



Vision and Procedures 2012-2014

Icelandic International Development Agency

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The Icelandic International Development Agency

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Vision and Procedures of the Icelandic International Development Agency 2012-2014

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1 Introduction

In March 2004, the Board of the Icelandic International Development Agency (ICEIDA) approved the Policy and Plan of Operations for ICEIDA. This policy has since provided the foundation for the Agency's work. Recent years have seen various changes, both in Iceland's legal environment and internationally, which affect ICEIDA's activities. The role of this document, *Vision and Procedures of the Icelandic International Development Agency*, is to meet these changes.

International development cooperation is one of the key pillars of Iceland's foreign policy. ICEIDA administers bilateral development cooperation as mandated by the Minister for Foreign Affairs. The Agency operates on the basis of (i) Act no. 121/2008 on development cooperation, (ii) the parliamentary resolution on a Strategy for Iceland's Development Cooperation adopted by Althingi in June 2011, and it also operates (iii) according to further decisions from the Ministry for Foreign Affairs, in particular Regulation no. 894/2009 on the implementation of Iceland's International Development Cooperation.

Every two years the Minister for Foreign Affairs submits a proposal for a parliamentary resolution in Althingi regarding the Government's strategy for Iceland's international development cooperation for a four-year period. The Strategy for Iceland's International Development Cooperation 2011-2014, approved by Althingi in June 2011, is the first such strategy. It states that the goal of Iceland's international development cooperation is to contribute to the fight against poverty and improving the living standards in the world's poorest countries. Human rights, gender equality, child rights, peace and security are highlighted. Efforts shall also be made to ensure consistency in Iceland's foreign policy with regard to global economic, environmental and security issues. By participating actively in international development cooperation, Iceland is expected to fulfil its political and moral obligations as a responsible member of the international community.

Icelandic development cooperation reflects the core values of Icelandic society; respect for democracy and human rights, diversity, tolerance, justice and solidarity. Considering this the following is emphasised:

Responsibility – to be guided by integrity and transparency in development cooperation, and share responsibility with the partner for the implementation and results of activities.

Results – every aspect of development activities – project management, procedures and methodology – promotes maximum results of development cooperation.

Reliability – to earn international respect by being reputable and reliable partner in development cooperation.

ICEIDA's vision and procedures are based on these values and express the Agency's focus in its work to advance Iceland's policy on international development cooperation.

ICEIDA's work takes into account the international agreements on development cooperation which have been endorsed by the Icelandic Government. These include the United Nations Millennium Declaration adopted in September 2000, the Declaration on Sustainable Development from the Johannesburg Summit in 2002, the Monterrey Consensus from 2002 and the Doha Declaration from 2008, both on financing for development, and the Paris Declaration on Aid Effectiveness from 2005 as well as the declarations that have followed; the Accra Agenda for Action from 2008 and the Busan Partnership Agreement from 2011.

1.1 Trends and strategies in international development cooperation

The Millennium Declaration was adopted at the 55th General Assembly of the UN. It laid the basis for eight goals to be achieved within 15 years, the Millennium Development Goals (MDGs). These are the outcome of extensive work by the international community in the last decade of the 20th century where development cooperation was critically examined and ways to improve it were sought. The emphasis is on goals for social development, e.g. education, health, equality and human rights.

In the past decade, significant efforts have been made with the aim of enhancing results, effectiveness and coordination in development cooperation. A number of international agreements have followed.

The Monterrey Consensus from 2002 and the Doha Declaration from 2008 emphasise the financing for development, specifically:

- Enhanced and more efficient mobilisation of domestic financial resources
- Enhanced and more efficient mobilisation of international resources, especially foreign direct investment
- More open trade as a catalyst for development
- Increased contributions to international development cooperation, both with financial and technical assistance
- Reduce external debt burden
- More efficient international financial and trading systems

The Millennium Development Goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat malaria, HIV/AIDS and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The Paris Declaration from 2005¹ and the subsequent declarations from Accra (2008) and Busan (2011) emphasise modalities in development cooperation. Particular emphasis is placed on supporting the strategies of recipient countries, putting forward clear and simple requirements, and letting results and pro-poor management guide contributions to development. The Paris Declaration sets out five principles:

- Recipient countries' ownership is clear and their development strategies are followed
- Donor countries align their activities to the procedures of the recipient countries
- Donor countries coordinate their activities and avoid duplication
- Actively managing for results
- Mutual accountability of participants in development cooperation

All OECD member countries, multilateral organisations such as the World Bank and the United Nations, and numerous developing countries have signed up to the Paris Declaration.

¹ The Paris Declaration and the subsequent declarations from Accra and Busan were commissioned by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC).

1.2 ICEIDA's activities in earlier years

ICEIDA was founded in 1981. Initially, the focus of support was predominantly on the fisheries sector but as emphases changed over the years, implementation of projects in other sectors commenced. These changes ensued from, among other things, a report on development cooperation for the Minister for Foreign Affairs in 1997² and a report on Iceland's development cooperation in 2003³. The Agency currently supports projects in the education, social and health, water and sanitation, and energy sectors in addition to fisheries.

Until the end of 2008, ICEIDA operated according to Act no. 43/1981 on the Icelandic International Development Agency. The Act stipulated that the Agency should "plan, implement and/or carry out the overall management of partnership projects in developing countries." This made it difficult for the Agency to follow the changes of procedures in international development cooperation which have taken place in the last two decades. According to Act no. 121/2008 on development cooperation, agreed methods, principles and guidance of the international community shall be followed. It is therefore easier now for ICEIDA to follow trends in development cooperation than previously.

Contributions remained more or less unchanged from 2001 to 2005, however ICEIDA's operations grew at a rapid pace with the Government of Iceland deciding in April 2004 to increase official development assistance from 0.19% of GDP in 2004 to 0.35% in 2009⁴. As a result, the Agency's scope nearly quadrupled in Icelandic Krona and the number of partner countries went from four to six. However, from 2008, following the collapse of the Icelandic financial system, activities decreased considerably and were brought to an end in three countries. The Agency currently works in three partner countries, Malawi, Mozambique and Uganda.

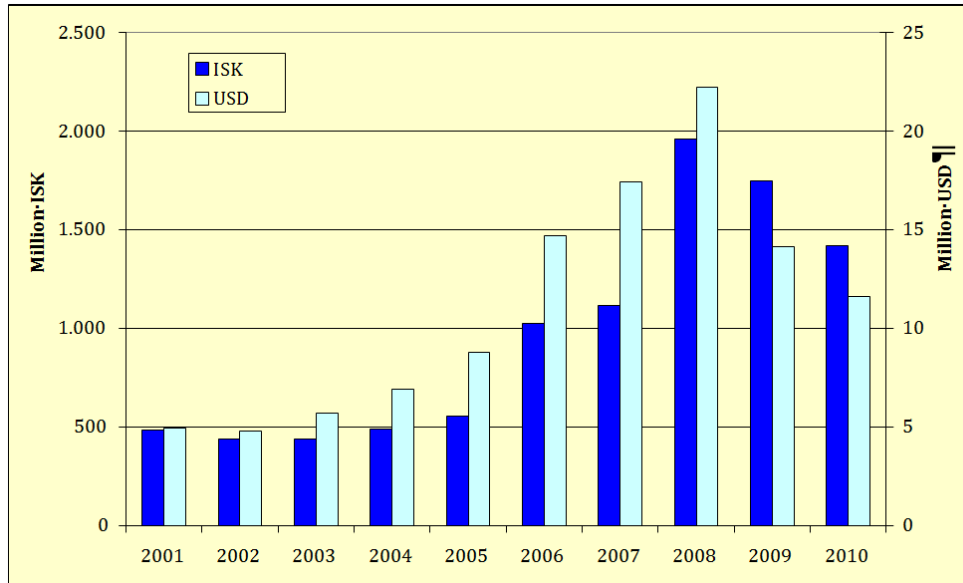
Chart 1 shows how ICEIDA's expenditure has evolved from 2001 to 2010. Increase in expenditure becomes evident from 2005. Since 2008, the reduction in expenditure has been nearly 19% in Icelandic Krona. However, this decline does not entirely reflect the situation. Most of the Agency's expenditure is in foreign currency and budgets are made in USD. The reduction of the Agency's expenditure in USD has come to almost 48% over a two-year period. ICEIDA's field programming capacity in 2010 was therefore only a half of what it was in 2008.

² Jónas H. Harlaz. About Iceland's Development Cooperation, a report for the Minister for Foreign Affairs, 16 April, 2003.

³ Hermann Örn Ingólfsson and Jónas H. Harlaz. Iceland and the Developing Countries, opinion report on Iceland's development cooperation and participation in multilateral cooperation. September 1st, 2003.

⁴ Ministry for Foreign Affairs. 2005. Iceland's Policy on Development Cooperation 2005-2009.

Chart 1: ICEIDA's expenditure 2001-2010 (million ISK and million USD)



Source: ICEIDA annual reports

A parliamentary resolution on a Strategy for Iceland's Development Cooperation adopted by Althingi in June 2011, outlines Iceland's target of becoming over the next years one of the countries that contribute more than 0.7% of GNI to development cooperation. Increasing contributions to this policy area will be emphasised until they have reached 0.7% of GNI⁵ which is expected to be achieved in 2019.

⁵ Previously, contributions were measured as a ratio of Gross Domestic Product (GDP) of the donor country when setting targets for development cooperation. The international community decided that it would be more suitable to use Gross National Income (GNI) for the ratio rather than GDP and the new Strategy for Development Cooperation follows that decision.

2 ICEIDA's Objectives, Role and Vision

As stated by the Act on Iceland's International Development Cooperation, the main objectives of the development cooperation are to support the efforts made by governments in developing countries to eradicate poverty and hunger, promote economic and social development, including human rights, education, improved health, gender equality, sustainable development and sustainable resource utilisation.

ICEIDA emphasises working in accordance with the requirements of the partner countries, as specified by international standards, focusing on supporting their strategies and priorities.

ICEIDA's role is to support in the most effective manner the partner countries' strategies for the reduction of poverty and improvement of the living standards of the poor.

In carrying out its role, the Agency bases its work on the three values of the Strategy for Development Cooperation: responsibility, results and reliability.

2.1 Responsibility

The Strategy for Development Cooperation highlights integrity and transparency in development cooperation and the sharing of responsibility for implementation and results of activities with the partner. In view of this, ICEIDA emphasises the following:

- Partner countries' requirements, expressed in their own development strategies, especially with regard to the focus areas of the Strategy for Development Cooperation
- Memorandums of Understanding and agreements with the governments of the partner countries which define and specify the roles and responsibilities of all stakeholders
- Country Strategies for each partner country planned in cooperation with respective governments
- Careful preparation and implementation of projects, prudent financial management and transparency in the disbursement of funds
- Accessible information on ICEIDA's activities made available to the public and others.
- Dissemination of detailed information to beneficiaries in partner countries

2.2 Results

The Strategy for Development Cooperation emphasises that all aspects of development activities – project management, procedures and methodology – promote effective results of development cooperation. Accordingly, ICEIDA places emphasis on:

- National ownership of projects
- Measurable and sustained improvement of target groups' living standards, and methods to measure and monitor results
- Constantly improve the methodology and continuously look for methods to achieve better results
- Clear operational procedures, including financial and document management, and subsequent implementation
- Proportionate administration costs
- Alignment of activities to local systems and administration as much as possible
- Integration of environmental and gender perspectives into all activities

2.3 Reliability

According to the Strategy for Development Cooperation, Iceland's reputation shall be raised internationally by being a reputable and reliable development partner. In keeping with the Strategy, ICEIDA underlines the following:

- Successful cooperation with governments and beneficiaries in the partner countries
- Donor coordination where appropriate
- Qualified and well educated staff, both Icelandic and from partner countries
- Good cooperation with other stakeholders involved in development cooperation, e.g. ministries, public institutions, non-governmental organisations (NGOs), academic institutions and the private sector
- Consideration of international agreements and commitments that Iceland has committed to

2.4 ICEIDA's vision

To achieve the above, the Icelandic International Development Agency sets out the following vision of its procedures for the future:

The Icelandic International Development Agency is exemplary for efficient and effective development cooperation and for introducing good practices on gender equality and the environment.



Photo: Gunnar Salvarsson

3 Implementation of ICEIDA's Activities

3.1 Finances

In 2011, the reduction in funding allocation to the Icelandic International Development Agency was approximately 13.8% compared to the previous year, but according to the Strategy for Development Cooperation allocations will increase from then on.

Table 1: Estimated contributions to development cooperation and allocations to ICEIDA, 2011-2014

Year	Contributions to development cooperation		Allocations to ICEIDA	
	Million ISK	% of GNI	Million ISK	Difference between years
2011	2.765	0,21%	1.166,3	-13,8%
2012	3.083	0,21%	1.234,0	5,8%
2013	3.846	0,25%	1.539,0	24,7%
2014	4.640	0,28%	1.856,0	20,6%

Source: Strategy for Iceland's Development Cooperation 2011-2014

3.2 Geographic priorities

For the period of 2011-2014, the Icelandic International Development Agency will primarily focus its activities on three African countries, Malawi, Mozambique and Uganda, in addition to a regional partnership in Eastern and Southern Africa. Although cooperation with individual countries is generally on a long-term basis, it is necessary to reassess the selection of partner countries at regular intervals so Iceland's allocations to development cooperation are used in the most effective manner possible. When the next review of the Strategy for Development Cooperation takes place, the selection of partner countries will therefore be re-examined. Furthermore, the current Strategy for Development Cooperation expects to see a considerable increase in contributions to development cooperation for the period of 2015-2019. In view of that, possibilities of forming partnerships with other African countries will be considered in the coming years.

The Agency has also participated in various regional partnerships, for example, in aquaculture and harnessing geothermal energy. Regional partnerships in these areas will be continued, first and foremost in Africa.

Selection of partner countries

When selecting partner countries, the following factors will be considered, specifically:

Poverty – work in the poorest countries – with focus on countries in Africa, the world's poorest continent

Population – work in countries with a relatively small population

Development assistance – work in countries where development assistance per capita is relatively low and/or where few development agencies operate

Peace – work in countries where peace has been established – but consider specifically vulnerable countries

Governance – work in countries where governance is improving

Recent years have seen the closure of ICEIDA's operations in three partner countries. When the time comes for the Agency to depart from its partner countries, efforts will be made to carefully prepare and carry it out in as good cooperation as possible with respective host nations.

3.3 Key areas

ICEIDA's work rests on two pillars. Firstly, the Agency has chosen to work in accordance with international agreements and, in particular, the Millennium Development Goals (MDGs). Secondly, the Agency endeavours to utilise Iceland's expertise in the field of natural resources. Accordingly, support will be provided to strengthen the education and health of the poor, in addition to focus on fisheries, both capture fisheries and aquaculture, and harnessing geothermal energy for energy production. Efforts will be made to support the knowledge acquisition and capacity of nations and regional partnership organisations in cooperation with the United Nations University and with support to the cooperation of states and institutions.

Two cross-cutting issues are considered in the Agency's entire work: the environment and gender equality. The Agency has produced policies on both subjects and will operate accordingly.

3.4 Country strategies

In cooperation with the governments of the partner countries, ICEIDA prepares a country strategy for Icelandic development cooperation in each respective country for a four-year period. The strategy outlines the focus areas of ICEIDA and how its activities are aligned to the development strategies of the respective country. The country strategy also describes the procedures that will be used and the responsibilities of all partners. Preparation for the country strategies is managed by ICEIDA's country offices. The strategies are made in cooperation with the Ministry for Foreign Affairs and submitted to the Council on International Development Cooperation for introduction and observation, and to the Minister for approval.

3.5 Approaches

ICEIDA has from the outset worked primarily on the basis of a project approach. With the Act on Development Cooperation from 2008, possibilities have arisen for applying other programming approaches provided that agreed methods, principles and guidelines of the international community are followed. The Icelandic International Development Agency will, where appropriate, apply new approaches in the next years, and build upon internal experience and knowledge. In particular, increased responsibility will be devolved to the partner, thus complimenting the spirit of the Paris Declaration.

Significant components of the Agency's support are directed to targeted districts in the partner countries in close collaboration with respective district authorities.

Selecting approaches for individual countries will first and foremost be determined by what is believed to be the most likely to achieve tangible results in improving the living standards of the poor. Emphasis will therefore be placed on methods that produce measurable results. Systematic efforts are made to learn from the activities of other development agencies and participate in new approaches, as deemed appropriate, to improve the effectiveness of the Agency's work.

3.6 Procedures

The work of the Icelandic International Development Agency is consistent with the result-based management in government administration and the Agency sets measurable objectives accordingly. Emphasis is placed on preliminary studies and other preparation of new projects. During the preparation process measurable outcomes are defined for evaluation purposes.

The Agency prepares operational processes and procedures for the main parts of its activities. The circumstances are different in each partner country but activities are coordinated as much as possible to facilitate monitoring and assess impact. Emphasis is placed on systematic archiving for the safekeeping of information on decision-making, etc.

Sound financial management and monitoring of expenditures is key for all operations of the Agency. Accordingly, procedures are adapted to the context in each partner country. In line with the Paris Declaration, the partner's procedures are taken into consideration and the financial management systems of the partner countries are used as much as possible. Practical training of accounting and finance staff is considered of importance in this respect.

ICEIDA endeavours to create good work environment for its employees and their families. Employees are offered opportunities for training and continuous education in areas that are applicable for their work. Further, it is taken into account that circumstances in the partner countries can be difficult and challenging and people are given as much support as possible to deal with these.

A Code of Conduct on standards of employees' behaviour and conduct and how to address corruption and illegal or inappropriate conduct applies to ICEIDA staff.

3.7 Monitoring and evaluation

In accordance with approved procedures in international development cooperation, ICEIDA monitors the progress of projects and conducts evaluations regularly in collaboration with its partners. Evaluations and monitoring serve many purposes such as ascertaining whether implementation follows the initial plans. Also, to evaluate whether objectives have been achieved and assess whether set objectives can be achieved in a more efficient way. In order to ensure that evaluations are significant, a baseline is established at the start of each project against which subsequent results are measured.

The Icelandic International Development Agency has not systematically examined the long-term impact of its activities in partner countries. In the future, assessments of long-term impact will be increasingly emphasised.

The Agency aims to strengthen monitoring and evaluation of its activities, for example by hiring or transferring employees to specifically perform such tasks.

3.8 Dissemination of Information

ICEIDA shall provide the general population in Iceland and in partner countries good access to information on its work and on development cooperation in general. Providing a forum for open and impartial discussion about development issues and open access to information on allocation of funds is an obvious obligation of the Agency intended to keep it in check, support transparent and responsible administration and strengthen democracy. General information about the Agency's operations is primarily disseminated through its website. Information about current or past projects supported by the Agency is provided in a database on the website and a web journal on development issues is published weekly. The Agency actively promotes development cooperation and responds quickly to requests, e.g. from schools and NGOs, about giving presentations on development issues.

In cooperation with the academic community and various other institutions, both domestic and foreign, the Agency organises seminars and conferences on different subjects. The Icelandic International Development Agency emphasises effective cooperation with NGOs and others involved in development.

3.9 Administration

The Icelandic International Development Agency operates under the auspices of the Minister for Foreign Affairs and cooperates closely with the Ministry for Foreign Affairs. According to Regulation no. 894/2009 on development cooperation, a Steering Group has been set up within the Ministry with the role to advise the Permanent Secretary on the supervision of operating activities, vetting of technical matters and commitments concerning development cooperation. The Director General of the International Development Agency is a member of the Steering Group. Technical cooperation takes place e.g. through specialist teams concerning specific policy areas. Main strategies and implementation plans are submitted to the Council on Development Cooperation for introduction, discussion and recommendations.

4 Indicators

The Icelandic International Development Agency will focus on measuring the results of its operations and on whether work is carried out in line with the three aforementioned values. The following table shows the indicators used for this purpose. These are the same as the indicators used by the OECD to assess the progress of the Paris Declaration. In the future, the Agency plans to increase the number of indicators it uses for measuring results. It will focus on using internationally recognised definitions in the results measurement. The table also reveals the progress against each indicator in the end of 2009 and the targets to be achieved by the end of 2014. These indicators will be published every year in the Agency's annual report.

Indicator	2009	Targets in 2014
M-1. Percentage of allocations included in the national budgets of the partner countries ⁶ .	21%	85%
M-2. Percentage of expert and technical support aligned to the strategies of the partner countries.		70%
M-3. Percentage of allocations aligned to the public financial management systems of the partner countries.	2%	70%
M-4. Percentage of procurement using the national procurement systems of the partner countries.	32%	70%
M-5. Number of parallel Project Implementation Units (PIU) established outside the administrative systems of the partner countries ⁷ .	54%	0

5 Review of Vision and Procedures

No less than every four years, in relation to the Strategy for Iceland's Development Cooperation, ICEIDA's vision and procedures will be reviewed.

⁶ That includes budgets at district and local level.

⁷ Project Implementation Units.

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