**Directive for Special Democracy Support Directed towards Political Parties and Multiparty Systems through Swedish Political Party-affiliated Organisations (PAOs)**

1

**1 July 2011**

**Contents**

|  |  |
| --- | --- |
| **Directive for Special Democracy Support** | 2 |
| 1. | Objective and Role of the Support | 2 |
| 2. | New Forms and Methods of Special Democracy Support | 3 |
| 3. | Cooperation Partners and Focus of Activities | 5 |
| 4. | Sida’s Assessment of Applications | 8 |

Annexes

1. Application Template
2. Report Template
3. Disposition of Financial Reports
4. Template for Agreements between Sida and PAO
5. Terms of Reference for Audit
6. Procurement Regulations for Non-governmental Organisations
7. Checklist for Agreements between PAOs and Cooperation Partners
8. Strategy for Special Democracy Support through Swedish Political Party-affiliated Organisations, 2011-
 2015
9. Policy Documents

**Directive for Special Democracy Support**

2

This directive, which was adopted by Sida in July 2011, is based on the Strategy *for Special Democracy Support through Swedish Political Party-affiliated Organisations,* which applies to activities with funding from the appropriation during the 2012-2015 periods, approved by the Government in September 2010.

The attached templates are to be used to apply for, and submit reports about, funds from the appropriation. The activities are to be conducted in accordance with the strategy and this directive. The directive also describes the way that Sida plans to assess applications.

**1. Objective and Role of the Support**

The objective of all publicly financed development cooperation is **to help create conditions that will enable people who are poor to improve their lives**. Thus, the aid is to promote respect for human rights, democracy and good governance. The Parliament unanimously adopted the objective in 2003. The special objective of reform cooperation in Europe with development financing is s**trengthened democracy, equitable and sustainable development, and closer ties to the EU and its basic values.**

Development cooperation is to be shaped by **the perspectives and development of people who are poor.** Sweden takes a multidimensional approach to poverty that includes the lack of choice, freedom, rights and political power. As a result, democratic development and increased respect for human rights represent a basic prerequisite for stimulating the driving forces of development and creating better living conditions. Democracy in turn requires well-functioning democratic political parties and a multiparty system.

Swedish aid is also to have a rights perspective that focuses on the freedom and rights of the individual. This requirement is based on the UN Universal Declaration of Human Rights. The following four principles are to be applied in this connection:

* Non-discrimination/Equality in dignity and rights
* Participation
* Openness and transparency
* Responsibility and accountability

*Change for Freedom: Policy for Democratic Development and Human Rights in Swedish Development Cooperation, 2010-2014* (the Democracy Policy) takes basic positions that clarify the Government’s aims and raise the level of ambition of Swedish development cooperation, whose goal and main focus is **democratic development and greater respect for human rights in developing countries,** including Eastern Europe and the Western Balkans.

The Government gives priority to three focus areas in democracy support:

* Civil and political rights
* The institutions and procedures of democracy and the rule of law
* Actors of democratisation

According to the Government’s strategy, special democracy support through political party-affiliated organisations (PAOs) has the same overall objectives as other publicly financed democracy support, and the Policy for Democratic Development and Human Rights in Swedish Development Cooperation is the primary starting point. Proceeding from the strategy, the activities are to encourage moves towards democratic governance, equal opportunity for women and men, full respect for human rights, and tolerance of dissidents and minorities, as well as, where applicable, bridge religious and ethnic conflicts.

3

The strategy specifies that Sweden is to help ensure that all individuals in developing countries have a genuine opportunity and the freedom to organise in political parties and civil society organisations and thereby exercise an influence in political processes and decision-making. One goal of the support is to broaden political participation such that it fully represents the composition of the population.

To achieve the overall objective, activities are to focus on two interdependent areas:

1. Support for sister parties and affiliated political movements and organisations, with the **goal of ensuring well-functioning democratic political parties.**
2. Support for multiparty systems, with the goal of ensuring **well-functioning, democratically based multiparty systems**.

Furthermore, both the democracy policy and the *Policy for Sweden’s Support to Civil Society in Developing Countries* specify that activities to strengthen democratic parties and political party systems may be candidates for development aid from other appropriations. The Democracy Policy states that “Sweden is to [...] give priority to the development of pluralistic and democratic political party systems and democratic political parties. These activities are to represent an important and integrated part of Sweden’s democracy support effort."

**2. New Forms and Methods of Special Democracy Support**

The strategy stipulates a framework for implementation of the activities by means of regulations for applications; the structure, volume and funding of the activities; and the division of roles and responsibilities, which PAOs are to observe during the application process and in conducting the activities. This directive and its annexes specify the system for using the appropriation.

Based on the Government’s strategy decision, a clear breakdown into two areas of activity was introduced as of 2012 – (1) support for sister parties, and (2) support for multiparty systems – as well as various forms of allocating appropriations in relation to the two areas. However, the areas of activity are interconnected and can be mutually reinforcing if properly carried out. Thus, the programmes of PAOs may be linked in relation to the objectives even though use of the appropriations must be kept separate.

Since political party-affiliated democracy support started in 1995, the organisations have evolved in terms of experience, knowledge and capacity to conduct the activities. Thus, the principles of management by results and aid effectiveness can be applied even more thoroughly for this form of support.

Another change is that from now on Sida will assess the ability of PAOs to carry out programmes relevant to the objectives rather than individual initiatives and projects. This approach will give PAOs the opportunity to proceed from a longer-term perspective on the basis of their own approved focus. More freedom within a specified framework will give PAOs greater responsibility for the results of the activities, as well as correct planning, implementation, financial control and evaluation in order to develop their own skills and capacity. Although funds

for area of activity 1 are earmarked for each PAO in proportion to the mother party’s seats in Parliament, appropriations for specific programmes are not approved if the application or results do not meet the criteria that the strategy, this directive and Sida otherwise specify.

4

Sida’s cooperation with PAOs is based on predictability and a long-term perspective. Applications and agreements for programmes for special democracy support generally covers a **three years period**, with the option of a one-year extension unless Sida finds special grounds for a shorter period.

The strategy stipulates that no more than 10 per cent of the support (for area of activity 1) allocated to each PAO in accordance with the number of seats in Parliament is to be used for “activities that develop contacts, as well as feasibility studies and Swedish and international coordination of the various parts of the strategy.” The purpose is to strengthen the activities during the current programme period or prepare possible future applications for this and other appropriations.

Stability and a long-term perspective are crucial to the activities. However, changing political realities affect prospects for achieving results and the best manner of attaining the objectives of the programme. Approved activities may have to be re-examined on short notice, and new activities based on altered requirements may be considered. Thus, PAOs are entitled to reallocate funds within a particular programme (without overstepping the strategy’s restrictions for certain cost items). Proposed reallocations among programmes in the same area of activity require Sida’s approval, just as changes to objectives and focus for a specific programme (area of activity nr 1). Funds cannot be reallocated between the two areas of activity.

The following definitions of programmes, initiatives and programme-based approaches apply to Sida’s support through Swedish civil society organisations. The definitions are also to apply to support through PAOs.

A programme is a cohesive activity that is governed by means of joint, specific objectives and whose results can be followed up in relation to the objectives. A programme is demarcated by the activity’s own logic and proceeds from the capacity and priorities of cooperation partners. Ordinarily there should be obvious opportunities for synergies among the actors and initiatives that are part of the programme. Demarcations are based on geographic (country, region) or thematic (similar social problems, type of states, target group, etc.) criteria.

Initiatives represent a clearly demarcated sublevel within a programme. Within the appropriation, initiatives refer to an individual development initiative designed to achieve particular objectives on the basis of resources and implementation plans that have been adopted.

Sida is favourably disposed to initiatives that support the strategic plans or programmes that cooperation partners (usually political parties) have developed on their own and that do everything possible to consider, adapt to and contribute to broader positive changes within a thematic and/or geographic area. Cooperation should be harmonised and, when possible and appropriate, coordinated with other actors.

**3. Cooperation Partners and Focus of Activities**

5

When planning and prioritising support for sister parties (area of activity 1), a determination must be made as to where democratisation is most badly needed and where the PAO is particularly qualified to help meet the objective of the area of activity. Among partner organisations are political parties or affiliated movements and associations, as well as civil society organisations that assume political responsibility and may evolve into political parties.

To obtain funds earmarked in proportion to seats in Parliament, a PAO must present programmes that contribute to attaining the objective of the area of activity. Sida is to verify that the application meets the basic requirements in accordance with this directive and the Government’s strategy.

With respect to support for multiparty systems (area of activity 2), the strategy specifies that the activity is to focus on support for and cooperation with as broad a political spectrum of political parties or affiliated political movements, organisations and associations as possible. Support for political party systems is particularly important in fragile democracies where democratisation processes have begun and democracy is being consolidated.

Promoting platforms for dialogue and alliance building in fragmented political party systems, strengthening groups of hard-pressed opposition parties in difficult political settings is essential. Regional exchanges, peaceful conflict management between political parties and affiliated political movements, strategic initiatives for the purpose of developing the political party system, or reform of relevant legislation may be worthy areas to support.

While not a general requirement, cooperation with both government and opposition parties is often highly relevant. A common approach is to cooperate with youth, student and women’s associations to indirectly move the political parties and culture in a long-term democratic direction.

Support to area of activity 2 is allocated to the programme or programmes within the framework of the appropriation that, according to Sida’s total assessment, best meet the criteria for quality and expected results (see Section 4 below).

**Tasks and Responsibilities of PAOs**

PAOs have strengthened their capacity to handle aid activities in recent years. New methods of implementation and follow-up have been developed. Capacity development and methods development are to remain the responsibility of the PAO. Sida offers support in carrying out this responsibility through the Sida Partnership Forum ([http://www.sida.se/Svenska/Samarbetsparter/Sida-Partnership-Forum/).](http://www.sida.se/Svenska/Samarbetsparter/Sida-Partnership-Forum/%29.)

To demonstrate and secure that the programmes strategically contribute to strengthening democratic development and respect for human rights by means of well-functioning democratic political parties and multiparty systems, the analyses that the PAO submit in its programme applications to Sida must be based on facts and assessments from a broad range of sources, including relevant research. One step in that process involves the exchange of information among PAOs and the use of analyses performed by other relevant actors in Sweden and around the world.

The PAO is to stay informed of other Swedish and international democracy support in a particular country or region. Duplication of initiatives and unwarranted competition among foreign actors is to be avoided.

The problems and needs analyses of cooperation partners are to play a prominent role in designing activities. The initiatives are to be identified in collaboration with cooperation partners to secure the ownership and relevant priorities, based on conditions in the country concerned, of the partners. The PAO is to ensure that the cooperation partners have sufficient capacity, resources and control mechanisms to assume responsibility for the initiatives. The PAO is responsible for notifying Sida of any deviations from plans that have been approved.

6

The PAO applies for support for one or more programmes under a particular interim objective. Joint applications are possible, but one PAO must be the principal and the party to the agreement with Sida. The same thing applies if a PAO applies along with other Swedish or international organisations or institutions.

All PAOs are responsible vis-à-vis their downstream cooperation partners for ensuring that

* Governance and control systems are in place. Initiatives are planned, implemented, reported, revised and evaluated on the basis of appropriate documentation, such as project documents.
* The cooperation partner receives the requisite information about the policies, principles and rules that govern the appropriation.
* The capacity development of cooperation partners is supported on the basis of their own needs.
* Good communication is maintained to support the cooperation partners and successful implementation of the programme Transparency and openness are to be sought.

**Sida’s Tasks and Responsibilities**

First of all, Sida is to assess the capacity of a PAO to carry out programmes in accordance with the objectives of the strategy, rather than individual initiatives. Sida is to assess whether a PAO’s applications meet the basic criteria and quality requirements for approval. On the basis of the assessment, Sida decides whether to approve or reject the applications that a PAO submits.

The quality of the programmes included in a PAO’s activities is to be assessed by means of follow-up and reporting, including an annual external audit. Each year, Sida is to take the initiative to arrange one or more coordinated talks (annual meetings) with each individual PAO to jointly review and discuss the activities. In addition, Sida is to assess a PAO’s capacity by means of a systems audit check at least once every five years. The goal is that all PAOs be subject to a systems audit check during the programme period, with priority for PAOs that have not previously been subject to a systems audit check and subsequently in descending order in accordance with the appropriation allocated on the basis of number of seats in Parliament.

Sida is obligated to discontinue activities that significantly deviate from the criteria for the approved programme.

**Tasks and Responsibilities of the Government (Ministry for Foreign Affairs)**

The Government designs strategies and policies for Swedish aid. A reference group for special democracy support meets under the direction of the Ministry for Foreign Affairs. The PAO and Sida are to participate in the work of the reference group, as well as report and discuss there the results of activities and their relation to Swedish foreign and aid policy in general. According to the strategy, however, it has no mandate to make decisions concerning changes to

the form of support. The reference group should discuss how synergies can be attained in a country or region.

7

**Countries and Cooperation Partners**

According to the strategy, democracy support through PAOs can be provided on a global, regional and national level. The support must meet the criteria of the OECD/Development Assistance Committee (DAC) classification system unless the Government has decided that Sida may grant exemptions, and then only in special cases.

**Different Actions in Different Country Situations**

The Government’s policy for democratic development and human rights specifies approaches in five different country situations, from authoritarian states and conflict and post-conflict situations to fragile democracies in the early stages of democratisation, new democracies in the process of consolidation and stagnating democratisation processes (Section 3.4, pp. 21-26). This guidance is important for PAOs.

**Interaction with the International Activities of the Parties**

A PAO’s activities under the appropriation must be separated from the mother party’s international cooperation, given **that the assignee** is the Government and Parliament and funds has been made available subject to special conditions. However, synergies between political parties and their PAOs should not only be permitted but sought whenever possible and appropriate.

The international associations of the political parties (internationals, European parties, networks of like-minded) can play a decisive role in establishing and maintaining democratic norms. The international association and networks of the parties can be natural actors in programmes at the global and regional level.

**Political Influence of Women and Young People**

The goal of gender equality is a basic premise of special democracy support, as for all Swedish aid. The strategy does not have any specific requirements about how that goal is to be pursued in programme activities. Programme plans that do not analyse the situation of women (and other groups that are politically underrepresented) or promote their democratic influence are not to be approved. “On Equal Footing: Policy for Gender Equality and the Rights and Role of Women in Sweden’s International Development Cooperation 2010–2015” published by the Government in 2010 contains guidance that is important for PAOs. Young people’s democratic influence, which is neglected in many new democracies, most also be made the most of.

**Openness and Transparency**

Openness and transparency are prerequisites for ownership and effective aid. The prospects for accountability at various levels are strengthened while the scope for corruption, waste and negligence narrows. As a result, better cooperation and coordination between PAOs, CSOs and other aid initiatives are possible. For that reason, information about activities is to be made public and available to the extent possible, particularly in relation to cooperation partners and other actors who are directly affected.

Project documents are to be prepared and shared among the parties involved; in order for that to happen, there must be relevant documents in languages that the cooperation partners master. PAOs are to ensure that Swedish embassies concerned are kept abreast of their activities.

8

**Combating Corruption**

Sida defines corruption as abuse of trust, power or position that leads to improper gain. Corruption is a major obstacle to development on poor people’s own terms. Calling attention to and combating the risk of corruption, both in political parties and society in general and the activities of PAOs in particular, are important. Sweden’s clear, proactive attitude is to be put into practice by never accepting, always acting and always informing whenever corruption is suspected. Any suspicion is to be investigated and attended to. Frequent approaches are audits, suspension of payment during the course of the investigation and – when there is sufficient evidence – legal measures and demands for funds that have been erroneously used. These procedures are further regulated in agreements between Sida and PAOs (Annex 4, Section 11).

**4. Sida’s Assessment of Applications**

In its role as an authority, Sida makes decisions concerning applications by PAOs. Sida determines whether the indicators and programme objectives that the PAO specifies in its application fulfil basic quality requirements and whether the PAO can demonstrate results in connection with implementation. The quality assessment is to be performed by following up the PAO’s activities and its reporting. Moreover, Sida is to assess the PAO’s capacity through recurring systems audit checks.

**Dates of Applications and Decisions**

The documents are to reach Sida no later than 1 November of the application year. If the application can be approved, the decision is to be made by **15** February of the following year. Any request for revision or supplementary information is made on a running basis.

**Assessment Criteria**

Sida first assesses whether the PAO has the capacity, ability and skills required to achieve results in accordance with the objectives and strategies for special democracy within the Swedish development cooperation effort. A central requirement is that systems are in place for follow-up and evaluation. This basic assessment is revised at the time of each application and after systems audit checks. A programme application can be rejected on these grounds alone.

Sida then reviews whether the application is complete in accordance with the requirements of the Government’s strategy for special democracy support and this directive. Sida can request supplementary information.

A programme application that appears to be complete is then reviewed in accordance with the following criteria. Sida is responsible for determining whether the requirements have been sufficiently fulfilled. If needed, Sida can engage external expertise, including reports and audits, to support its assessment.

**1. Relevance**

How suitable is the programme with respect to the objectives of special democracy support in general and the area of activity in particular? Are the quantitative and qualitative performances and process indicators relevant and correctly worded in relation to the objectives?

1. **Expected Results**

9

Is it reasonable and likely that the objectives and indicators that have been set can be attained?

1. **Cost-effectiveness**

Is the implementation strategy a suitable and cost-effective way of attaining the objectives under the given circumstances and in view of the possible alternatives?

1. **Feasibility (In Addition to the Assessment of the PAO Above)**

Are the practical conditions suitable for successfully implementing the programme? Does the PAO have the requisite capacity, resources, ownership and will for successful implementation?

1. **Sustainability**

Will the effects of the support remain at a reasonable level once external support has been phased out and the programme has been completed.

1. **Coordination and Consultation**

What are the strengths and weaknesses of the cooperation among the parties to the programme and other actors in the area of democracy support that have the same objectives as the programme? Does the programme generate added value – does it supplement or overlap other initiatives?

1. **Risks and Risk Management**

What risks, including financial risks, have been identified? How well have they been analysed? Are measures proposed to avoid or minimise the risks?

In area of activity 1, Sida focuses primarily on determining whether the proposed programme fulfils reasonable basic requirements in criteria 1 and 4. Insufficient relevance and questionable feasibility lead to rejection, with the option of revising the application in accordance with the timetable that Sida specifies. Doubts about fulfilment of other criteria are specified in writing to the PAO. Measures are assessed in connection with the next systems audit check.

In area of activity 2, Sida focuses primarily on determining whether all seven criteria have been reasonably fulfilled. If the programme application meets these basic requirements, total fulfilment of the criteria is assessed. Finally, a total assessment is performed concerning how to allocate the available appropriation among satisfactory programmes in order to attain the optimum expected overall results.