

## Swedish debates on international development

# Aiming global

*The Broker* is launching a new series that will take a close look at the field of development in different European countries: hot issues in political and public debate, policy choices, research priorities and NGO voices. This issue gets the ball rolling with Sweden.



Sweden has always been one of the most generous countries when it comes to allocating taxpayers' money to international development. As early as 1968, Sweden announced that it would commit 1% of its gross national product to foreign aid, and this goal was met in the mid-1970s. The 1990s saw a drop in the percentage set aside for aid, to 0.93% in 2007, but Sweden is steadily getting back to the 1% target.

Because it had no colonial past, Sweden – like its Nordic neighbours – had no ‘natural’ counterparts in what was known in the 1960s as ‘the Third World’. Yet the Swedish were progressive thinkers. And perhaps partly due to the legacy of Dag Hammarskjöld, the second Secretary-General of the United Nations and posthumous recipient of the Nobel Peace Prize in 1961, the Swedish still strongly endorse the motives for aid formulated in those early days: moral duty and international solidarity. Notions of ‘partnership’ and ‘ownership’ were adopted as common sense in Sweden long before they became fashionable terms internationally. Today, with its Policy for Global Development (PGD), Sweden still is among the most progressive donors – at least on paper.

Two years ago, after 12 years of social-democratic rule, a centre-right alliance took over the majority of Swedish cabinet seats. An apprehensive development community awaited changes in the government's aid policies. So far the government has decided to cut the number of partner

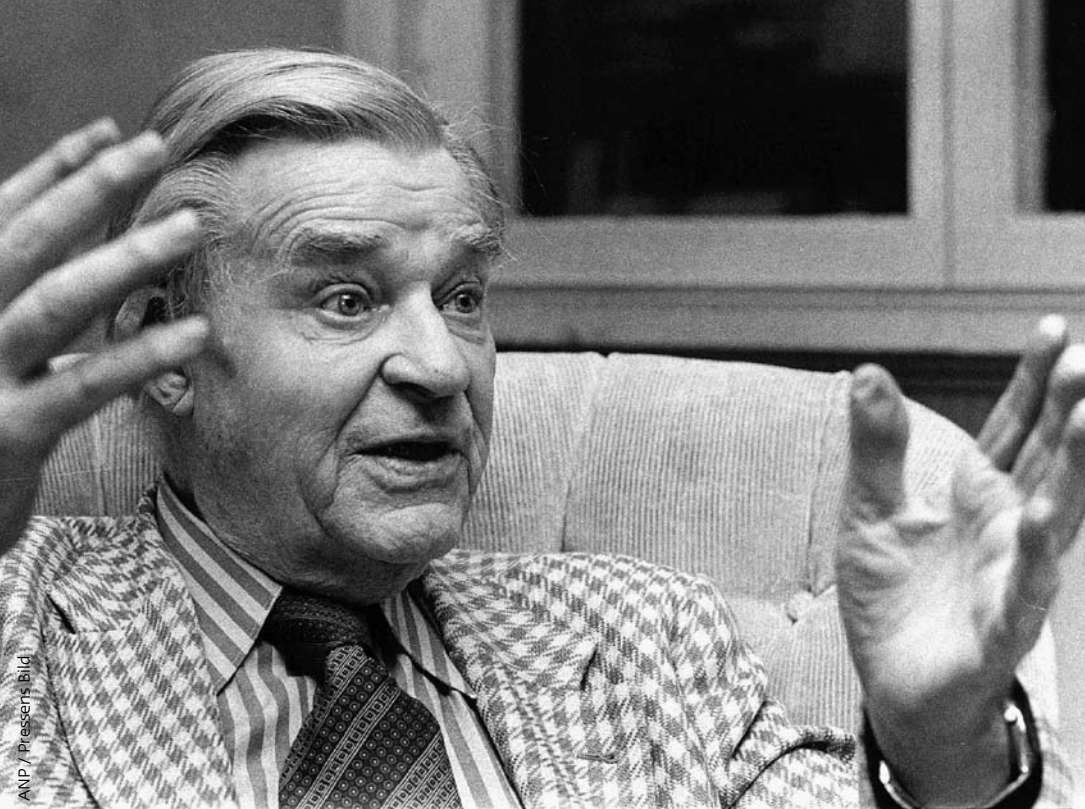
countries by half, and the Swedish International Development Cooperation Agency (Sida) finds itself in the midst of major organizational changes. Perhaps the political shift in Stockholm also made room for the highly critical publications on Swedish aid that were published earlier this year.

### In a nutshell

Together with a handful of the so-called ‘like-minded countries’, Sweden is often called a typical ‘soft donor’. It provides aid with few political conditions or economic ties and has long insisted on respecting the needs and wishes of partner countries. Its policy is based on the Millennium Development Goals (MDGs) and the OECD Development Assistance Committee (DAC) guidelines for poverty reduction. Sweden puts a strong emphasis on democracy, human rights, environment and equality between men and women. In 2005 the greater part of its bilateral aid budget was spent on humanitarian aid and social infrastructure. Nearly half of this goes to Africa. Despite recommendations in the Paris Declaration, the share of general budget support (GBS) in Swedish bilateral aid only increased from 4.4 % in 2001 to 5.5 % in 2006. Around a quarter of all bilateral aid is channelled to civil society in the South, most of it through Swedish NGOs. Sweden, which allocates one third of its aid budget to multilateral agencies, stresses the importance of multilateral cooperation in today's globalizing world. At the same time, it openly criticizes UN agencies and the EU, and often takes the lead in lobbying for greater efficiency in multilateral governance structures.

After several reorganizations since the 1960s, Sida has existed in its current form since 1995. It works independently, within the framework laid down by parliament and government. Sida disburses just over 50% of the total aid budget, which was 29 billion Swedish crowns (around 2.8 billion euros) in 2007.

By **Ellen Lammers**, a researcher and writer based in Amsterdam. Ellen trained as an anthropologist and received her doctorate from the University of Amsterdam.



*Gunnar Myrdal (1898 –1987), Swedish economist, politician and Nobel Prize winner (economics) in 1974. His influential study Asian Drama: An inquiry into the Poverty of Nations (1968) and many other publications have influenced policy making in the field of international cooperation in Sweden and throughout Europe.*

### **Everybody's business**

In May 2003, after thorough consultation by the preparatory committee and lengthy discussions in parliament, the then social-democrat Prime Minister Göran Persson and Minister for Development Cooperation Jan Karlsson presented Sweden's new PDG. 🇸🇵 Its cornerstone is the notion of policy coherence for development, one of the most topical issues among development experts today.

Sweden may well be the only European country to have passed a bill that requires all ministries to contribute to equitable and sustainable development. The PGD distinguishes eleven policy areas that need improved coordination in order to promote development. Among these are trade and business investment, migration, security and defence, environment, and economic and financial policies. However, a coalition of NGOs recently presented their 'Coherence Barometer 2008', which grades the government's efforts in five policy areas using colour-coded emoticons: a smiling green face, a neutral yellow one, and a red frown. It is a simple yet powerful way to gain insight into Sweden's coherence record. The verdict? Two green faces, ten yellow and six red. 'The OECD warned our government about the difficulties of translating coherence from paper into practice when strong government or business interests are at stake', says Magnus Walan, policy officer at an NGO called Diakonia. 'We denounce Sweden's arms trade to governments that are gross human rights violators. In international trade in general, we see both positive and negative developments'. The Swedish government got a red frowning face for pushing developing countries to reduce their industrial tariffs in the WTO negotiations. But it got a green smiling face for consistently arguing that the EU should fully open its markets to African countries. 'Sweden's trade policy has always been progressive', says Arne Bigsten, 'but of course we ourselves depend on free trade'.

NGOs are not alone in criticizing the lack of implementation of the PGD. Bigsten, professor of development economics at the University of Gothenburg, says, 'The PGD is fantastically progressive, but we don't implement it to any large extent'. Even some foreign ministry staff see the PGD as 'a lot of rhetoric' and disappointing in terms of delivering results. This is partly due to organizational hiccups, but there are also political reasons. The Ministry of Foreign Affairs was supposed to act as a spider in a web, spinning strong threads between different protagonists, but this has proven difficult. All ministries have their own agendas, and they are seldom willing to compromise for the higher goal of international development.

Implementing a policy which in many ways works against interest groups in society is of course an uphill battle, says Lennart Wohlgemuth, acting director-general of the Swedish Agency for Development Evaluation (SADEV), but this is no reason to dismiss the positive side of things. 'Government is alerted every time they make a decision that goes against the PGD. They will often vote against it, but they are made aware of that fact, which is a major achievement'.

Ari Kokko of the Stockholm School of Economics points to the big gap between the development and businesses communities in Swedish society. If it were up to him, Sweden would develop commercial ties with countries where it is reducing its aid spending. 'But Sida is almost allergic to commercial interests', Kokko says. 'Delinking and untying aid are immensely strong convictions here'. Kokko agrees that aid should not be delivered with the condition that goods and services must be bought from suppliers based in the donor country, but he believes that Sweden is missing a chance to promote development. 'We have companies with a lot of expertise to offer, for instance in infrastructure and environment. If we fail to point ➤

this out to former development partners, we have only done half our work. But this kind of thinking is uncommon in Sweden'. Not so much for the current government though, which sends strong signals that Sida should increase cooperation with the private sector.

### Rerouting the oil tanker

'Sida is a very flat organization', says Kokko, who for eight years was a member of its board. 'This is good if you want to avoid excesses. But it makes the organization move like an oil tanker'. Things may change now that the Sida ship is steering a new course.

The current government emphasizes that relations between Sweden and the developing world should not be limited to activities undertaken under formal development

cooperation agreements. This, however, affects Sida's role. Sida has always been a lot more than just an executing agency; it has been strong in research, evaluation and policy making. 'It had to be', says Anders Danielson, economist at the Ministry of Foreign Affairs. 'When [the former] Sida was established in the 1960s, the Ministry was full of diplomats and military people who didn't know anything about Africa'.

More than previous governments, Sweden's current government stresses that it, not Sida, should drive the policy making process. It wants to tighten its grip on what Sida is doing. Walan believes it is too early to judge whether this is a good thing. 'The risk is that development will be treated as a short-term issue to fulfil political ambitions, ignoring the in-depth knowledge about development issues that exists at Sida. But if the government has a commendable focus, it can also be a good thing. According to Bigsten, 'The changes within Sida are geared towards increasing internal efficiency. Except for the new country policy, I haven't noticed many policy changes'.

The general attitude is one of 'wait and see'. For the Sida staff, however, there are big implications. Anders Nordström, the new director-general, has started a drastic internal reorganization at Sida. All management positions have been opened up. Kokko: 'Our current government says it was unclear how responsibility and accountability were distributed within Sida. Their analysis of some of the problems is correct. But it remains to be seen if this reorganization will make a difference'.

### Bashing aid

There has been no lack of heated public discussion regarding aid in Sweden over the past year. Gunilla Carlsson, Minister for Development Cooperation and former vice-chair of the right-leaning Moderate Party, has been accused of failing to defend the value and principles of foreign aid. Last October, the auditor general presented a very negative report on NGO funding in Sweden. In public statements, the spokesperson accused the NGOs of corruption and stealing public funds. The media jumped on this story, and Carlsson said nothing to distance herself from the exaggerated statements. An independent audit company did a follow-up and found not one instance of corruption.

Earlier this year, Swedish think-tank Timbro presented a disparaging report about NGOs, journalist Jan Mosander published his book, *The Money That Disappeared*, and president of think-tank Captus summed up her view of the Swedish 'foreign aid folly' in *The New American*. 'I don't know if it was a concerted effort or just coincidence that all this happened within such a short time span', says Danielson.

Strangely, Minister Carlsson herself has reiterated the point consistently made by her Moderate Party that the aid budget should be reduced. Yet the historically strong Swedish support for development aid is unlikely to abate easily. Nevertheless, economist Torbjörn Becker notices a shift in public discourse from altruism to 'enlightened self-interest' as the motive for aid. While he finds this a discouraging development, Becker welcomes the current focus in Sweden on aid efficiency. The Stockholm Institute of Transition Economics (SITE), of which he is the director,

#### Development-related research in Sweden

Development research has been a priority within Swedish development cooperation since the late 1970s. Sida's Department for Research Cooperation (SAREC) awards annual grants for development research, carried out at many of the institutes listed below. SAREC also supports the building of local research capacity in the South.

##### University of Gothenburg

- School of Global Studies
- Department of Political Science
- Department of Economics (Development and Environmental Economics Unit)
- Centre for European Research (CERGU)

##### Stockholm University

- Institute for International Economic Studies
- Department of Social Anthropology

##### Stockholm School of Economics

- Stockholm Institute of Transition Economics (SITE)
- China Economic Research Centre (CERC)

##### Lund University

- Uppsala University: Department of Peace and Conflict Research
- Linköping University: Department of Water and Environmental Studies
- Högskolan Dalarna: Dalarna University Centre of African Studies (DUCAS)
- Swedish University of Agricultural Sciences

##### Thematic research institutes:

- Stockholm International Peace Research Institute (SIPRI)
- Life & Peace Institute, Uppsala
- Nordic Africa Institute, Uppsala
- Dag Hammarskjöld Foundation, Uppsala
- Stockholm Environment Institute (SEI)
- Centre for Environment and Sustainability (GMV) (Chalmers University of Technology/University of Gothenburg)
- Swedish Institute of International Affairs, Stockholm
- Raoul Wallenberg Institute of Human Rights and Humanitarian Law, Lund
- Swedish Institute for European Policy Studies (SIEPS), Stockholm

runs a big research project on aid efficiency. The evaluation agency SADEV, established two years ago by the Ministry of Foreign Affairs, is also primarily concerned with increasing the efficiency of Swedish aid. Its ambition is to bridge the divide between policy and research. 📖

Sweden is signatory to all international agreements that make efficiency a top priority. In 2002, an extensive Swedish investigation concluded that unless the EU improves its efficiency, Sweden should consider renationalizing its aid budget. With the new government, result-orientation has become an even bigger issue. Sweden is not afraid to make bold statements. In 2007 it cut its contribution to UNDP considerably because it felt there was too weak an emphasis on human rights in the UNDP programme.

### Arms, rights and conflict

Human rights and democracy are key concepts in the policies designed in Stockholm. Countries such as Nicaragua and Vietnam were recently dropped from the list of long-term partners – clearly a political decision that carries weight in the domestic debate.

The decision was also made to focus on providing aid to countries in conflict and post-conflict situations. Heavyweights such as Sudan, Iraq, Afghanistan, Congo, Gaza-West Bank and Timor-Leste can expect Swedish support. According to a government communiqué, Sweden wants ‘to increase its commitment to peace and security around the world’. Commentators suggested that this decision reflected broader ambitions in international politics on the part of the Ministry of Foreign Affairs and its Minister, Carl Bildt. It was also suggested that many Sida staff members would have been more cautious than to choose to invest in such states. According to Kokko, ‘Sweden has limited capacity to design and carry out programmes in war zones and post-conflict states’. Coordination and cooperation with the EU, the UN agencies and the World Bank will therefore be required in these areas.

The choice to focus aid efforts on warring and post-conflict countries also relates to the idea of ‘enlightened self-interest’. The Swedish town of Södertälje took in more Iraqi refugees than the US and Canada together. In other words, says Kokko, ‘we see the strains that are occurring in Sweden because of distant conflicts’.

If the Swedish government is serious about this choice, it will benefit from a long tradition of academic research on native soil, exemplified by the Stockholm International Peace Research Institute (SIPRI) and the Life & Peace Institute in Uppsala. But these will also keep a close eye on how the ministers of development cooperation, foreign affairs and defence put their policy intentions into practice. Reports from SIPRI show that Swedish arms exports increased more than threefold between 2002 and 2006. During this period, Sweden was the ninth largest arms exporter in the world. The most mindboggling case is that of Pakistan, where Sweden supports human rights work and at the same time allowed the export of a military radar system that cost 16 billion Swedish crowns – half Sweden’s global development budget. This sum is 24 times more than Pakistan spends on water and sanitation, while every year 118,000 people in the country die of sicknesses caused by the lack of clean drinking water.

### EU presidency 2009

Sweden became an EU member state in 1995, and in 2001 served as president of the Council of the European Union. That same year, during the build-up to the first UN conference on small arms and light weapons, an ecumenical conference on the arms trade was convened in Gothenburg. But issues of conflict and security will not be high on the agenda during Sweden’s second term as EU president starting next January. ‘It is a controversial area’, says Patrik Stålgren, research fellow at SADEV. ‘It is not likely to be made a priority or pushed for this time’. The most important issue is going to be climate change. Danielson agrees: ‘Sweden likes to seek consensus. Climate change is fashionable and not politically controversial. Besides it can count on broad support among the Swedish public’. Last year the Swedish government launched the International Commission on Climate Change and Development, which is chaired by Minister Carlsson.

Danielson doubts there will be much talk about other aspects of the international development agenda. ‘Development cooperation is a marginal issue for our government. Let us wait and see whether they are brave enough to stand up against France on the common agricultural policy’. The recent conference on ‘Sweden, the EU and Global Development’ organized by the Swedish Institute for European Policy Studies (SIEPS) and the University of Gothenburg, to stir up the debate on such critical issues.

It is not that Swedish politicians are disinterested in the possibilities of the EU. Around 7% of the Swedish aid budget goes to the European Commission. Gunilla Carlsson is a former Member of the European Parliament and Carl Bildt is well known for his interest in the European integration process. Kokko says, ‘Bildt is enormously into transition economies. Integrating the Balkans into Europe is an ambition very close to his heart’. No wonder that transition economies suddenly feature so prominently in Swedish development policy. NGOs question this. Walan says, ‘It would be very unfortunate if aid money is going to be used to help European countries adapt to EU standards’.

What can Sweden say with a convincing voice? It is unlikely to lobby for more emphasis on pro-poor growth and distribution. Kokko: ‘Our present right-wing government is a little sensitive about playing the old Swedish card. After all, they don’t support this in the domestic debate’. ■

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📖 A longer version of this article, with notes and references, can be found at [www.thebrokeronline.eu](http://www.thebrokeronline.eu).