

KEY QUESTION

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How is Sweden's ODA spent?

Sweden is a strong supporter of multilateral organizations

Core contributions to multilateral organizations account for about a third of Swedish ODA (32% in 2015). They are disbursed in accordance with Sweden's 2007 strategy for multilateral development cooperation, and in accordance with strategic documents for specific organizations. Following a 2014 report of the Swedish National Audit Office, Minister for International Development Cooperation and Climate, Isabella Lövin, pledged to strengthen results monitoring and to centralize decision-making for multilaterals, moving the responsibility from Minister of Foreign Affairs' (MFA) technical staff to its political staff. As a result, all disbursements to multilaterals within the MFA are now approved by Minister Lövin's office.

Sweden is a strong supporter of the United Nations: UN agencies represent a third of the country's core contributions to multilaterals (34% in 2015). Strengthened support is further envisioned as Sweden holds a seat as a non-permanent member of the UN Security Council for 2017 to 2018. EU institutions (18%) and the World Bank (15%) are also among the largest recipients. In addition to core contributions, Sweden provides a high share of ODA in the form of earmarked funding to multilateral organizations (10% in 2015, or US\$923 million). In total, when adding up core contributions and earmarked funding, Sweden allots almost half of its total ODA to multilaterals (42% in 2015, a decreasing share due to the significant rise of refugee costs, counted as bilateral ODA).

According to the OECD, all of Sweden's ODA consists of grants. Sweden channels about a fifth of its bilateral ODA through civil society organizations (CSOs), which is more than the average amongst members of the Development Assistance Committee of the OECD (DAC; 17%). The government recognizes CSOs' key role in reducing poverty, strengthening democratic development, and supporting human rights. Since 2013, Sida has engaged in a more substantial dialogue with Swedish CSOs as a way to identify new methods to deliver its bilateral programs and increase aid effectiveness. One such method involves setting up 'challenge funds' in cooperation with foreign development agencies or other institutions, which allocate funds to companies and organizations through a competitive process.

Who are Sweden's ODA recipients?

Sweden's bilateral ODA focuses on sub-Saharan Africa and low-income countries

Sweden places a priority on sub-Saharan Africa and on low-income countries. The development agency Sida substantially reduced the number of partner countries from 67 in 2007 to 24 in 2015: this strengthened the focus on sub-Saharan Africa. The high costs of hosting refugees in Sweden as well as earmarked funding to multilaterals and funding to CSOs are counted as bilateral ODA that is not allocated by country; this distorts OECD data about recipients of Swedish ODA (see figure below). When excluding these unallocated funds, sub-Saharan Africa accounted for half of Sweden's bilateral ODA between 2013 and 2015 (50%). The MENA region is a growing focus of bilateral cooperation, increasing from 8% in 2011 to 12% of bilateral ODA in 2015 (US\$187 million to US\$244 million).

Sweden focuses heavily on low-income countries: two-thirds of its bilateral ODA is allocated to these countries (when excluding unallocated funding). Looking forward, the focus will be on fragile states, as this is where the most marginalized and poorest communities live. This includes countries such as Afghanistan, the Democratic Republic of the Congo, Liberia, Palestine, Somalia, Sudan, and South Sudan. Focus on the nexus between humanitarian assistance and development activities is embedded in the Swedish Aid Policy Framework and is likely to increase.

How is bilateral funding programmed?

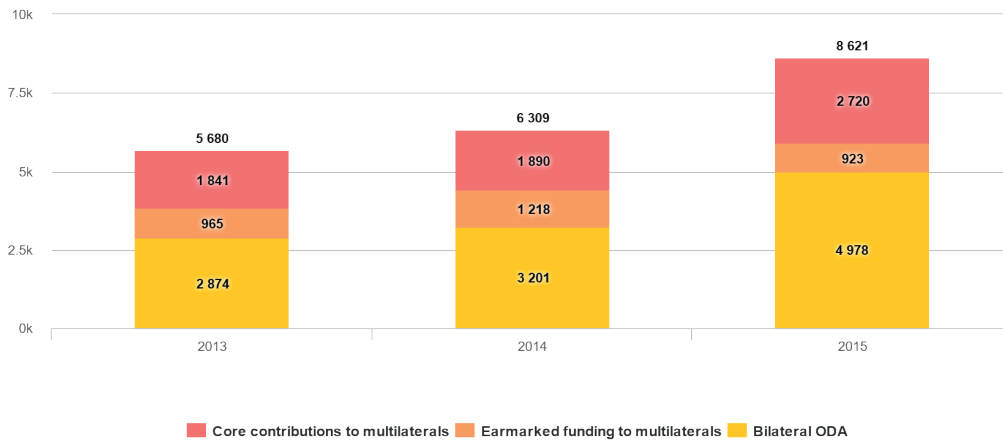
MFA decides on strategy; embassies are key players in implementation

Based on strategic guidelines set by the MFA, Sida and Swedish embassies abroad develop strategies for countries, regions, and thematic areas. These are then further refined and approved by the government. The strategies usually cover time periods of three to seven years. Country strategies outline key sectors and provide indicative budgets for the strategy period as a whole. Outdated strategies are usually extended at the end of every year if no new strategy has been formulated.

Operational programming at the country level is based on these country strategies. Annual funding levels for each country are outlined in the three-year budget document that Sida submits to the MFA. Within this annual allocation, most embassies enjoy a high degree of independence from Sida headquarters on how to use bilateral funds. The regional departments at Sida delegate financial envelopes to the embassies on an annual basis.

SWEDEN'S BILATERAL AND MULTILATERAL ODA

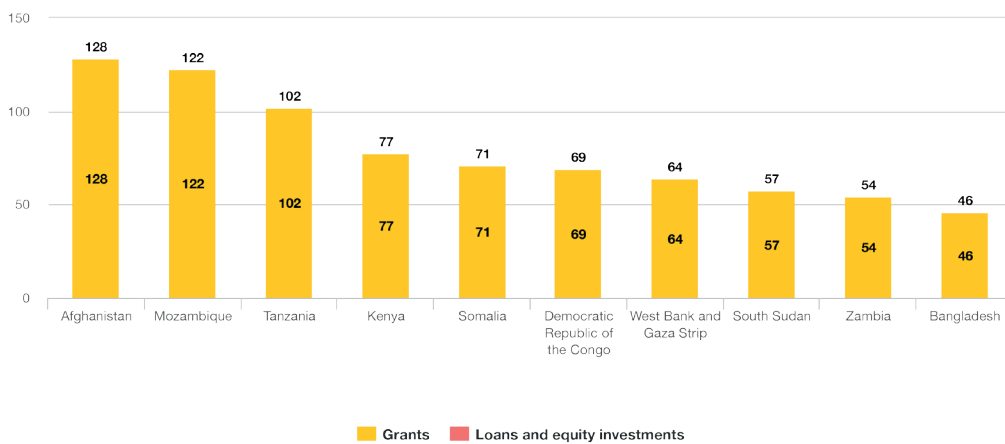
US\$ millions, 2014 prices



Source: OECD DAC. Gross disbursements.

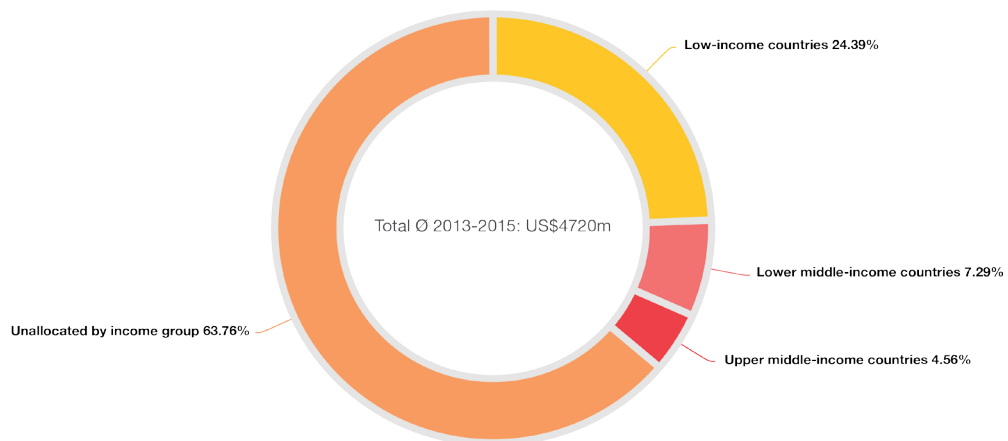
THE TOP 10 RECIPIENTS OF SWEDEN'S ODA

average 2013-2015, excluding debt relief; US\$ millions; in 2014 prices



Source: OECD CRS, in 2014 prices.

SWEDEN'S BILATERAL ODA BY INCOME-GROUP OF RECIPIENT



Source: OECD CRS.