

# KEY QUESTIONS

## the big six

### 6

## How is Sweden's ODA spent?

### Sweden is a strong supporter of multilateral organizations, and particularly the UN system

Sweden is a strong supporter of the multilateral system. Core contributions to multilateral organizations account for slightly less than a third of Swedish ODA (29% in 2016). The Swedish government strongly advocates for un-earmarked contributions to multilateral organizations. The un-earmarked character of financing is one of three core principles outlined in its January 2018 'Strategy for multilateral development policy', which defines the orientation of Sweden's multilateral engagement and provides guidelines to the three main stakeholders for this area (the Ministry of Foreign Affairs (MFA), the Swedish International Development Agency (Sida), and Swedish embassies). The second and third principles highlight the need for a long-term perspective in engagement with a multilateral and the need to foster coordination across the multilateral system.

Within its multilateral engagement, Sweden is a strong supporter of the UN: UN agencies represent a third of the country's core contributions to multilaterals (34% in 2016). Sweden further demonstrates support through its role as a non-permanent member of the UN Security Council for 2017 to 2018. Sweden supports UN reform efforts and pushes its 'women, peace and security' agenda through these efforts. The World Bank (23%) and EU institutions (21%) are other large recipients of Sweden's multilateral ODA. In addition to these core contributions, Sweden still provides a high share of ODA in the form of earmarked funding to multilateral organizations (19% in 2016, or US\$976 million), reported as bilateral ODA. Oftentimes, this funding goes to thematically focused organizations and funds. For example, the two largest recipients of earmarked funding in 2016 were the Global Partnership for Education (GPE), with US\$33 million, and the EU Facility for Refugees in Turkey, with US\$32 million. In total, when adding up core contributions and earmarked funding, Sweden allots almost half of its total ODA to multilaterals (48% in 2016).

According to the OECD, virtually all of Sweden's ODA consists of grants (99% in 2016). The remaining 1% (US\$47 million) consists of equity investments by the MFA. Sweden channels about a fifth of its bilateral ODA through civil society organizations (CSOs; 27%), which is more than the average amongst members of the Development Assistance Committee of the OECD (DAC; 16%). The gov-

ernment 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?

### Focus is on sub-Saharan Africa, low-income countries, and increasingly on fragile states

Sweden places a priority on sub-Saharan Africa and on low-income countries. The development agency Sida has substantially reduced the number of partner countries, from 67 in 2007 to 35 in 2017, which has further 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 but cannot be allocated to specific countries and regions; this distorts OECD data about recipients of Swedish ODA (see figure below). When excluding these unallocated funds (58%), sub-Saharan Africa accounted for half of Sweden's bilateral ODA between 2014 and 2016 (50%). The MENA region is a growing focus of bilateral cooperation, increasing from 10% in 2012 to 16% of bilateral ODA in 2016 (US\$173 million to US\$270 million).

Sweden focuses heavily on low-income countries: two-thirds of its bilateral ODA is allocated to these countries (when excluding unallocated funding) between 2014 and 2016. Looking forward, the focus will be increasingly on fragile states. This includes countries such as Afghanistan, the Democratic Republic of the Congo, Liberia, Palestine, Somalia, Sudan, and South Sudan. A 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

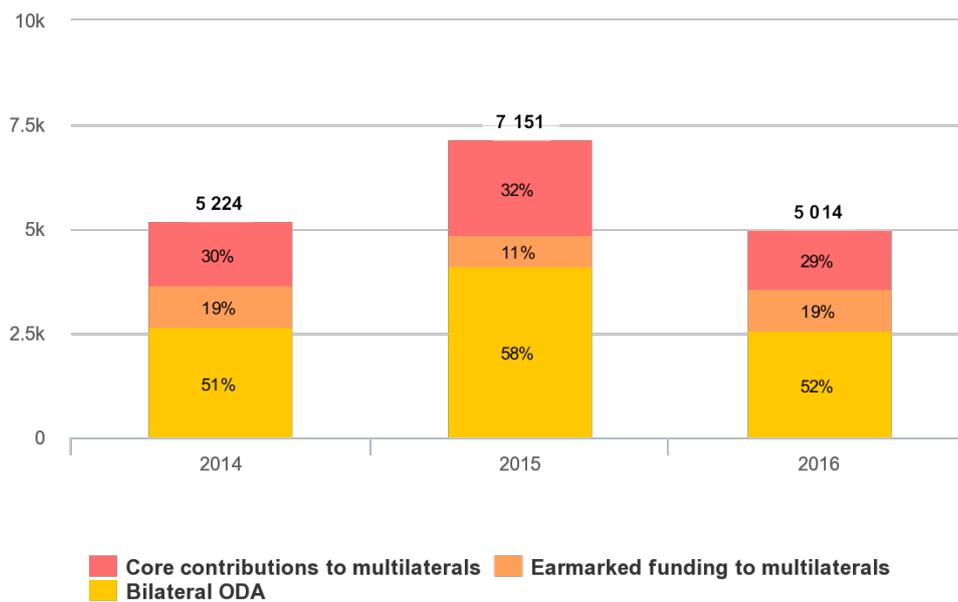
Based on strategic guidelines set by the Ministry of Foreign Affairs (MFA), Sida and Swedish embassies abroad develop strategies for countries, regions, and thematic areas. These are then further refined and approved by the government. The strategies usually cover time periods of three to seven years. Country strategies outline key sectors and provide indicative budgets for the strate-

gy 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

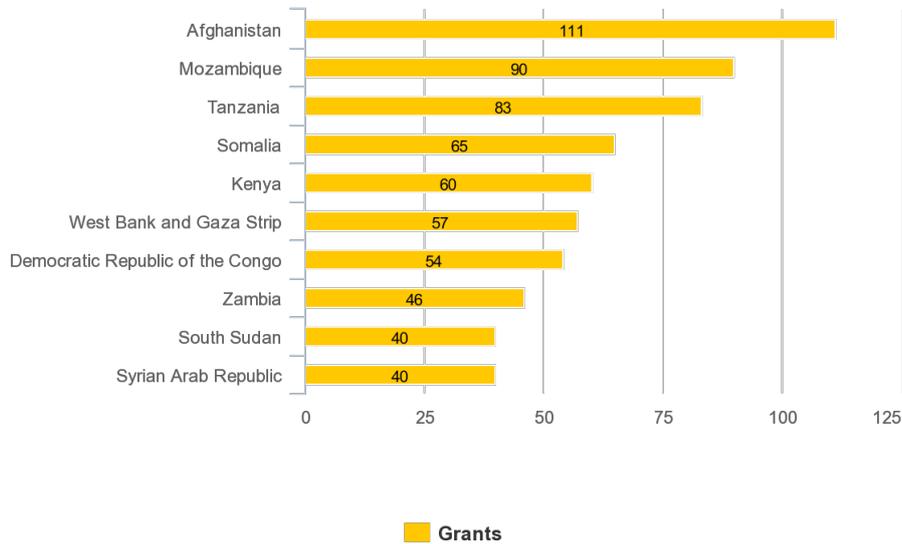
US\$ millions; in 2016 prices



OECD DAC 1 table. Gross disbursements; in 2016 prices.

### THE TOP 10 RECIPIENTS OF SWEDEN'S ODA

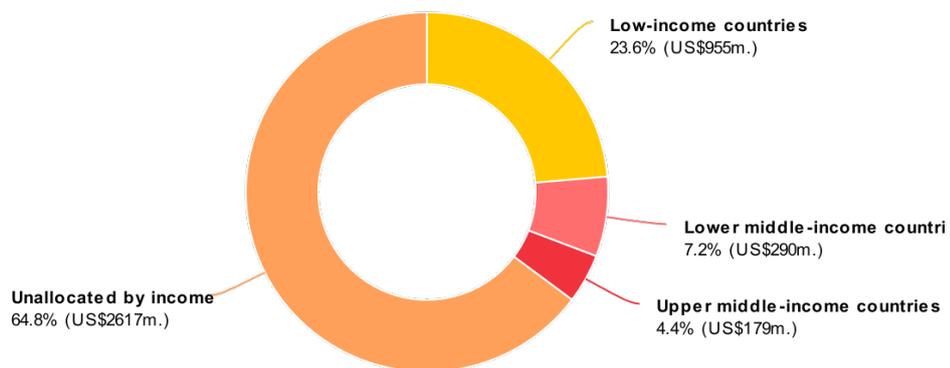
Average 2014-2016, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2016 prices.

### SWEDEN'S BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$4 billion



OECD CRS. Gross disbursements, in 2016 prices.