Guidelines for organisations seeking financial support from Sida

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The objective of Swedish development cooperation is to create preconditions for better living conditions for people living in poverty and under oppression. Sida provides financial support to projects, programmes and organisations *(herein-after contributions),* which contribute to the objective.

The Swedish International Development Cooperation Agency (Sida) takes a multi-dimensional approach to poverty, implying that poverty not only means a lack of resources, but also lack of power, voice, opportunities and choice, and/or human security. According to Sida's definition, a person living in poverty is resource-poor and poor in one or more of the other dimensions. Sida supports contributions that improve conditions for women, men, girls and boys living in poverty. The concept of "leave no one behind' in the 2030 Agenda for Sustainable Development is a central starting point for Sida's work, where Sida strives to focus on the those furthest behind. Sida also finances humanitarian aid with the objective to save lives and alleviate suffering for people affected by disasters.

This information outlines Sida's minimum requirements for cooperation partners and provides guidance on what to include when submitting a proposal to Sida. Sida values partnership and dialogue, and we are always open to engaging in dialogue and exchange with our cooperation partners. As one of Sida's cooperation partners, you are always welcome to raise your concerns and ask for clarification or guidance. Nevertheless, there still may be reasons Sida decides against initiating cooperation with interested organisations. For example, Sida might not have enough funding within relevant strategy appropriation, or it may be the case that Sida already has a sufficient number of cooperation partners to fulfil the objectives for a particular strategy. If your organisation intends to seek financial support from Sida, we therefore recommend that you contact Sida to receive guidance regarding opportunities for cooperation within relevant strategy before submitting a proposal. Please contact the relevant geographical or thematic unit at sida@sida.se or +46 (0)8 698 50 00 or the embassy in the country where the potential cooperation will take place. If your organisation has a focal point at Sida, it is recommended to make contact there. You can find more information on how and where Sida works at sida.se.

PRECONDITIONS FOR COOPERATION WITH SIDA

A number of preconditions must be met before Sida will initiate an assessment of a proposal. As mentioned above, even if these preconditions are met Sida cannot always initiate new partnerships or assess proposals. The preconditions include:

1. All Sida funded contributions must be relevant in relation to a humanitarian/development strategy issued by the Swedish government. More information can be found on sida.se, and the Strategy documents at Openaid
2. All partners seeking financial support from Sida must be aligned with Sida's Principal values for Sida and cooperation partners
3. The organisation must be a legal entity that is entitled to hold rights and obligations towards Sida, and the

partner(s) may not be listed in the EU Consolidated List of Sanctions.

4. If a proposed contribution includes parties that operate on the European Single Market, then EU State Aid Rules must be applied to ensure prevention of unfair competition between economic actors in Member States.
5. Sida has grounds to exclude financing for certain activities. Sida does not finance activities including: the production of weapons, illegal drugs, tobacco, extensive alcoholic beverages, commercial gambling, destruction of areas with high conservation or environmental value, the promotion of pornography, the promotion of racism or the promotion or production of antidemocratic media or promoting or production of chemicals not approved within the EU.
6. Sida only funds contributions considered to be aid in accordance with the OECD/DAC definition of aid.

Preconditions

- Relevance to strategy
- Alignment Sida Principle Values
- Not on EU Consolidated list of sanctions
- Activities not included in Sida list for exclusion
- OECD/DAC definition of aid

Following your initial contact with Sida, you might be asked to provide a concept note. The note will help Sida determine your proposal's relevance in relation to a strategy and clarify the added value of the contribution. Typically, the concept note should outline what you would like to achieve (i.e. objectives) and your vision of how this change will be made (i.e., theory of change or contribution logic). Please include a draft budget as well. Speak with your Sida contact if you have questions on content of the proposal.

SIDA REQUIREMENTS AND ASSESMENT OF PROPOSAL

If Sida has determined that a proposed contribution meets the above preconditions, then Sida will perform a comprehensive assessment of the contribution and the organisation's capacity to implement it. At this stage, Sida will need a proposal, a programme document, a strategy or a similar document (below called a proposal). The assessment phase provides Sida with an opportunity to learn more about the potential partner. It also provides the organisation with a clarification regarding Sida's requirements and expectations.

Formats are not stipulated and proposal templates not provided by Sida, as Sida promotes the utilisation of our partners' own systems and formats for planning and follow- up, in line with the principles of development effectiveness. Therefore, Sida expects its partners to use their own format, tools and methods, which are deemed to be the most appropriate for the planning, implementation and monitoring of their operations. However, the information below provides an overview of what Sida reviews in the assessment process and what should be included in proposals to Sida.

While the noted preconditions apply for all contributions, the assessment areas below are only utilised if they are considered relevant for the assessment of the contribution. The proposal does not need to contain detailed information relating to all Sida's assessment areas. Instead, reference can be made to your organisation's steering documents, such as policies, strategies, manuals and systems for their implementation. We recommend that you discuss the focus and structure of the proposals with your Sida contact before starting to draw up your proposal. Sida can for example provide information regarding what to include in the proposal and what information Sida already has on hand or can access in other ways.

ASSESSMENT AREAS

1. Results-based management

In proposals for projects/programmes, please present information regarding *who* the contribution is intended to reach, *what* objective/result it intends to achieve, and *how* these results will be achieved. In proposals for core support, focus on describing the overall objective of the organisation's work.

Sida does not require any specific format, terminology or methodology for results-based management (RBM). Organisations choose the tools and formats they find most appropriate.

The following questions may be used for guidance:

- *Who* is the direct and/or indirect target group of the contribution?
- *What* are the main problems that the contribution seeks to solve? What are the major causes of the problems that the contribution hopes to address? Are there any major causes that the contribution will not address?
- *What* is to be achieved? - Present objectives at different levels to illustrate the different steps that the change is intended to take, i.e., what in the result will be.
- *How* will the objectives be achieved? – Present the contribution's logic/theory of change, i.e. the causality or the thinking behind the change you hope to achieve. What will the results of your activities be, and what are the changes these results are intended to create in the future. This relationship can be described through an objectives' matrix or in a narrative text. The format is not important, but what is important is that the logic is illustrated in a manner that shows the causal relationships of the change you are hoping to achieve.
- *How* will the contribution be monitored and/or evaluated? – Present the method and routines for monitoring and evaluation of the contribution. Indicators and targets are typically used as part of a monitoring strategy, but Sida does not require this. What is important is to show that you have appropriate methods and routines in place to regularly answer the questions: "What have the activities led to?" and "What do we need to do differently?" once you start to implement the contribution.
- *How will the requested funds be used?* Explain the planned usage of funds and its distribution among objectives/ results and the rationale for the distribution. There should be a clear connection to the enclosed budget.

Sida needs information that will allow us to assess our partners' capacity to apply RBM, i.e. the partner's practices, tools and methods to monitor, evaluate, learn and adapt. This information does not need to be described in detail in the proposal. It is enough to inform Sida where we can find this information, e.g. in your handbooks, evaluations/RBM manuals etc.

Information on Sida's view and requirements on RBM is available here

If you would like support in the application of results-based management, you may consider asking your Sida contact to explore the possibilities of making a call-off from Sida's framework agreement on RBM.

2. Budget

The proposal should include a budget related to the proposed contribution, or the total organisational budget if the proposal is for core funding. The budget should be presented at a level of details that enables Sida to assess whether the budgeted activities are relevant and the cost level for the planned activities reasonable. It is often useful or necessary to attach notes to the budget explaining the content of various budget items.

Sida has no budget template and therefore no prescribed definition of a budget line. The general approach is that a potential partner should use its own budget template, however Sida generally expects that the partner presents the budget in a way so it can be connected with the planned outcomes/results. The budget should be presented in the same currency in which the costs will incur. The budget should reflect all costs associated with the implementation of the contribution and specify Sida's expected contribution.

The budget should also include information about the following, if relevant:

- What proportion of costs are incurred at HQ, regional or country office level , and/or by implementing partners?
- What types of goods and services will be procured, and what is the estimated total value of the planned procurement in the project?
- Amount to be forwarded to third parties.
- It is preferable that as much as possible, costs are presented in the budget as direct costs, but Sida allows some costs for administration, overhead/indirect costs. These costs should be justified and clarified in relation to organisation's total indirect costs. If a percentage of the total budget is allocated to indirect costs, a justification for this percentage should be provided. All cost types covered by general indirect cost items should always be outlined.

For more detailed guidelines, see 'Sida's checklist for Sida partners: Budget and financial reporting', which can be obtained from your Sida contact, or Focal Point.

3. Sida's development perspectives

Swedish development cooperation has two overarching perspectives; the poor people's perspective on development and the rights perspective. Sida also have three thematic perspectives: on environment and climate, gender equality and conflict. These five perspectives should be considered in all Sida supported contributions. Depending on the context and type of contribution, it may require different levels of consideration to the thematic perspectives.

Poor peoples' perspective on development

Sida should have enough information to be able to assess if and how the contribution has considered opportunities and constraints in relation to the situation, needs, conditions and priorities of women, men, girls and boys living in poverty. Sida also assesses whether the contribution builds on the perspectives of those living in poverty – their needs, their preconditions, their priorities. For further information see: Sida Poverty Toolbox

Sida supported humanitarian aid should be guided by the *Humanitarian Principles*. Proposals for humanitarian assistance should focus on providing a description of how a needs-based approach will be applied. It should describe the organisation's methodology for needs assessments, including how this relates to the participation of affected populations, and how it considers the different needs, vulnerabilities and capacities of the people in need.

The rights perspective (human rights-based approach)

Sida should have enough information to be able to assess which human rights need to be addressed and how the contribution will contribute to the rights-holder's ability to claim their human rights and the duty bearer's capacity to respect, protect and fulfil these rights. This includes an analysis of how the human rights principles of non-discrimination, participation, transparency and accountability are reflected in the design, implementation and monitoring of

the contribution. It should also include an analysis of the risk of possible negative effects on human rights, i.e., the risk of doing harm or reinforcing human rights violations. You can find further information at Human rights based approach at Sida.

The environment and climate perspective

Sida should have enough information to be able to assess the positive and negative impact of the contribution from an environmental/climate perspective. This includes an analysis of opportunities for positive contribution to environmentally-sustainable development; vulnerability to and risks caused by environmental changes (including climate change), which may affect the organisation's ability to achieve the contribution's objectives; potential negative effects (risk of doing harm) of the contribution in relation to the environment (including climate change). The analysis should also include a description of how the partner intends to manage opportunities, mitigate the identified risks and their capacity to do so.

You can find further information in the document Guidelines for a Simplified Environmental Assessment, and more extensive information in the Sida Green Tool Box . which supports the integration of an environmental and climate change perspective in all of the contributions Sida supports.

The gender equality perspective

Sida should have enough information to be able to assess if/how the contribution considers/contributes to creating opportunities for a positive impact on women's, men's, girl's and boy's equal rights, needs and opportunities; their power to influence their own lives and contribute to society; and to assess how gender equality will be promoted. This includes an analysis of how gender-related factors and risks in the context may affect the possibility to achieve the objectives of the contribution; the possible negative side effects of the contribution that might further reinforce gender inequality, discrimination and marginalization; and how these risks will be mitigated.

You can find further information in the document How Sida works with Gender Equality, and more extensive information in the Sida Gender Tool Box.

The conflict perspective

Sida should have enough information to be able to assess if/how the contribution will provide opportunities for a proactive positive impact on peace and conflict dynamics. This includes an analysis of the risks that the contribution will lead to unintended negative side effects (risk of doing harm) on peace and conflict dynamics in the context; how conflict-related factors and risks in the context may affect the possibility of achieving the objectives of the contribution; along with the risk mitigation measures that will be taken.

You can find further information in the document Conflict sensitivity in programme management and more extensive information in the Sida Peace and Conflict Toolbox.

4. Development effectiveness

Sida should have enough information to be able to assess if the contribution is aligned with the principles of development effectiveness (country ownership, a focus on results, inclusive partnerships and transparency and mutual accountability). This includes the cooperation partner's own objectives, priorities and systems, but also:

- For government actors: a description of how the country's own systems in terms of planning, budgeting, financial management and monitoring will be utilised when implementing the contribution. As well as a brief

description of the level of consultation with CSOs, private sector and other relevant actors.

- For national/local NGOs or local private companies: a description of the coordination and harmonisation with other relevant actors, if appropriate.
- For multilateral actors, transnational corporations or INGOs: a description of how the contribution is aligned with the organisation's own corporate mandate and strategies, and with relevant partners (e.g., the State) and other actors in the development sector. If relevant, describe align with the UN Sustainable Development Cooperation Framework (UN Cooperation Framework 'UNCF', previously called UNDAF).
- With regards to contributions related to humanitarian assistance: confirm that the project/programme is part of the UN led coordination system, and included in the participation of the Humanitarian Response Plan, when such exists.

You can learn more about development effectiveness by reading the Paris Declaration (2005), Accra Agenda (2008) Busan Partnership (2011) and the New Deal and Nairobi Outcome Document (2016).

5. Governance and Internal Control

Sida will assess the organisation's capacity to ensure adequate internal control. To do this, Sida should have enough information to be able to assess the organisation's working procedures; management structure; division of responsibilities and administrative system, which regulates the work and responsibilities of the organisation; its board and staff. Sida should also have enough information to be able to assess how the contribution will be managed and organised. Please include the following areas:

5.1 Financial Management

Sida should have access to the organisation's office manual, or enough information to be able to assess the organisation's rules and regulations for financial management. Sida need access to information on:

- The organisation's accounting system, including if the accounting software allows for project accounting and tracing of costs.
- Lines of reporting and accountability regarding financial matters, including routines for separation of duties.
- A description of how budgets are prepared, approved and monitored, including the organisation's capacity to ensure cost efficiency, e.g., that costs are reasonable in relation to what the contribution intends to achieve.
- If procurement of goods and services are included in the budget, then the organisation should ensure that Sida has information on the organisation's procurement regulations.
- Routines to assure compliance with agreement conditions such as reporting requirements, budget deviations and compliance with clauses on eligible costs.

5.2 Audit

Ensure that Sida has access to the organisation's two most recent audit reports, including management letters and/or recent review of the internal control system. Ensure that Sida has access to the organisation's audit manual or, alternatively, a description of the organisation's procedures/terms of reference for an external audit, including information on the organisation's process to ensure that audit recommendations in the management letter are implemented; as well as a description of roles and responsibilities for follow-up of audits. We wish to receive the associated management responses and action plans. In addition, Sida needs to know how long the

organisation has used the present auditor since, according to Sida rules, an organisation should not use the same auditor for more than seven consecutive years. If the organisation has an internal audit function, then please ensure that Sida has information on how it operates, including staffing and competencies.

For bilateral and multilateral partners, special audit regulations apply. Talk to your Sida contact for instructions regarding what information Sida will need.

5.3 Third parties

If the programme intends to forward funds to third parties, then Sida will need to assess the partner organisation's routines for assessing and following-up on third parties (in terms of implementation, monitoring and evaluation, as well as financial management, audits and procurement). To do this, Sida should have enough information to be able to assess:

- The process for selecting third parties.
- The system for follow-up of third parties, including the third parties' monitoring and evaluation systems.
- The system for assessment and follow-up on third parties' financial management capacity and reporting.
- The process and requirements for auditing third parties.
- If relevant, requirements and guidelines related to procurement undertaken by third parties.

6. Anti-corruption

Preventing and combating corruption constitute an essential part of Sida's work. Sida regards corruption both as a risk that funds will be misused, and as a key obstacle to development. Sida defines corruption as the abuse of trust, power or position for improper gain. Sida assesses all partner organisations' capacity to prevent, detect, mitigate and act on any suspicion of corruption.

Ensure that Sida has access to the organisation's anti-corruption policy/ strategy, ethical/integrity guidelines or the equivalent, and describe how these policies have been implemented, including how they are made known to staff, stakeholders, third parties and beneficiaries. Sida shall be able to assess the organisation's routines to assess, detect and act on corruption.

The proposal should include a brief analysis/assessment of the main risks and forms of corruption and how these might have a negative effect on the implementation of and expected results of the contribution. To mitigate the risks and negative effects of corruption, the proposal should include activities or aspects that promote anti-corruption, such as integrity, transparency, accountability, efficiency or impartiality.

7. Risk Management

The proposal should include information about the cooperation partner's risk management process. Risk is commonly defined as a future uncertainty that matters for the expected results. Sida needs to be able to make informed decisions based on the known risks in the proposal. A good understanding of the relevant risks inherent in the contribution is necessary so that risks may be monitored and avoided, or suitable risk mitigation measures can be found, as this increases the likelihood that the contribution will achieve its intended results. Sida will assess the partner's capacity in relation to risk management, as well as the risks identified by the partner. In addition, Sida can identify other risks with the projects that can be accepted or mitigated by suitable measures. Sida does not require that the partner uses a specific tool or template when working with risk management.

The cooperation partner may use the following questions as guidelines:

- What risks has the cooperation partner identified in the contribution and what risk mitigation measures are planned to manage these risks? Risks could be any type of risks that the partner finds relevant to the project – financial, reputational, relating to objectives, legal, political, security risks/harm to individuals, enhancing conflicts, corruption risks etc. Sida may support projects even if risks are evaluated to be high, when we assess that the opportunities presented by achieving the intended results outweigh the risks.
- How does the partner actively work with risk management within the proposal and in the implementation of the project - what processes do you use and how high is your appetite for risk?
- How is HQ following up with country offices and implementing partners in relation to risk?

8. Collaboration with private sector

If the proposed contribution involves collaboration with the private sector then Sida will need to understand the structure of the collaboration and the different roles and responsibilities of the parties involved. Further, Sida will need an outline of whether the contribution plans to mobilise financial and/or non-financial resources from the private sector and if/how it will promote sustainable and inclusive business models.

9. Other information

Ensure that Sida has access to or information regarding:

- Whether the organisation has a Code of Conduct and/or ethical guidelines.
- Staff policy or information on recruitment and management of staff.
- Organisational or thematic strategies, if relevant.