

# SMC's Guidelines for Development Cooperation Grants

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# 1. Introduction

SMC's Guidelines for Development Cooperation Grants are intended for member organisations applying for grants under the Swedish Government's appropriation item: *Support via Swedish civil society organisations*. The purpose of the guidelines is to facilitate cooperation between the SMC secretariat and the member organisations by describing the criteria for forwarding of funds, and what applications and reports are to contain. The SMC Board of Directors has approved the guidelines and they apply until further notice.

While these guidelines provide guidance, there are contractual rules for grants which are found in a separate annex to the grant agreements between SMC and each member organisation. All of the rules to be applied in the next part of the process are found in the [Form for Agreement between Swedish Member Organisation and Cooperating Partner](#). It is the responsibility of the member organisation to ensure that any additions to original agreements between SMC and the member organisation – where the addition is relevant to/impacts the agreement in the next part of the process – are also applied (in additional agreements between the member organisation and its cooperating partner).

## 2. Background

### Rules for SMC's forwarding of funds

SMC, as one of Sida's strategic partner organisations (SPOs), is tasked with contributing to strengthening the capacity of civil society actors in developing countries by forwarding public funding to support its member organisations' development cooperation interventions.

Our activities are

- governed by the Swedish Government's [Strategy for support via Swedish civil society organisations for the period 2016–2022](#)
- guided by [Sida's Guidelines for cooperation with strategic partner organisations](#)

Our work is also guided by

- our [Value Foundation](#)
- our Strategic Focus
- our policies
- our specific guidelines<sup>1</sup>

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<sup>1</sup> At this time (2022): SMC guidelines for dedicated funding for environment and climate interventions 2022-2026.

Other important frameworks that are relevant to our work are:

- [the 2030 Agenda for Sustainable Development](#) – with its 17 Sustainable Development Goals
- [the Paris Agreement](#) – global climate agreement
- [the Sendai Framework](#) for disaster risk reduction
- [the Istanbul Principles](#) – on development effectiveness
- [DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian assistance](#)

We also work according to [the four principles of effective development cooperation](#) which guides Sweden's international development cooperation:

- partner countries set their own priorities
- development programmes must be able to demonstrate long-term results
- inclusive partnerships
- development cooperation characterised by transparency and mutual accountability

The following perspectives are to be present throughout our operations and programmes:

- [human rights perspective](#), and the human rights-based approach
- [poor people's perspectives on development](#)
- environment and climate
- gender equality
- religious literacy
- conflict sensitivity

SMC provide funding to civil society actors who strengthen the human rights of women, men, girls, and boys living in poverty<sup>2</sup> and/or in vulnerability. All interventions (core support, projects, and programmes) supported by SMC must apply principles of aid and development effectiveness<sup>3</sup> and be based on local ownership. Ensuring local ownership involves, among other things, the local partners defining their priorities and taking responsibility for the way in which their interventions is implemented and how the grant is managed. It includes

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<sup>2</sup> SMC has a multidimensional view of poverty: "This means that poverty encompasses not only a shortage of material assets but also a lack of power and influence over one's own situation, choices and safety, and over respect for human rights (...). Poverty is rarely caused by one single problem but is the combined result of the deficiencies and limitations experienced by people who have fallen into poverty. Poverty is multidimensional. The deficiencies are founded in an inequitable and gender unequal distribution of power, resources and opportunities." (Source: [Policy framework for Swedish development cooperation and humanitarian assistance](#)).

<sup>3</sup> CONCORD describes the difference between the terms in the following way (SMC's translation): "Aid effectiveness means effectively coordinated delivery and reporting of aid, while development effectiveness is also about the conditions that are necessary for aid to achieve the best possible outcomes for the recipients. It is about local ownership, a focus on outcomes for people living in poverty, transparency and the ability to demand accountability, and about good partnerships with all actors involved." (Source: <https://concord.se/vara-fragor/eus-och-sveriges-bistand/mer-om-fragan>)

facilitating locally owned and run development cooperation interventions where the actual rights-holders have ownership. To this end, SMC also adheres to the [Core Humanitarian Standard](#) which sets out nine commitments to rights-holders.

## Who can apply for a grant?

Only SMC's member organisations may apply for funding from SMC for long-term development cooperation. To apply, a member organisation is required to have one or more [cooperating partners](#) with the capacity to implement interventions in partnership countries (see also under [Application](#)).

The member organisation is to:

- have a democratic approach, popular support and documented international development cooperation activities for at least five years (which is one of the criteria for membership according to SMC's by-laws)
- be a non-profit entity
- have gone through an organisational assessment in which SMC determines whether the organisation has sufficient capacity to implement interventions in line with the funding level applied for
- base its work on a human rights perspective

Our assessment is based on four organisational key capacities: to be, to relate, to organise and to act. The assessment includes an evaluation of whether the organisation has systems to manage the grant and to work through a human rights-based approach. It also involves examining how the organisation integrates perspectives of gender equality, environment and climate, religious literacy and conflict sensitivity into its work. Member organisations must not necessarily have everything in place at the start of a development intervention, but they must be willing to work on strengthening the capacity of their organisation.

## Cooperating partner

A formal cooperating partner is an actor with which the member organisation signs a contractual agreement to carry out a development intervention using a grant from SMC. A formal cooperating partner is often a national or local organisation.

SMC may, however, also approve grants involving [informal actors](#) such as networks, social movements and organisations that are being formed. Member organisations are encouraged to have an early discussion with SMC's secretariat about which actors may be relevant cooperating partners. Since informal actors are not legal entities, it is not possible to enter into a legal agreement with them. It is therefore important for the cooperation structure to be clear to all those involved. For this reason, it is useful to instead prepare a memorandum of understanding for cooperation (an arrangement that will not involve the transfer of financial support if entered into with an informal actor).

In order for us to approve development interventions (core/program/project funding), the formal cooperating partner must meet the following criteria:

- be a civil society actor with a non-profit or cooperative focus
- be democratically organised, inclusive and operate based on democratic values and transparency. In specific cases we may approve support to partners who we do not consider to be sufficiently democratically organised if there is a plan in place to strengthen the democratic culture within the organisation
- be considered legitimate by their target groups and with respect to the issues the organisation is focusing on
- promote social development adhering to democratic principles, and base their work on the equal value and rights of all people
- have conducted documented relevant operations/activities for at least one year
- be able to take responsibility for implementing the intervention based on documented experience and based on its own administrative, financial and personnel/volunteer capacity
- comply with laws and regulations for secure processing of personal data

Normally an established partnership relationship exists before a grant through SMC can be approved. However, we may also support new partnerships. In such cases capacity support must be based on an organisational and capacity assessment by the member organisation of its cooperating partner/s, including a risk assessment and risk management plan to address organisational issues. The member organisation is also required to analyse how the SMC grant may impact the partner organisation (in terms of, for example, power structure, organisational structure, and identity).

In order to support a civil society actor that is at the formation stage, or an informal actor, the member organisation must be able to verify that the actor adheres to democratic principles and has a non-profit or cooperative focus. In these cases, criteria above will be discussed, and SMC's secretariat will determine whether the actor in question is a relevant and qualified partner. The member organisation is to conduct an organisational assessment to define and analyse any risks associated with the partnership and include a description of how risk will be shared. The division of responsibility between the member organisation and its partner is to be based on this analysis. Financial grants can only be disbursed to a legal entity. If no such entity exists, the grant may be administered by another local organisation, or, in exceptional cases, directly by the member organisation.

SMC looks favourably upon cooperation between a formal and qualified partner and an informal actor where the cooperating partner's strength as an established actor and the informal actor's ability to tap into relevant tendencies and trends can support rights-based development cooperation. This is especially important in situations where democracy is restricted or shrinking. In these cases as well,

the formal, legal responsibility is specified in the agreement. Here it may be even more important to analyse how the partnership will impact relationships and power structures among the cooperating actors.

## Interventions supported by SMC

SMC may approve grants for:

- long-term development interventions
- interventions within the framework of SMC's dedicated funding for environment and climate interventions 2022-2026<sup>4</sup>
- an organisation's own contribution to interventions funded by the European Commission (although this is outside SMC's regular grant forwarding mandate; the specific terms for this therefore need to be discussed with SMC secretariat's focal point for the member organisation).

SMC uses the OECD–DAC classification of countries receiving development assistance and thus forwards grants to countries that are considered the least developed, or that are low, lower or upper middle-income countries. We do, however, require a special justification to grant funding to development interventions in upper middle-income countries.

## Types of financial support

SMC's support is always provided based on an organisational perspective - the support should strengthen civil society actors based on their own capacity and identity, while also being as aid and development effective as possible. The provision of funds and capacity support takes place in two steps: in the cooperation between SMC and its member organisations, and the partnership between the member organisation and its cooperating partner/s.

In the first of these steps – cooperation between SMC and the member organisation – we offer the following types of support:

- organisational [programme support](#) which provides overall funding and support for the member organisation's work within the appropriation
- thematic or geographic [programme support](#)
- [project support](#)

SMC encourages member organisations to primarily apply for programme support. If the member organisation wishes to apply for project support, a special justification is required for doing so.

In the second step of the process – cooperation between the member organisation and its partner/s – we provide the following types of support:

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<sup>4</sup> SMC guidelines for dedicated funding for environment and climate interventions 2022-2026.

- [core support](#) (unearmarked funding for a partner's general strategic plan and operation)
- [programme support](#) (various types, thematic or geographic, which may include more than one partner)
- [project support](#)
- In exceptional cases, support without contractual forwarding of grants; in this case the other party is, however, not considered a formal party to the agreement

The actors decide in formal agreements on the way in which support is to be structured. There is, in other words, no uniform support structure for all development cooperation interventions; instead, it can be designed in different ways depending on the needs and capacity of the cooperating partner. SMC encourages member organisations to have a dialogue early on with SMC on relevant types of support. Regardless of the type of support, it is important to coordinate funding efforts with other donors.

Core support for cooperating partners should always be considered first, followed by programme support and finally project support. If project support is chosen, a special justification is required.

### Core support

SMC has a specific [guide for core support management](#), including instructions to support organisations wishing to apply for core support for their partner/s. Core support to a cooperating partner requires the member organisation to assess its cooperating partner's entire organisational structure and to what extent it is aligned with the type of civil society funding forwarded by SMC. This also requires an assessment of the organisation's systems for internal governance and control, etc. For actors whose activities include components that are outside the framework for civil society funding, partial core support may be an option.

## 3. Development cooperation goals

Based on SMC's values we have produced the following overall goal for development cooperation:

***Strong civil society actors in partner countries that freely work to promote a sustainable, just, equal, and democratic society in which people are empowered to influence their living conditions and where human rights are respected, protected, and fulfilled.***

SMC has three programme goals when it forwards funds:

1. *Organisations and social movements in civil society are committed change agents with the legitimacy and capacity to – by themselves and in cooperation with others – demand and promote human rights.*

2. *Duty-bearers respect, protect and fulfil human rights, ensuring that the democratic space is open, and guaranteeing the civil society ability to influence.*
3. *Rights-holders are empowered to – by themselves and in cooperation with others – claim their rights and change their living conditions.*

We use these three programme goals as a starting point in evaluating the relevance of interventions in relation to SMC's overall goal for our development cooperation, and when compiling and aggregating outcomes. It is, however, important for each member organisation and cooperating partner to have its own goals, and that intervention-specific goals are in line with the cooperating partner's defined needs in planning and monitoring of interventions and activities.

To supplement these goals, we have the following internal targets for our entire grant forwarding portfolio of

- increasing the percentage of core support
- increasing the percentage of interventions focused on the environment and climate
- improving the inclusion of religious literacy, including the freedom of religion and belief perspective

Based on this, we welcome applications for interventions linked to above themes. As part of this, from the beginning of 2022, SMC will also allocate a portion of the funds it forwards for a dedicated funding for environment and climate interventions, including initiatives aimed at preserving biodiversity. For all interventions approved for a grant we also require a brief environmental assessment as well as at least one goal (at objective, outcome, or output level) focused on environmental improvement and/or a more stable climate and/or biodiversity. This goal may also be linked to increased competency and capacity within an organisation and/or target group in order to contribute to improvement in the environment, climate and biodiversity thematic areas. When core support is provided, a dialogue between SMC and the member organisation is needed on how to apply this requirement.

## 4. Application and reporting

This chapter describes the assessment criteria that SMC's secretariat uses when reviewing member organisation applications and reporting and assessing the quality of specific development interventions. This includes the criteria we apply for member organisations and their cooperating partners, and for their partnership. We also describe specific principles for and limits on certain types of costs. In addition to the criteria described here, SMC has produced specific guidelines for various types of interventions, for example guidelines for dedicated



funding for environment and climate interventions. <sup>5</sup>. We also have a number of policies for key areas that describe SMC's approach to the various perspectives. They include policies for a human rights perspective, environment and climate, gender equality and conflict sensitivity.

#### Kindly note

Application and reporting related to **core support** is to be designed in accordance with [SMC's guide for core support management](#). This publication will be updated as SMC increases its knowledge of this support modality, whereupon also this guide will be updated.

Member organisations interested in applying for this form of support is therefore encouraged to initiate an early dialogue with the organisation's focal point at the SMC secretariat.

Below guidelines for application and reporting thus primarily concerns programs and projects. Note, however, the specific section on "Annual financial report and audit in the case of core support" which applies specifically to the core support modality.

## Guidelines for application

This section specifies which information SMC's secretariat needs in order to analyse and evaluate applications from cooperating partners and member organisations. We initiate a dialogue with the member organisation at the beginning of the year and provide an indication of the amount of funding for the forthcoming application. The amount is based on the member organisation's own request and available funds, and SMC secretariat's evaluation of the member organisation and cooperating partners, including the relevance, quality and outcomes of past SMC-supported interventions.

A first concept note should be uploaded in the Portal during the spring. SMC assesses the Concept Note and assigns intervention number. First version of the complete application no later than the 31<sup>st</sup> of May unless otherwise agreed. SMC's secretariat encourages a dialogue on the application before it is submitted.

First version of the application is to contain:

- a signed written/narrative application

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<sup>5</sup> SMC's guidelines for dedicated funding for environment and climate operations, 2022-2026

- a signed summarised budget (uploaded directly to IHS, signed and submitted to SMC)
- a detailed budget
- basic data about cooperating partners (Organisational data sheet or equivalent)
- the member organisation's evaluation of the cooperating partner/s (for programme support these annexes may instead consist of a description of the system for evaluating cooperating partners)
- risk assessment and risk management (both for risks associated with implementing the intervention, and risk for the local population/rights-holders in the specific context)
- a brief environmental assessment for the intervention; this assessment is to be based on how the intervention impacts the surrounding environment and climate, and in which way it can provide improvements from an environmental and climate perspective; the analysis may also involve identifying capacity strengthening needs within the thematic area
- job descriptions and wage policy or similar for all positions budgeted for

### The written/narrative application

The application submitted to SMC – regardless of the type of support being applied for – must contain information that enables us to evaluate the application.

For **core support** applications, please refer to SMC's guide for core support.

For applications for **programme and project support**, SMC encourages member organisations and cooperating partners to use their own templates. Feel free to discuss in advance with SMC's secretariat what these templates are to contain in order for the secretariat to be able to assess the proposed intervention. SMC's secretariat has also produced an application template that can be used if needed. The template contains useful guidance on writing the application in order to, for example, facilitate relevant analysis of systems/contexts and the development intervention strategy.

SMC follows Sida's guidelines for applications for **support for your organisation's own contribution for interventions approved by the European Commission**. A member organisation may apply for a grant of up to 90 percent of the organisation's own contribution as required by the EU, and the amount may not be below SEK 500,000. The details of the application can be discussed further with the member organisation's focal point at SMC's secretariat.

## Criteria for SMC's assessment

**Relevance:** The intervention must be relevant to SMC's current programme goals and the context in question, and to one or more of the 17 Global Sustainable Development Goals (Agenda 2030). The intervention must be based on local ownership, i.e. the cooperating partner defines the priorities and, to the extent possible, is responsible for managing the grant and carrying out activities. The grants we provide go to civil society actors who support the human rights of women, men, girls and boys who are living in poverty<sup>6</sup> and/or vulnerability.

**Partnership:** The intervention must be in line with the cooperating partner's and member organisation's identities, knowledges, roles and focus areas. The relationship between them is to be one of active, mutual and long-term cooperation. The value added by both parties to the partnership must be evident.

**Human rights perspective:** The intervention must be characterised by a human rights perspective and be based on the defined needs and priorities of the target groups. The rights-based principles of participation, accountability, non-discrimination and transparency together with capacity development and a reference to the human right framework (PLANET) must be the foundation for all approaches, analysis, goals and methods.

**Aid and development effectiveness:** The application is to show how principles for aid and development effectiveness are applied in the interventions, which involves:

- **Respect for local ownership:** There must be clear ownership by the cooperating partner of its activities. The intervention is to be based on the cooperating partner's priorities and strategic plans. If the cooperating partner will not be the actor responsible for managing the grant and implementing the intervention, special justification is required.<sup>7</sup>
- **Adaptation:** The type of partnership is to be adapted to and support the cooperating partner's own capacity and planning, monitoring and reporting systems. Attempts should be made to sign multi-year agreements and to

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<sup>6</sup> SMC has a multidimensional view of poverty: "This means that poverty encompasses not only a shortage of material assets but also a lack of power and influence over one's own situation, choices and safety, and over respect for human rights (...). Poverty is rarely caused by one single problem but is the combined result of the deficiencies and limitations experienced by people who have fallen into poverty. Poverty is multidimensional. The deficiencies are founded in an inequitable and gender unequal distribution of power, resources and opportunities." (Source: [Policy framework for Swedish development cooperation and humanitarian assistance](#))

<sup>7</sup> This is to contain an analysis of why it is of strategic value to choose a model where the local partner is not responsible for managing the grant (or part of the intervention funding) and implementing activities aimed at achieving the intervention's goals and outcomes, and what value this model adds compared with other options. It may be the case that local civil society actors are considered to be far too restricted due to shrinking civic space for action, or that grant management involves too high a risk for the local cooperating partner, that the capacity of the local partner is not considered sufficient to manage the intervention and grant, and that it is not considered possible to do this via other local cooperating partners. The analysis should also contain a plan for how local partners shall be able to handle funds in the future.

adapt the length of agreements to the cooperating partner's own planning cycle.

- **Adaptation:** The type of partnership is to be adapted to and support the cooperating partner's own capacity and planning, monitoring and reporting systems. As far as possible multi-year agreements should be signed and to adapt the length of agreements to the cooperating partner's own planning cycle should be sought. During the agreement period 2022-2026, however, the agreement periods with member organisations and cooperating partner also need to be adapted to SMC's agreement with Sida.
- **Flexibility** to adapt the partnership arrangement if, for example, the context changes.
- **Type of funding:** Core support should always be considered first, followed by programme support and finally project support. If project support is chosen, special justification is required.
- **Harmonisation and coordination:** Member organisations are to work in a harmonised and coordinated way with other donors to reduce the administrative burden and demands on the cooperating partner in terms of, for example, planning, reporting, audits, evaluation, follow-up visits and other routines.
- **Development effectiveness** is to be a fundamental aspect of the partnership, which means maintaining a strong focus on development that is as sound and sustainable as possible based on human rights and social justice.

**System/context analysis:** The application is to contain a compiled analysis of relevant issues and actors in the context in question. The purpose of this analysis is to determine how the intervention will help to strengthen civil society in the specific context, and which actors it is appropriate to involve and work with on planning and implementing the intervention. The system/context analysis is to explain how the cooperating partner and these actors have together produced the strategy of the development intervention. It must include the perspectives of environment and climate, gender equality, conflict sensitivity, anticorruption and religious literacy<sup>8</sup> including freedom of religion and belief and how these perspectives affect each other. The application must show how the analysis has informed the planning process and the project structure, how the intervention will help to reinforce any positive effects in these areas and how any negative effects will be minimised.

Requirements within the development perspectives: In order to clarify the requirements regarding the different perspectives to be included in the

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<sup>8</sup> Sida has developed various [Toolboxes](#) containing tools for a human rights-based approach, the environment and climate, gender equality, conflict sensitivity and multidimensional poverty. There is a specific guide that member organisations can use for support with respect to the freedom of religion and belief perspective.

system/context analysis as well as in the planning and design of the intervention SMC has produced so called minimum requirements and desirable level. In a first step, SMC has defined these for the gender equality perspective. The minimum requirements relate to SDG 5 in Agenda 2030, the Istanbul principle on development effectiveness within civil society, Sida's guidelines for the CSO-grant and SMC policy on gender equality. The minimum requirements are described below.

### Key concepts for a gender transformative approach

**Gender negative** – activities that aggravate or reinforce gender inequalities and harmful social norms

**Gender blind** – no attention to gender, fail to acknowledge the different needs of women, men, girls and boys

**Gender numbered** – focus on the number (50/50) of women and men

**Gender responsive** – addresses different needs of women, men, girls and boys, addresses equitable distribution of benefits, resources, status, rights, but does not address the root causes of inequalities

**Gender transformative** – contributes to change of social norms, cultural values, power structures, and the roots of gender inequalities and discrimination

Financial support	Minimum requirements
SP project	The project must be based on a project- and context specific gender analysis*. This does not need to be attached to the application, but the result framework and risk assessment must include relevant gender and equality aspects for the project and context. The application must show that there is a movement forward based on the lessons learned, i.e. improvements from previous project.
SP program	The program must be based on a project and context specific gender analysis*. This does not need to be attached to the application, but the program's results framework and risk assessment must include relevant gender and equality aspects. The application must show that there is a forward movement based on lessons learned, i.e. improvements from previous program or projects.
SP core support	The organisation must have a gender equality policy and the organisation's strategic plan must be based on a gender analysis relevant to the work of the organisation*. The organisations result framework and risk assessment must take include relevant gender and equality aspects. The documents in the application, such as strategy documents, annual workingplan, and relevant policies must show that there is a forward movement in the work of the organisation based on lessons learned, i.e. improvements from previous strategic period. If the organisation does not have a gender equality policy, the development of one must be included in the plan for capacity development in the near future.

SMC-MO program	SMC member organisation has good tools to assess the quality and capacity of its partners to carry out gender analysis and to use the results of the analysis in planning reporting. SMC member organisation has a regular dialogue with its collaborating partners on gender and equality issues such as social norms, cultural values, power structures and reasons for inequality and discrimination.
* A gender analysis highlights differences between and among women, men, girls and boys in terms of their relative distribution of resources, opportunities, limitations and power in a given context. By conducting a gender analysis, we can develop interventions that are more relevant, more effective and better suited to remedy gender-based inequalities and meet the needs of different population groups.	

**Planning of the intervention:** The intervention must have been preceded by an analysis of its target group(s) and a determination of which actors are relevant and should participate in the various parts of the intervention (planning, implementation, monitoring, evaluation and learning) to achieve good and lasting development outcomes. Within the intervention it is important to take into consideration diversity in the community to ensure that marginalised or disadvantaged groups/individuals are not excluded. The intervention should therefore be preceded by, or include plans for, baseline studies and gathering and using disaggregated data (gender, age, etc.).

**Intervention design:** The development intervention must:

- have clear and measurable outcomes, including at least one goal (at objective, outcome, or output level) of contributing to an improved environment, more stable climate and/or increased biological diversity. This goal may also be linked to increased competency and capacity within the organisation and/or target group, to contribute to improvements in the thematic areas of the environment, climate and biodiversity
- describe how the project methods and activities will lead to the anticipated outcomes/changes for the target group
- contain system analysis that includes e.g. context, actors, power structures and risks (shocks/stress factors/unexpected events affecting rights-holders in the local context)
- show how the intervention will contribute to SMC's overall goal and programme goals
- show how the intervention is designed to incorporate the perspectives of right-based approach, environment and climate, gender equality, conflict sensitivity, anti-corruption, religious literacy and freedom of religion and belief

**Implementability:** It must be possible to implement the intervention based on the organisation's capacity, resources, budget, time schedule, and responsibility

and role distribution. The intervention must have strategically selected methods and be cost-effective. The intervention must also have systems and routines in place to update the system/context, actor and risk analysis systematically and regularly. It must also have systems and routines in place to monitor, evaluate, learn from and report on the results of the intervention.

**Risk analysis:** The application is to contain relevant risk analysis that identifies both internal and external factors that may prevent or hinder the implementation of the intervention. This includes, (a) risk associated with the *partnership* between the member organisation and cooperating partner/s; (b) risk associated with *the specific context*, i.e. risk of shocks, stress factors and unexpected events that may impact communities/rights-holders; (c) risk associated with *the implementation of the intervention*, including both internal and external risk (often risks associated with the specific context as in (b) above). A plan must also be in place to mitigate and manage these risks.

**Framework for learning:** The intervention must have a framework for learning to determine how to learn from actions taken and the changes the actor is helping to bring about, and thereby create a foundation for adaptive and transformative management, i.e. enabling making adjustments as well more substantial changes based on lessons learnt. The framework should be described in the application and be adapted to the scope and complexity of the project in the areas it will affect. The framework should be reviewed regularly to ensure that it is realistic and applicable.

**Sustainability:** The application is to contain an analysis of how results achieved and the impact of actions taken will be sustainable in the long term, and whether work will continue after the intervention ends. There also needs to be a strategy to sustainably phase out the intervention. As there is always a risk that many of the development outcomes achieved will be wiped out by local shocks, stress or factors of uncertainty that may impact a community, all development interventions need to incorporate a clear ambition to support the efforts of member organisations, cooperating partners and local communities to achieve increased resilience in the face of such factors.

**Synergies with other appropriations:** If the member organisation receives funding for their activities within more than one of the appropriations through which SMC forwards funds (for example SMC's communication programme and the internship programme), the relationship and the synergies between these must be clear.

### Supplementary applications for ongoing development interventions

SMC may accept supplementary applications relating to ongoing interventions. In these cases, an assessment is made based on the relevance of the application, availability of funds to forward within the appropriation and the secretariat's practical capacity to process applications at the specific time.

## Projects and programmes at the intersection of humanitarian and development action

Integration of development cooperation, humanitarian assistance and peacebuilding need to be strengthened to achieve the global Sustainable Development Goals. Here, intensified cooperation with other relevant actors is also key.

A member organisation may apply for support from the development appropriation for activity at the intersection of development and humanitarian interventions. This is not, however, to be used in *humanitarian contexts* (i.e. areas or target groups covered by an UN-led joint humanitarian response.) Activities that Sida has defined as “at the border”/intersection include food security, livelihoods, education and dissemination of information relating to a crisis or disaster.

This may take place:

1. as an integrated part of the grant application;
2. when changes are made to activities under an ongoing agreement, where funds already granted need to be reallocated due to a sudden crisis or disaster.

In the case of (2) above, approval from SMC’s secretariat is required before reallocation takes place. The reallocation may relate to a temporary change in the project or program (or as long as the extraordinary situation is ongoing).

A member organisation wishing to reallocate funds under (2) above must submit the following information to SMC’s secretariat:

- a description of the member organisation’s and cooperating partner’s competency in the specific context
- a brief description of project activities
- a description of how the conflict perspective is integrated into the activities
- a very brief risk analysis (see the section on risk analysis under “Criteria for SMC’s evaluation” above)
- a plan for phasing out the support
- an estimated amount (in SEK) for the project budget agreed upon with SMC which is to be reallocated
- an account of whether, and in such a case how, the support will be coordinated with support from any other donors



According to Sida's guidelines, humanitarian assistance may not be funded from the development appropriation but is instead to come from the humanitarian appropriation.<sup>9</sup>

## Dedicated funding for environment and climate interventions 2022-2026

As a part of SMC's new strategy for 2022-2026, SMC wants to promote sustainable management of natural resources, biodiversity and adaptation to climate change. Therefore, SMC has a dedicated funding for these areas. The purpose of the dedicated funding is to contribute to a green transition and sustainable livelihood system, based on a resilience thinking. The goal is a broad impact regarding these issues as well as an increased learning within the network. SMC wants to promote initiatives with an emphasis on innovation, advocacy, networking, follow-up, learning and dissemination of knowledge. For more information, see SMC guidelines for dedicated funding for environment and climate interventions 2022-2026.

### Application: budget

The application is to contain an overall budget (so-called IHS budget first page) and a detailed budget for the entire development intervention, expressed in both the local currency/currencies and SEK. If other donors are providing funding for the intervention, the application is to clearly state what they are funding, or how much of the intervention they are funding (for example if programme support is provided). Costs need to be presented and specified in a way so that SMC's secretariat can assess them on an annual basis in relation to anticipated results, outcomes and activities. The exchange rate is to be indicated and it should not normally deviate more than 8 percent from the exchange rate on the date the secretariat assesses the budget in the memorandum presented to the SMC development committee for decision. In the case of highly volatile currencies, the budget may contain an average rate of exchange based on the currency's past performance. [SMC's budget template](#) provides an example of how to present this information. SMC's secretariat reviews the intervention's [cost-effectiveness](#) and determines whether the cost levels are reasonable. SMC's secretariat also makes an assessment of the amount of funding forwarded to cooperating partners, since SMC regards responsibility for grant management an aspect of local ownership. Costs included in the budget are to be presented in the following categories:

- the costs of implementing **cooperating partners**
- the costs of the **member organisation** (including regional and national offices)

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<sup>9</sup> The reason for this is that the type of assistance must be based on humanitarian needs and principles, comply with international standards and be incorporated in humanitarian coordination to minimise the risk of doing harm (see Sida's guidelines).

Any costs handled by the member organisation (including regional offices) but that directly support the cooperating partner's implementation of the intervention should preferably be separated to indicate the support that is reaching the cooperating partner. Examples of what these costs may be for example capacity development, audits that will benefit local partners, studies and the cost of implementing activities that for various reasons cannot be recognised in the cooperating partner's accounts. This allows costs to be included for activities implemented in cooperation with informal actors who are not themselves eligible to manage grants.

### **Implementing partner costs**

SMC approves grants for two types of partner costs:

- **Operating costs** that are directly related to development cooperation. This includes, for example, costs for activities, personnel and intervention audits.
- **Administrative costs** for processes that indirectly support intervention activities. This may include costs for accounting personnel, management, office materials, IT, rent, etc. It may also include the cost of producing a written/narrative and financial application and reports, including annual audits of cooperating partners' accounts.

If a partner wishes to apply for a standard grant for its administrative costs associated with the intervention, the application must indicate how the costs were calculated and what they include, and how the costs break down between interventions receiving funding from various sources. The costs can be presented in two different ways:

1. Specification of administrative costs, so that each cost can be assessed.
2. Total amount, indicating what is included and how the total was arrived at (for example if the total includes rent, water, telephony and is 10 percent of the organisation's total costs for the cost item). Here the basis for the breakdown of costs needs to be explained to show what the amount charged for each project/activity area was based on.

SMC looks favourably on contributing to interventions and organisations that are sustainable from an environmental and climate perspective. SMC may therefore accept relatively higher costs for certain types of costs if they, for example, can be linked to facilitating a partner's transition from fossil to renewable energy sources.

### **Member organisation costs (including regional and national offices)**

SMC may approve funds for the following member organisation costs:

- **Operating costs** that are directly related to development cooperation. This includes, for example, costs for activities, personnel and program/project audits.

Member organisations may apply to cover all or part of operating costs that are necessary to achieve the intervention goals. However, all costs must be justified because SMC's basic principle is that as much funding and mandate as possible should be assigned to the cooperating partner as a means of strengthening local ownership. We may approve grants provided that our assessment is that:

- the operating costs are reasonable in relation to the development intervention as a whole and its expected outcomes and results;
- it is strategic and appropriate for the operating costs not to be managed by the cooperating partner.

In addition to this, the member organisation receives a standard grant of eight percent of funding granted by Sida for administration of the intervention. The member organisation may therefore not apply for additional funding for administrative costs.

### Unapproved costs

SMC does not approve funds to cover the following costs:

- purchase or construction/preparation of buildings or land
- debt, and for projects also interest, including fees (debt service charges)
- provisions for losses or potential future debt/liabilities
- items funded through other agreements with SMC or another donor
- currency exchange losses
- credit provided to a third party
- costs for travel in business or first class
- sitting allowances for conference participants, or similar compensation for guest speakers or participating personnel or participants at workshops who already receive a salary
- costs not directly related to the project, such as severance pay for personnel
- the build-up of/provisions for reserves
- activities at the intersection of humanitarian and development interventions in areas or involving target groups that are supported by UN-led humanitarian responses

To receive funding for materials and capital goods (including vehicles and other capital-intensive equipment), the following applies:

- Capital goods are not to be the main focus or a goal of the intervention. The investment must be justified in the application in line with a human rights-based approach.
- Capital funding is assessed based on its relevance to achieving outcomes and maximising cost-effectiveness.
- The application is to show how the equipment will be used after the intervention ends, or if it will be sold. An agreement is to be signed between

the member organisation and its cooperating partner/s to provide clarity on ownership and continued use of equipment.

- The member organisation is to complete an organisational overview of support received and what other donors are providing.

There may be other guidelines regarding materials and capital goods within environment and climate interventions and interventions at the intersection of humanitarian and development interventions.

### **Own contribution**

Member organisations are required to contribute at least five percent of their own funds to their development intervention. Should the amount of their own contribution in the agreed budget exceed five percent, it is binding, i.e. the amount cannot be changed without a dialogue with SMC, and that SMC approves the changes. The agreement sets out the percentage of the organisation's own contribution in relation to the *actual costs incurred* and not in relation to the amount budgeted for.

A member organisation's own contribution is to consist of cash and cash equivalents (liquid funds) that have been raised in Sweden, for example in the form of sponsorship and donations from the public, organisations, churches and businesses. Funds raised also include membership fees, donations, bequests, lottery income, revenue from the sale of goods, and gift certificates. A member organisation's own contribution may not consist of other public grants (from Sweden or abroad). Nor is the value of funds raised or the organisation's own goods and services permitted to be part of a member organisation's own contribution. Revenue from the sale of goods and services and the value of the organisation's own work cannot go towards its own contribution either.

In certain cases it may be appropriate for a member organisation to adopt a higher percentage for its own contribution or contribute with other resources. This applies, for example, if the cost of capital goods is high or if the member organisation applies for funding to cover costs for a large percentage of its own personnel. If other donors are contributing to the intervention, SMC encourages sharing these costs with those donors.

### **Reporting guidelines**

Every year the member organisation is to submit a learning report (previously progress report) on projects funded by SMC. The learning report consists of a written/narrative report, a financial report and an audit report.

The final report is to be submitted when the intervention is concluded. The final report shall consist of a written final report and an audit report. The final report must be submitted no later than the 31<sup>st</sup> of May the year following the end of the activity, unless otherwise agreed upon.

SMC's secretariat and/or Sida have/has the right at any time to request additional information on development interventions. The member organisation is then obliged to produce the requested information in cooperation with its cooperating partners.

SMC's secretariat produces a written assessment of every report. If the secretariat does not approve the report, the secretariat will decide on any further action. The reporting must be approved before a payment can be done

## Narrative reports

### Annual learning report

For multi-year development interventions, the member organisation is to submit a learning report in writing no later than the last day of February each year, unless otherwise agreed. For a development intervention for more than four years an in-depth learning report should be submitted after year three – consisting of a report on the first three years of the intervention. If the intervention lasts for one year or less, only a final report is required.

At the time of the reporting the member organisation shall also submit achieved results in the Portal.

The report is to be structured in a way that facilitates comparisons with the application and its expected outcomes and risk analysis (including updated analysis), as well as other relevant annexes to it. Reports are to be based on SMC's template or an equivalent format that meets our reporting requirements. The report should not normally be more than six pages long. It should be signed by the authorized signatory within the member organisation and uploaded directly to SMC's project management system (IHS).

The member organisation is responsible for the learning report. The report is to be based on the member organisation's analysis of reports from cooperating partners, its own observations from visits and additional information collected during the reporting period. The report is to focus on lessons learnt during the year. Changes, outcomes and lessons learnt at the organisational level and any outcomes linked to past SMC-supported interventions are also to be included in the report. The report can be supplemented by video clips, audio clips, illustrations, etc.

A good way to prepare for the learning report may be for the member organisation and cooperating partner to arrange an annual workshop to increase mutual learning and identify important outcomes achieved during the year or as a consequence of past interventions.

The narrative part of the learning report **must** include:

- examples of important results that have been achieved during the reporting period, or signs of change related to the intervention's objectives. These can

be good or less good, planned or unplanned. (note to member organisation: the report to SMC must also include the member organisation's comments on the above results).

- examples of any other results within the partner's work that is of relevance to the intervention, including a reflection of previous SMC-supported interventions' contribution to the result.
- a description of other significant changes, for example in terms of context, cooperating partner or member organisation, and how this has affected the implementation of the intervention.
- a description of other changes in planned activities and budget during the reporting period, and lessons learned from this. Note that budget deviations (-/+ 10 % or 20 %), must be commented on/explained.
- information about the systematic work of updating the intervention's risk assessment - when were the last updates made and who participated?
- comments on SMC's dialogue questions and recommendations.

### **In-depth learningreport**

For a development intervention for more than four years an in-depth learning report should be submitted after year three – consisting of a report on the first three years of the intervention. The in-depth report shall, in addition to the above, also include:

- a description of how the prioritised perspectives from SMC's guidelines for development cooperation have been handled during the reporting period
- an assessment of how the intervention contributes to meeting the global sustainability goals
- an analysis of cost-effectiveness based on social, economic and environmental aspects

### **Core Support learning report**

For a Core Support intervention, a narrative learning report shall be submitted no later than the 15<sup>th</sup> of May, unless otherwise agreed. The report shall include:

- The annual report from the cooperating partner
- A narrative learning report from member organisation including:
  - Examples of important results, or signs of results, that have been achieved during the reporting period that relate to the cooperating partner's strategic plan and how it contributes to meeting SMC's goals with development cooperation
  - How relevant perspectives, such as gender equality, RBA, environment and climate, conflict sensitivity and religious literacy have been followed up during the year.
  - A description of the member organisations monitoring of the Core Support during the reporting period

- A brief description of how the collaboration worked and whether there have been any organisational changes during the year.
- Analysis and lessons learned from the work with Core Support
- Comments on SMC's dialogue questions

## Final report

For interventions starting during 2022 or later, a final report shall be submitted no later than 31<sup>st</sup> of May the year after activity ends, unless otherwise agreed. For interventions starting 2021 or earlier the final report can be submitted any time during the year, but no later than 12 months after the last date of disbursement from SMC's secretariat.

The final report is to be structured in a way that facilitates comparison with the application, its expected outcomes, risk analysis and other relevant annexes. The report can be based on SMC secretariat's template or an equivalent format that meets our requirements. The final report is to be signed by the member organisation's authorised signatory. The final report is to be uploaded directly to the Portal and a signed original of the report or one with a digital signature is to be sent to SMC's secretariat.

The member organisation is responsible for the final report. The final report is to focus on outcomes and lessons learnt. The report is to be based on the member organisation's analysis of reports from cooperating partners, its own observations from visits and additional information collected throughout the project period. Changes, results/outcomes and lessons learnt at the organisational level are also to be included in the report. The results are also to be submitted directly in the Portal. The final report can be supplemented by video clips, audio clips, illustrations, etc.

The final report **must** include:

- a description and analysis of results achieved, planned and unplanned, and a description of how implemented activities have contributed to these results.
- a description of the fulfilment of the intervention objectives, and an assessment of the internal and external factors that have affected the fulfilment of objectives (in a positive or negative way).
- the most important lessons learned from the implementation of the intervention, and any changes that have been implemented based on these lessons.
- a description of how rights-based work, gender equality, environment/climate, conflict sensitivity and religion have been integrated in the intervention and its results, and lessons learned from this.
- a description of the member organisation's added value for the implementation of the intervention, and lessons learned from this.
- a description and explanation of budget changes. Note that budget deviations (-/+ 10 % or 20 %), must be commented on/explained.

- a follow-up of the intervention's risk analysis and risk management.
- comments on SMC's dialogue questions and recommendations.

### **Core Support final report**

- The Cooperating Partner's final report from the strategic period together with implemented evaluations and management responses to these.
- A final report from member organisations including:
  - An analysis of the results achieved in relation to the strategic plan and an assessment of factors that affected the fulfilment of goals
  - An analysis of the most important lessons learnt from the implementation and any changes that have been implemented based on these
  - A description of how the right based approach in the intervention, gender equality, environment and climate, conflict sensitivity and religious literacy has influenced and permeated the intervention and its results as well as lessons learnt.
  - An analysis of how collaboration has worked, and lessons learned from member organisations monitoring of the intervention.
  - Comments on SMC's dialogue questions

### **Financial reporting**

#### **Annual financial report and final report**

A financial report is to be prepared annually and in connection with the preparation of the final report. The report is to provide information relating to the approved overall budget (attached to the agreement). The financial report is to be prepared in a format that enables a comparison between outcomes and the overall budget for the same period. The report should be based on SMC secretariat's template or an equivalent format. The financial section of learning and final report is to contain financial statements showing how much was spent during the period. This section is to be prepared in accordance with the terms of the agreement. The financial section of the learning report, which is to be submitted no later than the last day of February each year, may be based on preliminary outcomes.

The financial section of the annual report and the final report are to:

- contain a comparison between all actual costs for activities during the reporting period in question and the budgeted costs for the same period
- contain information on any unused SMC funds/grants, exchange rate gains and any accrued interest
- include all sources of funding for the project/programme; amounts that are not part of SMC's grant or the organisations' own contribution are recognised as other general funding
- state the grant received, both in the transfer currency and the equivalent amount in the local currency



- report the annual exchange rate gain/loss
- state which accounting principles were used (cash principle or accruals accounting) and any deviations from these accounting principles
- state the total costs per reporting period as well as cumulatively for the whole project period.

If the member organisation has any payroll costs, the notes should indicate which principle was used to allocate these costs.

### **Annual audit**

No later than 31 May each year originals of a financial yearly report and accounting documents signed by an auditor are to be submitted. For projects lasting several years, no separate financial report signed by an auditor for the last financial year is required since this is included in the financial final report for the whole project period.

### **Final audit**

In connection with the final year of the project a final audit is to be performed including a summary of all years. The final audit can be performed in conjunction with the annual audit or in connection with the preparation of the written/narrative final report. The audit report is to contain an assurance on whether the financial report was prepared in accordance with the organisation's accounting system and with the agreement between SMC and the member organisation. A management letter (ML) is to contain any observations made during the audit. It is also to contain an account of measures taken in response to previous audits and which measures have been taken to deal with reported shortcomings. A management response (MR) is to be produced by member organisation. The MR shall indicate the planned measures, the time frame for implementation of the measures as well as specification of the member organization function responsible for the implementation.

In certain cases, a member organisation may obtain approval from SMC's secretariat to perform an audit of a period longer than 12 months, for example if a project started late in the calendar year or was granted a brief extension. A separate agreement is required between SMC and the member organisation for any other deviating audit periods.

### **Annual financial report and audit for core support**

If core support is provided, the member organisation is to submit to SMC's secretariat an unaudited financial report for its cooperating partners signed by the cooperating partner's authorised signatory.

The unaudited financial report is to contain:

- the organisation's total income

- a comparison between the actual costs for activities during the reporting period in question and the budgeted costs for the same period
- information on interest and/or unused funds
- an account of deviations between the approved budget and the costs recognised in the accounts
- a list of any amounts that were forwarded to other parties.

Cooperating partners are also to submit their annual reports to SMC. Annual reports normally consist of an income statement, balance sheet, cash flow for the year, supplemented by notes and the governing body's report/statutory administration report.

Member organisation is to report to SMC in accordance with the agreement between SMC and member organisation.

### Repayment

When a project is concluded any unused funds or funds that have been used incorrectly are to be repaid to SMC. SMC's secretariat sets the final grant amount when assessing and approving the final report. If at the end of an intervention it becomes apparent that the actual costs are lower than the budgeted costs, SMC is only responsible for compensating the actual costs. The member organisation is to repay any surplus to SMC.

The member organisation is also responsible for repayment:

- when disbursed funds have been used in a manner that deviates from what was agreed upon by SMC and the member organisation in the grant intervention and agreement
- if the member organisation or its cooperating partner breaches the terms of the agreement
- when disbursed funds have not been used within the timeframe for which they were granted, and SMC's secretariat has not approved an extension
- when unused disbursed funds exceed SEK 500
- when there is accrued interest on income that has not been used for the intervention
- if Sida requires repayment from SMC for the intervention in question and the repayment obligation is based on a circumstance attributable to the member organisation or its cooperating partner.

Repayment to SMC is to take place no later than 30 days after SMC issues the repayment requirement. The intervention number is to be clearly indicated in connection with repayment.

## 5. Incorrect use of funds and inappropriate behaviour (corruption)

SMC considers corruption as the abuse or improper use of resources, trust, power and/or position by individuals, related parties or groups for their own gains. Gains may be financial in nature or constitute other benefits. Corruption may also involve failure to take action, for example not reporting a suspected person. See also SMC's Anti-Corruption Policy.

The member organisation must take proactive steps to avoid, prevent and identify all forms of corruption within its organisation and the activities the organisation takes part in including, but not limited to, the programmes or interventions that are covered in the agreement and funded by an SMC grant. In planning and carrying out its activities the member organisation is to consider the risk of corruption and irregularities, and to identify risks and risk-mitigation measures.

The member organisation is to have its own up-to-date anti-corruption policy and action plan, and in contractual relationships ensure that cooperating partner/s also have these in place. The member organisation and cooperating partner should have a complaints management system for the specific project and take steps to prevent exploitation, abuse, and discrimination against rights-holders.

If any suspicion of corruption or financial mismanagement arises, the member organisation is to inform SMC of this without delay and work with SMC's secretariat on a plan of action to address the situation. Consultation on this continues when the member organisation reports the matter to SMC. Under its agreement with Sida, SMC must inform Sida immediately.

## 6. Definitions

Sida's guidelines contain a number of relevant definitions and clarifications of terms. Here are those we consider of relevance for the member organisations (Source: [Sida's guidelines for application and reporting in partnerships with Swedish strategic partner organisations \(SPO\) within the CSO appropriation \(18/06/2020\)](#); some definitions are quoted in their entirety while others have been adapted for the structure of SMC's fund forwarding assignment):

## Civil society

The term *civil society* is defined as an arena, separate from the state, the market and the individual household, in which people organise themselves and act together in their common interests.<sup>10</sup>

## Civil society organisation (CSO)

A civil society organisation (CSO) is a non-profit organisation at the local, national or international level that works according to shared values towards common goals, with a certain level of independence from the state and the municipality. CSOs include foundations, cooperatives, trade unions, umbrella organisations, networks and temporary organisations that raise funds for a specific purpose.<sup>11</sup>

## Informal actors

An informal actor is neither a legal nor a natural person, i.e. it cannot enter into agreements, own assets or be brought before a court. However, it often consists of natural persons who, even if they act as a so-called informal actor, cannot be protected by the informal actor the same way that a legal person can protect its representatives. In a legal sense, a natural person thus acts in an individual capacity. An informal actor can receive support, e.g. through a formal actor who manages funds and is responsible for meeting the legal requirements under the agreement, while the informal actor is responsible for implementing activities.

## Local cooperating partners

Within the CSO appropriation, a local cooperating partner is an actor in the civil society who operates on the regional/national/local level and who, in the event that the CSO is a contracting party with the Swedish CSO, can sign legally binding agreements. An international CSO's local office is not defined as a local partner within the CSO appropriation.<sup>12</sup>

## Human rights-based approach

A human rights-based approach is based on a universal set of values consisting of the United Nations Universal Declaration of Human Rights and the binding conventions adopted that address human rights. It contains four fundamental

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<sup>10</sup> See Aid policy framework, Government Communication 2013/14:131, page 20.

<sup>11</sup> See also the OECD-DAC definition: *A non-governmental organisation (NGO) is any non-profit entity organised on a local, national or international level to pursue shared objectives and ideals, without significant government-controlled participation or representation. NGOs include foundations, co-operative societies, trade unions, and ad-hoc entities set up to collect funds for a specific purpose. NGO umbrella organisations and NGO networks are also included.*

<sup>12</sup> See also the OECD-DAC definition: *An NGO organised at the national level, based and operated in a developing (ODA-eligible) country.*

principles based on the normative framework for human rights: non-discrimination, participation, transparency, and accountability. These principles are to be applied within SMC and the member organisations, and in relationships with local partners and rights-holders.

### **Programme**

Within the Sida CSO appropriation, this refers to a coherent part of the SPO's activities that may have different degrees of homogeneity but that is governed by specific objectives and whose outcomes are monitored in relation to those objectives. A programme's boundaries are determined by the internal logic of the specific activities based on the capacity and priorities of the local partner. A programme typically also involves the presence of distinct conditions for synergies between the interventions or the actors that are included in the programme. The boundaries are usually established according to geographical (country, region) or thematic (e.g. democracy, climate adaptation) criteria.

### **Project**

According to Sida, this refers to an individual development intervention designed to achieve certain goals using established resources and implementation plans, for example a local partner's programme or project, support for the implementation of a local partner's operational plan or equivalent. Within a programme, a project or an intervention constitutes a sub-level with clear boundaries.<sup>13</sup>

### **Core support**

This corresponds to general budget support, i.e. support for a recipient organisation's overall strategic plan and operations, including its administrative costs. Sida adheres to the OECD-DAC's definition of core support<sup>14</sup> which is described as follows:

- It is an unearmarked grant to support an organisation's own strategy and overall work plan.
- The donor's contribution goes to the recipient organisation's overall budget and account and cannot be separated from other funding sources.
- It is the recipient organisation's – not the donor's – systems and routines that are used for purchasing, auditing and reporting with respect to the grant.

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<sup>13</sup> See also the OECD-DAC definition: *A project is a set of inputs, activities and outputs, agreed with the partner country, to reach specific objectives/outcomes within a defined time frame, with a defined budget and a defined geographical area.*

<sup>14</sup> See also the OECD-DAC definition: *Funds are paid over to NGOs (local, national and international) for use at the latter's discretion and contribute to programmes and activities which NGOs have developed themselves, and which they implement on their own authority and responsibility.*

## **Poor people's perspectives on development**

The Swedish Government defines poverty in multidimensional terms. This means that poverty is not considered merely a lack of material assets, but also of power, options and human rights. Sweden's development cooperation therefore starts with and is fully focused on the perspectives of poor people on development and on a human rights perspective. The fundamental principle is that economic, social and environmental perspectives and processes must be understood and managed in an integrated context.

## **Cost-effectiveness**

The concept of cost-effectiveness is relative because it requires a comparison between the cost (the contribution or the resources that will be used) to produce a given result and alternative methods of achieving the same result and/or using known benchmarks, such as the average cost of obtaining a particular result in similar projects.