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Swedish development aid to multilateral organisations

– the Government's and Sida's work

Summary and recommendations

The Swedish National Audit Office (Swedish NAO) has audited whether the Government's, the Ministry for Foreign Affairs' and Sida's management of support to multilateral organisations is appropriately designed. The Swedish NAO's overall conclusion is that the Government's and the Ministry for Foreign Affairs' management of the multilateral support could be designed more appropriately, while Sida's management is mainly designed appropriately. In general, prerequisites also exist for coherent action between the Government and Sida in relation to the organisations. One exception is weaknesses in the document concerning conditions for coherent action between the Government and Sida.

Approximately half of Swedish development aid — SEK 27 billion annually (2019) — is given to multilateral organisations such as the UN and the World Bank. Part of the support is provided as core support, which is support directly to the central budget of a multilateral organisation. The Government Offices follow up on the core support and produce documents in preparation of Government decisions regarding the support. Sida also manages and decides on support to multilateral organisations. Sida's support is called multi-bi support and is earmarked for specific initiatives.

Support to multilateral organisations is associated with challenges. For example, the Swedish State must deal with how organisations' objectives relate to Swedish aid objectives, and to a large extent rely on the organisations' own control and follow-up systems. These challenges, and the large amount of support, are the reasons for this audit.

Audit findings

Unclear objectives in strategies makes it difficult to follow the link between objectives, core support and results.

The Government does not express itself in terms of objectives when describing which results the strategies that govern multilateral cooperation are to achieve. The Government and the Ministry for Foreign Affairs can demonstrate the relevance of core support more clearly if there is a stated objective to relate the support to in decisions. This would also facilitate the follow-up of the effectiveness of the support by the Government and the Ministry for Foreign Affairs.

The Ministry for Foreign Affairs does not carry out risk analyses and it is unclear how the weaknesses of the organisations affect the assessments of the Ministry for Foreign Affairs.

The Ministry for Foreign Affairs does not carry out documented risk analyses in the documentation relating to decisions on core support, nor has the Government requested any such risk analyses. The lack of risk analysis means that the Government may have overlooked significant risks when taking decisions. The Ministry for Foreign Affairs' documentation also focuses more on positive than negative aspects of the organisations and core support. The Ministry for Foreign Affairs assesses the organisations based on a large number of indicators but does not explain which indicators are of particular importance or how weaknesses affect the assessments.

The Ministry for Foreign Affairs does not systematically follow up organisational strategies or individual core support

The Ministry for Foreign Affairs continuously follows up individual core support, for example through board work. However, they do not document the follow-up systematically and do not make a comprehensive documented follow-up of individual core support or organisational strategies that govern the core support. This is despite the Government's request for follow-up of organisational strategies. The consequence is that it is not possible to follow the results of the organisations or the contribution of core support to Swedish development aid objectives.

Sida's multi-bi support management is **appropriately** designed

Sida's multi-bi support management is in the main appropriately designed. Sida justifies its actions in appraisal documents, carries out risk analyses and weighs risks into both decisions and follow-up. However, it is unclear how Sida arrives at its risk assessments and how lessons learned from follow-ups affect the design of new interventions.

In general, prerequisites for coherent action are in place, but it is not clear which interventions Sida is to consult with the Ministry for Foreign Affairs about

In general, prerequisites are in place for coherent action between the Government and Sida vis-a-vis the multilateral organisations. The dialogue between the Ministry for Foreign Affairs and Sida seems to work well in general. However, there is a risk of Sida failing to consult the Ministry for Foreign Affairs about certain relevant multi-bi interventions because of uncertainties in the existing consultation procedure. This may lead to Sida providing support that goes against the Government's priorities for an organisation.

There is no documented follow-up of the total Swedish support to each organisation

Neither the Ministry for Foreign Affairs nor Sida conduct any comprehensive documented follow-up of the core support and multi-bi support to the respective organisation. As a result, there is no overview of the Swedish support and the results of the advocacy regarding a particular organisation.

Increased effectiveness if the Ministry for Foreign Affairs and Sida collaborate on assessments of the organisations

The Ministry for Foreign Affairs and Sida may have different information needs, but it is ineffective that they produce separate, partly overlapping, assessments of multilateral organisations. Duplication of work can be avoided through cooperation on joint assessments. Cooperation also brings potential for quality improvement, as information and experiences from both the Ministry for Foreign Affairs and Sida can be included more easily.

The Swedish NAO's recommendations

To the Government and the Ministry for Foreign Affairs

By remedying the shortcomings in decisions and related documentation and follow-up, the Government and the Ministry for Foreign Affairs will have better evidence to determine whether core support to a specific organisation is the most effective way of achieving Swedish development aid policy objectives. The Swedish NAO therefore makes the following recommendations to the Government.

- Ensure that there are objectives for what the Government wants to achieve with strategies that govern Sweden's core support. To enable the strategies to be followed up, the objectives should be clear and possible to follow-up.

- Ensure that the Ministry for Foreign Affairs carries out a documented risk analysis before the Government takes decisions concerning core support and regularly follows up the risk analysis.
- Ensure that the Ministry for Foreign Affairs regularly conducts a documented comprehensive follow-up of the respective organisational strategy.
- Consider whether the Ministry for Foreign Affairs and Sida should conduct a comprehensive documented follow-up of Sweden's core support and multi-bi support to the respective organisation.

Against the same background, the Swedish NAO makes the following recommendations to the Ministry for Foreign Affairs:

- Follow up core support to each organisation and document this follow-up.
- Ensure that the organisation assessments focus on aspects specific to Swedish development policy objectives and priorities and clarify what is taken into consideration in organisation assessments.

To the Ministry for Foreign Affairs and Sida

The Swedish NAO has identified a possible effectiveness gain when it comes to producing decision guidance documents on core support and multi-bi support. The Ministry for Foreign Affairs and Sida produce separate assessments concerning cooperation with organisations at a central level. Joint assessments would reduce the risk of duplication of work and increase the potential to benefit from each other's knowledge and experience. The Swedish NAO therefore makes the following recommendations to the Ministry for Foreign Affairs and Sida:

- Consider developing joint assessments corresponding to organisation assessments and central assessments, which may include a risk analysis.

The Swedish NAO has also identified weaknesses in the conditions for coherent action between the Government and Sida. The Swedish NAO therefore makes the following recommendations to the Ministry for Foreign Affairs and Sida:

- Clarify the consultation procedure agreed between the Ministry for Foreign Affairs and Sida, so that it is clearer which multi-bi interventions Sida is to consult with the Ministry for Foreign Affairs about.