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## **Sweden's Action Plan on Harmonisation and Coordination in Development Cooperation**

This action plan summarises Sweden's position and plans for further action on harmonisation and coordination.

### 1 Continued policy priority to partner country's ownership and leadership of development cooperation

#### *Swedish position and accomplishments*

Sweden has since long adopted the policy position that the partner country has the responsibility for its development efforts, that development cooperation must be based on the partner country's priorities, and that any coordination effort to be successful must be led by the partner country. Sweden's role is to assist to create the optimal conditions for poor people and countries in their struggle to reduce poverty.

This policy position is expressed in the Swedish Government decisions on overall framework for Sweden's development cooperation, and constitutes an important policy directive for Sidas operationalisation of development cooperation.

Sida has identified increased efforts for coordination and harmonisation as one of its Strategic Priorities for 2002-2005. We should seek opportunities for coordination with the partner country and with other donors - at all levels, in all places and in all situations.

Sweden believes that the development cooperation community- partner countries and donors- today have an excellent opportunity to make practical efforts and get tangible results.

The internationally agreed MDG's **and** the nationally owned Poverty Reduction Strategies, the Monterrey consensus for increased aid effectiveness and the DAC Task Force work on Harmonisation constitutes a better framework than ever. The commitments to increase the levels of ODA is of course an important requisite. Sweden has decided to increase the level to 1% of GDP, by 2006.

Sweden has actively supported and participated in the DAC Task Force. We believe that the principles in the Good Practice Papers produced by DAC-

- national ownership,
- development cooperation to be aligned with PRS,
- development funds to be channelled through the partner country's system,
- support to the partner countries' capacity building of its institutions and systems,
- performance progress basis for assessments rather than minimum requirements

are sound and robustly founded in experience.

#### *Further action*

- Sweden will continue to give high priority to national ownership and partner countries leadership of coordination in all policy development
- Sida will seek opportunities to join others to provide support to the capacity of partner countries to develop PRS, including strengthening of the roles of democratic institutions in the PRS as well as strengthening the capacity for causal analysis of poverty.
- Sida will seek opportunities to join others to provide support to the capacity of partner countries to implement the PRS and to coordinate external support

### 2 Increased support to the implementation of national PRS through increased budget support and sector program support

#### *Swedish position and accomplishments*

During the last year Sida has further developed its position on Poverty Reduction. In its Perspectives on Poverty, Sida states that poverty is dynamic, multidimensional and context specific. Sida believes that any poverty reduction approach must be holistic, integrated, cross-sectorial and adjusted to the specific situation.

In order to meet the challenges of poverty reduction, an increased proportion of development cooperation funds, in the form of budget support and sector program support, should be provided to support the implementation of PRS. On the policy level, country strategies should be aligned with PRS. For this support to be aligned to and integrated in the implementation of PRS, it must be channelled through the national systems, through the Treasury, be an integrated part of the national budget and be audited by the Supreme Audit Institution. Naturally, not all countries' public financial management systems- budgeting, disbursement, accounting, auditing as well as resource mobilisation- are yet up to the mark. Our task then is to support improvement in these systems, in a prioritized and programmed way. Sida has a long experience of cooperation in this field, building on its policy for capacity development which includes twinning of institutions. The Swedish Auditor General, the

Swedish National Financial Management Authority and the Swedish National Tax Board have all long experience in this field in many countries.

*Further action*

- Sweden will provide a larger proportion of its funds to budget support and sector program support, in support of national PRS. Benchmarks will be established in Sida's annual plans for the respective regional departments.
- Sida will increase its support to capacity development of public financial management systems

### 3 Harmonisation in Practice

*Swedish position and accomplishments*

For the harmonisation and coordination effort to be successful, it must be taken from policy to implementation, at the country level.

Sida has entered into a silent partnership with Norad on the whole country program in Malawi and on a large number of projects in different countries. Sida has also entered into silent partnership arrangement with the Netherlands and with DFID. Sida is also active in the bilateral initiative for harmonisation in Vietnam and in other countries.

Another initiative on the way is in Zambia where the Nordic countries and the Netherlands, UK and Ireland in close cooperation with the Government of Zambia shortly will agree on a Joint action plan for harmonisation in Zambia

A number of other examples exist.

*Further action*

- Initiate more harmonisation efforts at country level, with regard to silent partnerships, with regard to procedures etc. Establishment of benchmarks in Sida annual plans for the respective regional departments.
- Initiate close cooperation with more donors, such as the World Bank, EU and others

### 4 Review of regulations, policies and methods

*Swedish position and accomplishments*

A review has been made in order to analyse if Sida has the necessary flexibility and mandate to participate fully in harmonisation and coordination efforts at the country level.

The conclusion is that Sida is already able to fully align with partner countries systems, provided that they meet an acceptable standard. Sidas external and internal regulations are fully compatible with the Good

Practice Papers (GPP) developed by DAC Task Force. Some revisions need to be made, as well as to incorporate the GPP as web-based links to the respective regulation.

#### *Further Action*

- To revise Sida's standard agreement templates to fully incorporate the GPP on Financial reporting and Audit, and GPP on Monitoring and Reporting
- Sida's draft Position Paper on Financial Management is fully in line with the GPP for Measuring performance in Financial management and the GPP Delegated Cooperation. These two GPP shall through a direct web-based link be made an integrated part of the Position Paper
- Sida at work, Sida's methods manual for development cooperation is reflecting the content in the GPP on Framework for Donor Cooperation and the GPP on Country Analytic work and selection of Programmes and Projects. The formulation of the relevant parts of Sida at Work shall be reviewed to ensure that full compatibility exists. These two GPP shall through a direct web-based link be made an integrated part of Sida at Work
- Swedish Guidelines for the Country Strategy process is reflecting the content of the GPP on Country analytic work. The formulation of the relevant parts of Sida's Guidelines shall be reviewed to ensure that full compatibility exists. The GPP shall through a direct web-based link be made an integrated part of the Sida guidelines
- The GPP on Framework for donor cooperation includes a specific section on good practice in regard to budget support. The Government's guidelines on support to economic reforms need to be revised to fully incorporate the respective good practices. Sida has submitted a formal proposal to the Government on the revision of the Guidelines and will continue the dialogue with the Government
- Sida's manual on audit in development cooperation need to be revised to fully incorporate the good practices on audit in the GPP Financial Reporting and Audit. The GPP shall through a direct web-based link be made an integrated part of the Sida manual.
- Sidas routines for handling development funds from other donors need to be reviewed in order to be streamlined, simplified and easily accessible

### 5 Monitoring of Harmonisation Progress

#### *Swedish position and accomplishments*

Sida attaches great importance to robust mechanisms for monitoring of progress of harmonisation efforts. The mechanisms should be focussed at the country level where harmonisation and coordination in practice should take place, as a consequence of the overall guiding principles for

harmonisation and coordination. Sida believes that support to partner country to lead monitoring at country level is a priority issue. Monitoring of multilateral organisations, MDB's and UN organisations, are also important as a basis for dialogue at the respective annual board meetings, policy meetings bilaterla dialogue and other fora. The MOPAN( Multilateral Organisations Performance Assessment Network) initiative of seven bilaterals, including Sweden, to establish a common network to carry out regular performance assessments of multilateral organisations will constitute an important tool in this regard. In addition, a separate peer review mechanism, most probably needs to be established. Such a mechanism should include both multilaterals and bilaterals. Sida is willing to provide financial and personell resources to such a mechanism. Sida also offers itself to be reviewed by others, and to prepare an annual report on its progress on this action plan.

*Further action*

- Be prepared to provide financial and personnel support to partner countries monitoring of bilateral and multilateral organisations' adherence to commitments of harmonisation and coordination
- Financial and personnel support to develop and participate in separate monitoring mechanisms
- Participate in monitoring mechanism with regard to multilateral organisations(MOPAN)
- Compile annual report on Sida's progress of harmonisation and coordination
- Be prepared to be reviewed by others

6 Policy dialogue on harmonisation and coordination

*Swedish position and accomplishments*

To keep the momentum from the DAC Task Force work and from the High Level Forum it is necessary to continue to keep the harmonisation and coordination on the policy agenda in different fora, such as dialogue on PRS implementation, CG meetings and other country level coordination meetings, and in dialogues on preparation and implementation of budget support, sector programme support and project support. Annual and other meetings in multilateral organisations, continuous dialogue with WB, EU as well as within different DAC bodies, provide other opportunities to conduct the policy dialogue on harmonisation and coordination.

*Further action*

- To seek opportunities to promote that the policy agenda includes a dialogue on harmonisation and cordination

## 7 Dissemination to Sida staff

### *Swedish position and accomplishments*

In order to succeed in the harmonisation effort, the work of DAC Task force is important. Special efforts need also to be made in regard to staff training, to increase the level of competence in the entire organisation, and to enable staff, particularly in the field, to take initiatives and a proactive role.

The following has been made so far:

- Presentation and discussion at Sidas Management Committee
- Presentation at Country Strategy seminar with international participation
- Dissemination of DAC work to all departments and embassies
- Presentation at various internal projects meetings, such as the Programme Support group, and at various internal departmental seminars

### *Further action*

- Presentation at regional conferences in the field
- Presentation in connection with visits by Sidas senior managers in the field
- Dissemination of High Level Forum outcome

## 8 Delegation to the field

### *Swedish position and accomplishments*

In order to strengthen partnership, national ownership and coordination at country level Sida has recently launched a "Field Vision". In this vision, Sida commits itself to empower the field through further delegation of authority and to strengthen the resources at field level. The vision implies that the field shall be the centre of operations for the partnership with a partner country. It also implies that the field shall be the centre of excellence and include the necessary competence.

### *Further action*

- Redefining of roles at headquarter and in the field
- Revision of management tools
- Establishment of strengthened mechanisms for quality assurance
- Revision of incentives for posting in the field
- Increase of number of National Programme Officers(NPO) at embassies and establishment of a targetted competence development program for NPO
- Improved communication with the field
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