires sufficient staff capacity*

Sweden's growing ODA budget, increasing focus on working in fragile contexts and greater use of complex financial instruments require sufficient staff capacity to ensure quality programming. Steps have been taken since the last peer review to strengthen Sweden's staff capacity. Sida has increased its workforce and put in place a human resource planning system that is helping it to better identify competency gaps. The MFA has increased staff capacity around financial controls and quality assurance for development co-operation.

The administrative budgets of Sida and the MFA have not increased in line with Sweden's growing ODA budget. Sweden's ODA budget has increased by 27.6% between 2014 and 2018, while Sida's administrative budget increased by 22.5% and the MFA's budget decreased by 10.2% over the same period. Staff capacity gaps continue to exist, for example with regard to environmental expertise, and Sida has found it difficult, within the boundaries of its administrative budget, to fund the costs of staff to work in hardship posts.

*Recommendation:*

**9. Sweden should continue efforts to ensure, and take a long-term and deliberative approach to ensuring, it has adequate staff capacity in light of the programme's expanding needs.**

## Summary of recommendations

### DAC recommendations to Sweden

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- (1) Sweden should strengthen the alignment of Swedfund's investments to its development policy, including creating closer links between Swedfund and Sida's activities.
  - (2) Sweden should now systematically apply its joined-up approach to addressing development, humanitarian and peace needs in all its fragile partner countries.
  - (3) To support Sweden's pioneering approach to focusing on long-term, sustainable results based on learning and adaptive programming, Sweden needs to:
    - provide further guidance and training to build staff and partner capacity to deliver on its new results-based management approach
    - ensure its programme management systems facilitate adaptive management and innovation
    - improve its knowledge management systems to ensure learning is captured and shared across the whole system.
  - (4) Sweden should develop guidance to help staff to determine when it is appropriate to partner directly with partner country governments, use country systems, and increase the share of aid that is recorded on budget.
  - (5) The MFA and Sida should continue to assess whether their policies and programmes are being consistently informed by relevant and independent strategic evaluations.
  - (6) Sweden should consolidate its existing policy framework to allow staff to build up skills and knowledge in the newly-identified areas and to enable time for implementation.
  - (7) Sweden should establish a systematic approach to sharing information on the activities undertaken through its existing strategies to better capitalise on synergies.
  - (8) To enhance the impact of its programming and reduce pressure on staff capacity, Sweden should allocate a higher share of its development assistance to a prioritised set of partner countries.
  - (9) Sweden should continue efforts to ensure, and take a long-term and deliberative approach to ensuring, it has adequate staff capacity in light of the programme's expanding needs.
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