SWEDISH DEVELOPMENT COOPERATION POLICY

TRENDS, LESSONS LEARNED, AND DIRECTIONS FOR THE FUTURE

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FOREWORD

With only 11 years left to realise the 2030 Agenda, increased global efforts are needed, including work towards the Addis Ababa Action Agenda on Financing for Development and the Paris Agreement on climate change. International cooperation between like-minded countries and global actors is key, and progressive leadership for development cooperation, which is largely lacking today, is sought after in several areas and countries.

With the global increase of authoritarianism, right-wing populism, shrinking space for civil society, and women’s and girl’s sexual and reproductive health and rights being threatened, Sweden has had a strong voice, and as a donor continued or increased efforts and resources to ensure that the rights of particularly women and girls are at the center of development cooperation. The Government’s feminist foreign policy adds support for this. Sweden has showed decisiveness and guidance for several issues, however is becoming more and more alone in its efforts of promoting democracy, human rights and gender equality. With these changes taking place, it is crucial to revisit and revise Swedish development cooperation policy in order to assess its continued relevance for the future.

We invited two experts in development cooperation, Lennart Wohlgemuth and Bertil Odén, to author this report on where we stand in Swedish development cooperation today. With the basis of our complex reality, the report reviews lessons learned from the past 60 years of Swedish Official Development Cooperation, trends and shifts in priorities, and what strategic choices must be made regarding the future of development cooperation.

We hope this report will contribute to discussions, political guidance, and new perspectives on the future direction of development cooperation. With high ambitions, global partnerships, and efficient development policies, delivering on the global agendas will be achievable.

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Almost 60 years have passed since Swedish development cooperation was officially established in 1962. The early objective of Swedish Official Development Assistance (ODA) was to reduce poverty, with the motive of solidarity with the poor and the modality of ‘help to self-help’, has all three ever since been the guiding principles of Swedish ODA. With rapid changes taking place in the global development landscape, it is however crucial to revisit the principles and guidelines of Swedish development cooperation policy, to assess its continued relevance, and provide guidance for future directions.

This report will discuss rapid changes in the global landscape, the essence of Swedish development policy, trends and priorities during recent years, and lessons learned from the past 60 years of development cooperation. The final chapter will suggest a number of strategic choices for Swedish development policy going forward.
A majority of the world’s poor live in middle-income countries. At the same time, fragile states are increasing.
1. A CHANGING GLOBAL LANDSCAPE

The world order and global development cooperation system are rapidly changing, with a number of new actors on the scene. The power balance is gradually shifting from West to East and South, where demographic as well as economic growth has been much higher since the millennium shift. Climate and environment changes, new communication technologies and international production value chains contribute to globalization, increased mutual dependencies, migrant flows and local conflicts. Competition for natural resources and economic and political influence between traditional and emerging great powers provide a new aid landscape, with new actors and new international alliances. Corruption is spreading both locally and on the international scene, both accelerating and reflecting inequalities. Threats from terrorism as well as from some of the protective measures to meet those threats reduce openness and freedom in many countries. The rapidly developing communication network including the IT revolution makes information flows to all parts of the globe possible in no time.

Polarization and global governance

The world is integrating rapidly at the same time as a new wave of fragmentation is developing, based on nationalism, ethnicity and religion. Authoritarianism and populism is gradually spreading, following the democratization wave of the 1990s, with shrinking space for civil society, political opposition and changes in constitutions as a consequence.

Global challenges such as climate change, environment disasters, food and water security, and health hazards, such as pandemics and antibiotic resistance, can only be handled by global governance and international cooperation. Efforts to create international institutions and regulations for such purposes are often hampered by perceived and often short-sighted national self-interests. Enlightened global leadership is a necessity. However, to a large extent, lacking today.
2017 net ODA inflows to low- and middle-income countries, compared to other net financial flows (billion USD)\(^1\)

<table>
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Total ODA from OECD/DAC (definition on page 25) member countries thus correspond to around one third of the inflow of FDI and remittances respectively, and around one quarter of the increase of total debt (long- and short-term).

**New financial flows**

This new context has made it more complicated to meet development challenges. There are more actors on the scene in addition to the traditional bilateral and multilateral donors, such as the new emerging powers; China, India and Brazil. New development finance institutions have been launched, for instance the Chinese-led Asian Infrastructure Investment Bank, AIIB, and BRICS Development Bank. New foundations have also been created, including so-called vertical funds, which follow their own rules and logic, often creating parallel systems of their own with limited involvement by the recipients.

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Within the OECD (Organisation for Economic Co-operation and Development), Development Finance Institutions increasingly engage in using Official Development Assistance (ODA) to leverage additional sources of finance (blended finance). Such additional finance often comes as loans that later will have to be repaid by the recipient countries.

New and/or expanded financial flows have thus been added in the past few years making ODA relatively less important. These new flows include foreign direct investments (FDI), remittances, philanthropic funds and new international funds directed to deal with specific problems, such as the Green Climate Fund (GCF). The countries receiving major FDI and remittances flows are not necessarily the same as those receiving large amounts of ODA. FDI is for example provided to a larger extent to middle-income countries, rather than to low-income countries and fragile states.

Rapidly increasing public debt in a number of low-income countries is a potential threat to recent years’ promising economic growth. Another drain on public finance in many poorer countries has for the last decades been tax evasion and capital flight by international companies, using tax havens as an important instrument of those activities.

Tax evasion by international companies, using offshore entities or tax havens, with low or no taxes on income and wealth, is estimated to reduce the total domestic tax income in low- and middle-income countries by around 200 billion USD per year, which thus is more than the total ODA inflow. Undeclared wealth in offshore areas by residents and companies living in low- and middle-income countries, and thereby hidden from taxes in their home countries, are also substantial. One study, based on 39 African studies, estimated the total stock built-up in offshore areas between 1970 and 2010 to be 1300 billion USD, which corresponds to four times the total foreign debt of those countries (Ajayi I & Ndikumana, 2015).
SUCCESSFUL POVERTY REDUCTION REQUIRES MUTUALLY SUPPORTIVE POLICIES ACROSS A WIDE RANGE OF AREAS
2. THE ESSENCE OF SWEDISH DEVELOPMENT POLICY

The main principles in the first Government Bill on Swedish development cooperation (Government Bill, 1962:100), have to a large extent been retained in more recent policy documents. For several decades, poverty reduction, support for human rights, justice, gender equality and ownership have constituted important parts of Swedish development cooperation with solidarity as a fundamental motive – all issues deeply rooted in the Swedish society and driven by the Swedish civil society. Not until recently, these former basic views of what the objective and role of Swedish development should be, has been challenged by a number of critics.

As in most other countries, Swedish development policies have been constantly debated, reviewed and changed. The Government Bill from 1962 was built on a Government review digging deep into the prerequisites for aid. Apart from representatives of political parties, representatives from the civil society as well as the private sector were strongly engaged in the discussions. Over the years, a number of major investigations have resulted in new government papers and in implementation of new policy directives.

Policy for Global Development

The latest resulted in the Policy for Global Development (PGD), approved by the Swedish Parliament in 2003 which broadened the concept of development cooperation by including all areas of Swedish policy that affect developing countries (Government Bill 2002/03:122). The emphasis of PGD is coherence and coordination. PGD states that “the outlook on development needs to be broadened and a new framework needs to be created for a more coherent policy”. Development is not dependent on one single factor but rather a number of factors interacting in a positive way (Government Bill, 2002/03:122: 17). This implies that all political areas implemented in Sweden by the different departments and ministries should be coordinated to take development into account.
According to this scenario, development cooperation just makes up one of many relationships between Sweden and less developed countries. This stems from the premise that successful poverty reduction requires mutually supportive policies across a wide range of areas. Not only Official Development Assistance (ODA), but also non-development policies of OECD countries (for example agriculture, trade, investment, and science) can have an impact on developing countries (Odén and Wohlgemuth 2013). On a similar vein, lessons which have been learnt from development assistance are also relevant for programs financed from other sources or finance.

The basic objective of Swedish aid, as established in the Government Bill 1962:100, was to raise the living standard of the poor. This has never been seriously challenged. The main motivations for aid are moral duty and international solidarity, even though geopolitical concerns are also mentioned. It is important that Sweden has always emphasised that foreign aid should contribute to the realisation of the recipient country’s own development vision. More recent policies partly weaken that commitment to ownership by stating that Sweden proactively pursue a rights-based approach, which is reinforced by its Feminist Foreign Policy.

While the overriding political motives and objectives have been only marginally changed, there have been major shifts in actual implementations of policies – both with regards to the donor-recipient relationship and to the relative priorities given to different policy areas. The latter often follow international trends.

One-percent ODA target

Since 1968, Sweden has a volume target of one percent of Sweden’s national income (GNI) for development cooperation each year, in addition to the internationally agreed target of 0.7 percent. This target has been fulfilled from 1975 with exceptions in the late 1990s and early 2000s. In 2018 approximately 43 billion SEK was allocated in the budget for development cooperation. As can be seen from the table appended, ten percent of this went to humanitarian assistance. The core support to multilateral organisations, such as UN agencies and the World Bank, make up more than a quarter of the total budget. In the past decade, the share of thematic support has increased considerably, mainly at the cost...
of government to government support. A major reason for this development is to tackle the new and rising global challenges meeting the world in general, and low-income countries in particular. Today, less than ten percent of the bilateral support takes the form of direct government to government support, while more and more is channelled in the form of thematic support either via the multilateral system or via non-governmental organisations.

Sector targets

During the past 20 years the Swedish Government has consistently emphasized that besides poverty reduction, Swedish development cooperation should focus on democracy and human rights, gender equality, sexual and reproductive health and rights (SRHR), and climate change. In the recent past, private sector engagement has also come more and more into focus.

Measuring results

Achieving results in development assistance have ever since the Government Bill, proposition 100, in 1962 been important, with a special focus on evaluation and monitoring with the aim to inform the recipient as well as the public in Sweden of the development cooperation impact. Few areas in the Swedish public service have been as thoroughly evaluated and assessed (Statskontoret, 2012).

Despite this emphasis on monitoring and evaluations, it has always been difficult to agree on what to assess and whose result to measure (the result of the recipient or the donor) and in particular, the quality of the results measured. The most difficult for decision makers has been to take these results into account when taking future decisions. To measure an input by a donor in its effort to provide help to self-help, which only makes up a minor part of the total effort on a long-term and credible basis, is very difficult. Development is a long-term venture with the aim to change structures, attitudes and values rather than achieving short-term measurable results.
If not handled carefully, the demands for short-term results may counteract the purpose of the efforts made rather than contribute to its aims (Wohlgemuth 2012). Bangladesh decreased its rate of number of children per mother from six in the 1970’s to 2.2 in 2018. Sweden supported that program massively in the initial phases and assisted in creating the proper institutions for family planning and norm-building. But even if the objectives have been fulfilled over the years, it is difficult to see any direct correlations between Swedish assistance and the final outcome. Another example is the paper mill Bai Bang in Vietnam, which is also supported by Swedish aid. The project that was seen as a failure for many years and was widely criticised, however today is seen as a success and an important cornerstone for the new rapid development in Vietnam. These and many similar achievements, continue to motivate Swedish development cooperation over the period of its existence.

Historically, what has characterized Swedish development cooperation over the period from early 1960’s to date can be summarized in four points: quantity, solidarity, flexibility and ownership. Swedish assistance has been generous as one of very few countries keeping the one-percent ODA target. The main motive has been solidarity with people in poorer countries.

The assistance through the years has been very flexible with a readiness to adapt to new contexts and challenges, and finally it has, more than most other donors, withheld to the practice of trying to place the recipient at the center of their own development.

New frameworks changing the development cooperation landscape

In 2015 the UN General Assembly agreed on the Agenda 2030 for sustainable development - a survival strategy for humanity tackling environmental, economic and social challenges with equal importance, and requesting every nation to take action in accordance with the 17 Sustainable Development Goals (SDGs) and 69 targets. In contrast to its predecessor,
the Millennium Development Goals (MDGs) of year 2000, the SDG’s include all countries of the world requesting them to fulfill the goals both nationally and contributing to them through international activities. Everyone is held accountable, and everyone has to act.

This implies that development cooperation takes on a new dimension and new ways to act and new sources of financial support have to be sought and found. The idea already presented in the Policy for Global Development (PGD), to ask for coherence between all policy areas making aid an integral part of Swedish policy in general, is taken a further step forward. The UN Decision on SDGs has thereby contributed to some of the recent changes in the global development arena and affected the policy frameworks of several donor countries.
“SWEDEN HAS TO EMPHASIZE SOME SDG’S AND TARGETS IN ORDER TO IMPROVE EFFECTIVENESS OF SWEDISH INTERVENTIONS”
3. A SUMMARY OF TRENDS DURING RECENT YEARS

The context and the rapid political, social and environmental changes in the past few years have thus led to a completely new environment for development cooperation today. The flow of Official Development Assistance (ODA) has been forced to adjust to overall development politics with many new actors and a new power structure. Policy coherence became a major issue in the early years of the new millennium and the Millennium Development Goals (MDG’s) that were agreed upon under the umbrella of the UN General Assembly in 2000 dominated the ODA discourse during the first 15 years of the millennium. In 2005 the Second High Level Forum on Aid Effectiveness was held in Paris which resulted in the Paris Declaration. The effectiveness agenda dominated the discourse on modality of aid during the same period.

Greening ODA

The overarching challenges of climate change, health hazards and many more, have become more and more important to grapple with in development cooperation. The Paris Agreement on Climate Change in 2015 and the 2030 Agenda and the Sustainable Development Goals (SDG’s) have to be accommodated in policy. Preparations by the Swedish Government to integrate the Policy for Global Development, including the ODA-funded activities, with the 2030 Agenda have already been made. It is inevitable that in this process, Sweden will have to emphasize some of the SDG’s and targets, in order to improve the effectiveness of Swedish interventions.

The extensive measures needed to meet the climate change challenges increased the share of international ODA allocated significantly for such purposes. The launch of the Green Climate Fund (GCF) was an important step in that direction. The Swedish contributions to this fund have been large, compared to the size of the Swedish economy.
A large number of climate adaptation projects and programs within the ongoing strategy-based bilateral cooperation have also been initiated during recent years. The ODA-funded activities aimed at improving activities to reduce the climate change will continue to be a strategic part of Swedish ODA policy.

A shift of focus for Sida

Sida (The Swedish International Development Cooperation Agency) has in recent years channeled an increasing share of its funding through multilaterals, civil society, private sector and other intermediaries. If core funding of international organizations is added, the total share of Swedish Official Development Assistance (ODA) channeled through multilateral organisations has increased from about 38 percent in 2004 to 54 percent in 2018. In addition, about 21 percent is channeled through civil society organisations.

As a consequence, the share of the total ODA which is used for direct cooperation with the government and public sector in the partner countries has gradually decreased, and is being replaced by more intermediate forms of cooperation. Harnessing principles of partnership and ownership is considered more challenging in such multi-actor settings (Keijzer et al 2018). This trend is partly due to the, already mentioned, reduced trust between the cooperating governments and increased pressure to use ODA to meet global challenges such as climate change, environmental threats, health and migration issues. The ODA-recipient governments today also have a wider range of sources for funding their projects, in particular within the infrastructure sector.

Another trend in Sida’s aid portfolio during recent years is the increasing share of total ODA that has been channeled through the private sector. The initial level was however very low. Challenge funds and other innovative financing instruments have also been used, including loan guarantees. Parallel to this, the annual contribution from the ODA budget to Swedfund, the state-owned Swedish Development Finance Institution, has increased significantly, to 600 million SEK annually (2018).
New reasons for increased humanitarian assistance

Increasing authoritarianism and a growing national populism in a number of partner countries has negatively affected some of the core priority areas for Swedish ODA: support to democracy, human rights, sexual and reproductive health and rights (SRHR) and gender equality. This trend has also eroded mutual trust and opportunities to use an open and fruitful policy dialogue. Within the Swedish long-term bilateral development cooperation, the focus on cooperation with fragile, conflict, and post-conflict countries has been strengthened. This can be regarded as increased poverty focus of the traditional bilateral Swedish ODA. Simultaneously it implies a more difficult environment for cooperation and increased risk of failures.

Linked to this is the increased share of Swedish aid for humanitarian purposes. Humanitarian assistance has become increasingly important over the past decade with more and more complicated conflicts and refugee situations. In this area, Swedish ODA has increased from around 2.9 billion to slightly more than four billion SEK in that period. Humanitarian needs and the response to them are complex and varied. They involve a plethora of actors, international and national, large and small organizations with complex global mandates and organisations that serve a community or a neighborhood. In this field preemptive activities are important.

The ODA concept being diluted

The strong influx of refugees into Sweden during the period of 2006-2015, followed by a gradual reduction, has affected a share of Swedish ODA that was deducted from the one-percent GNI frame. As more funds were allocated for this purpose, less aid was available for development cooperation provided to partner countries, civil society organisations and international organisations. In 2015 the share of the one-percent target frame peaked at 22 percent of the total budget. Since then, it has declined to six percent in 2018 (openaid.se). Apart from less funds available for international development cooperation, this has also implied that the amount
of financial resources available for ODA changes significantly between years in an development cooperation, this has also implied that the amount of financial resources available for ODA changes significantly between years in an unpredictable way. This in turn, affects both planning and implementation negatively.

**Effects of New Public Management**

When it comes to monitoring and evaluation, the New Public Management-based model (a model on measuring results) was introduced in 2006. Sweden was at the time one of the most enthusiastic followers of this trend. As the negative side effects of this model became more and more evident – shortsightedness, accountability and control, the use of prefabricated blueprints – it became less popular. It seems that the new trend in this field will be based on what is called Problem Driven Iterative Adaptation or Doing Development Differently. This implies among other things a return of trust, local ownership, improved risk handling, stepwise monitoring and adaptation.

**Like-minded countries**

Historically, Sweden cooperated with a number of other donor countries in an informal group called “the like-minded countries”. The number of countries in the like-minded group shifted slightly, but during a number of years all the Nordic countries, the Netherlands, Canada and to a lesser extent the UK and Germany, were partners in this group, which had a significant common view on key development issues. Today this has changed, and Sweden is becoming more and more alone in its efforts to promote democracy, human rights, and gender equality, also in countries that are becoming more authoritarian. Sweden, therefore, has to increasingly ally with donors on a case-to-case basis.
Sweden and the EU

The EU and its member countries together constitute a major player in the field of development cooperation. In 2017, the EU (28 member states and the Commission itself) provided 60 percent of the total global ODA. The EU institutions alone account for 11 percent, compared to Sweden’s 3.4 percent.

In late 2005, The European Consensus on Development was approved by all members of the EU. This document defines common values, principles, objectives and means governing the development cooperation of the Commission as well as the member states. The objectives for development cooperation through the EU are first and foremost to reduce poverty. The European Consensus presented a multidimensional definition of poverty, with more focus on sustainable development, and further prioritised poverty reduction with a focus on the Millennium Development Goals. The term ‘sustainable development’ includes the implementation of good governance, human rights, as well as political, social and environmental aspects (EU, 2006:12). Ownership is furthermore high on the agenda (EU 2006:12) and has been a key feature of the EU’s cooperation agreement with the countries in Africa, the Caribbean and the Pacific (ACP), however not respected in practice (OECD/DAC (2018).

Sweden’s membership of the EU has led to some changes within its development cooperation both regarding policy and the day-to-day work, particularly in the field. Whether it has led to major changes in Sweden’s national aid practices, which in many cases have been a forerunner to other EU member states’ practices, is, however, doubtful (Odén and Wohlgemuth 2013). Recent trends in EU development policy move away from Swedish best practice. Compared to the 2005 European Consensus on Development, the 2017 EU ‘New Consensus’ statement showed a broad agenda involving little to no prioritisation, the absence of a multidimensional poverty definition, as well as low emphasis on cooperation effectiveness principles and policy coherence for development. In the place of this prioritisation, increased emphasis is placed on flexibility and adaptation, as well as how the EU’s development policy contributes to advancing the EU’s own interests – as highlighted in the EU’s 2016 Global Strategy on Foreign and Security Policy (OECD/DAC (2018), Castillejo, C. et al. (2018)).
"SWEDEN IS BECOMING MORE ALONE IN ITS EFFORTS TO PROMOTE DEMOCRACY, HUMAN RIGHTS, AND GENDER EQUALITY"
4. LESSONS LEARNED FROM THE PAST 60 YEARS

A number of lessons have been learned during 60 years of Swedish development cooperation. Most of them coincide with the lessons drawn by OECD/DAC\(^1\) in studies made by the organisation (OECD/DAC, 1992 and additional work following up to the Paris Declaration, 2005). Many of those are important to draw upon also in future development cooperation, irrespective of if the activities are ODA-eligible or not. Surely, the global context in which the development cooperation is taking place has changed immensely since 1962. Some of the experiences and learnings during this period are worth keeping in mind.

Recipient ownership

One of the main lessons is that the recipient country and its government must be responsible for its own development. Sustainable results of foreign interventions, independent of source of finance, can only be reached if they are owned and run by the beneficiaries on macro (political) level or micro (project) level. An important prerequisite for such ownership and indeed development itself is the existence of institutional capacity in the aid receiving country. The rather tricky task is to establish institutions and norms in the form of rule of law, social infrastructure, local administration, and public service reform, in an environment lacking both resources and historical experience of such institutions and norms.

Therefore, proper operational partnerships have to be formed between the donor and recipient in development cooperation. Cooperation within such partnership should be built on trust, mutual respect and long-term commitments such as good governance on both sides. The partnership

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1. The Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC) is a forum to discuss issues surrounding aid, development and poverty reduction in developing countries. It describes itself as being the “venue and voice” of the world’s major donor countries.
relation between donor and recipient has made policy dialogue the hub of such cooperation. However, in the past few years the mutual trust between development partners have gradually eroded and thereby also the role of the dialogue.

Shrinking space

Donor coordination, including all multinational and bilateral actors, and civil society organisations are important in order to avoid duplication and competition. This issue has over a long period of time been an important principle for Sweden and for significant periods, as stated above, Sweden has worked as part in alliances of donors, with similar views on development cooperation.

During recent years it has been more difficult to find partners within the donor community for such alliances when it comes to increased support for strengthening human rights, democracy and gender issues. At the same time an increasing number of partner countries’ governments are moving into a more authoritarian politics, which put civil society activists in danger and shrinks their working space.

In order to avoid failures and unintended counterproductive effects of support to development projects and programs, it is important to understand the context within which the cooperation is taking place. Who are the agents for necessary reforms and what are the obstacles? How do the dependencies between the involved actors look like? How do they depend on each other? Or to put it more simply; who has the power to do what?

Steering, monitoring and evaluation of development cooperation interventions should be adaptive and flexible, with space for changes during the implementation, rather than based on prefabricated blueprint targets.
From ownership to donorship

During the most recent years there have been changes in the principles of many donor countries from ownership to “donorship” as the view that development cooperation should mainly be an instrument for the donor – politically, commercially, migration and security wise. There is an increasing trend in OECD-states to make such ‘mutual benefit’ orientations explicit in development policies (Keijzer & Lundsgaarde 2017). This trend threatens the sustainability of the development interventions, and Sweden should, if possible, in cooperation with other development agents, try to reverse it into something which is more open to the ownership principles.

"SUSTAINABLE RESULTS OF ODA INTERVENTIONS, INDEPENDANT OF SOURCE OF FINANCE, CAN ONLY BE REACHED IF THEY ARE OWNED AND RUN BY THE BENEFICIARIES"
"The 2030 Agenda is the major framework for what development cooperation should focus on."
5. STRATEGIC CHOICES FOR THE FUTURE

Based on the discussion and lessons learned above, and the many important changes in the context of today including the many global challenges we have to tackle, such as the climate change, a number of important choices have to be made regarding the future of Swedish development cooperation.

- Solidarity – main motive for development cooperation
  Ever since the launch of the Government Bill of 1962, solidarity with the poor has been the overriding motive for Swedish development cooperation. However, for the past 20 years this has been questioned, particularly in the preparatory work for the Policy for Global Development (PGD) in the early 2000 and during the period of the conservative-liberal government 2006-2014, and an alternative of enlightened self-interest was suggested. The overriding motive for development cooperation should continue to be solidarity with poor people.

- The role of PGD and the 2030 Agenda
  The 2030 Agenda for sustainable development is the major framework after the Millennium Agenda for what development cooperation should focus on in the future. However, the 2030 Agenda covers all parts of life. Hence, efforts must be made to prioritize amongst the SDG’s at each specific time, given Sweden’s comparative advantages. Current efforts should also continue to incorporate the PGD into these overriding efforts of planning and concentration.

- Poverty alleviation as the overarching long-term objective
  The sequencing of material improvements and rights-based changes have to be defined in a more precise manner. Empirical evidence is divided on which is the causal direction between material improvement, level of democracy, human rights, and gender issues. The ultimate aim should remain to improve the living standard of the poor.
• Maintain the one percent volume target

The quantitative target of one percent of GNI has at times been questioned by arguments that qualitative targets would work for a more effective use of funds allocated to development cooperation. In the present context of PGD and the 2030 Agenda it has also become more and more difficult to distinguish what should be financed from ODA and not. The main point with a quantitative target for ODA is to avoid that the budget is used as a convenient “cushion” in case of temporary overall domestic Swedish budget problems, and thereby shifting this burden to the poorest and most fragile people in the world. Hence, Sweden should stay with the one percent ODA target, while continuing to provide development cooperation with maximum effectiveness.

• International definition and eligibility of ODA

In the past years there has been an increasing pressure from a number of countries within OECD/DAC and the EU for the inclusion of more and more “non-developmental costs” in ODA. In recent years, domestic budget costs for asylum seekers has been the main example. On top of that, suggestions are made to register as ODA further use of military staff in civil operations in conflict areas, and expand the field for ODA to support private sector activities. There is also a risk that a number of Sub-Saharan African countries are on their way into a new debt trap, which will trigger a new round of debt relief to be funded with ODA resources. The Swedish Government should therefore continue its policy to restrict the attempts to expand the area of what should be eligible to register as ODA.

• Ownership, not donorship

Historical experience teach us that the recipient country and its people must be responsible for its own development. Sustainable results of development interventions, independent of source of finance, can only be reached if they – both on macro (political) level or micro (project) level – are owned and run by the beneficiaries. This was agreed upon in 2005 in the Paris Declaration on aid effectiveness, but seems today to be outdated. Efforts should be made to find ways to accommodate this very important lesson, which is compatible with the contexts of today. As Sida states in its vision for future support, there is a need to find new ways of interacting with partners on all levels to create a new atmosphere of collaboration in spite of difficult environments. An additional difficult question which was highlighted in a recent report from the Expert Group for Aid Studies (Keijzer et al 2018) is how to uphold ownership while
Swedish assistance, to an increasing degree, is implemented by intermediaries, such as UN agencies, international and Swedish non-governmental organisations, and other actors.

- **Partnership and dialogue**
  In order to make ownership operational, proper partnerships have to be formed between the donor and recipient of development cooperation. Cooperation within such partnerships should be built on trust, multidisciplinarity, mutual respect, and long term commitments, which implies good governance on both sides. In the past few years, the mutual trust between development partners have gradually eroded and thereby also the role of the dialogue. One important question is therefore how Sweden shall reverse this trend in the strategy-based development cooperation with partner countries, governed by increasingly authoritarian governments. In the authors’ views, partnerships should continue as long as there is hope for meaningful dialogue.

- **Influencing the partner agenda**
  Sweden has an important role in influencing local agendas on rights-based issues, such as democratic development, good governance, gender equality, human rights, environment, climate change, and SRHR. As these issues become more important for Sweden, the willingness to pursue a dialogue in a number of partner countries has been reduced. Work in these circumstances is becoming more difficult and requires suitable strategies which can fit into actual specific circumstances. Swedish values should be pursued in development cooperation in the form of an informed dialogue. Two countries engaging in a true partnership do not necessarily have to share the same values, however, they require transparency of interests and the dialogue requires respect for ownership of the final outcomes of the negotiations.

- **Reverse the “multilateralization” of bilateral development assistance**
  In recent years an increasing share of bilateral aid has been channeled via multilateral intermediaries to development projects and programs, while direct bilateral support has obtained a lower share of ODA. The decreasing number of direct bilateral relations reduces the building of mutual trust between the development partners, which has been an important feature of previous Swedish development cooperation. This has to be reviewed to find a proper balance between bilateral support and funds channeled via other actors. The
aim should be to increase the direct bilateral support. However, this does not in any way question the importance of the multilateral system and rule-based solutions to major global challenges.

- Develop and strengthen the effectiveness of the multilateral assistance
  Collaboration with other DAC member states in following up on the effective use of resources by the multilateral agencies should be strengthened.

- Who should be the recipients of Swedish ODA?
  Many countries have in the past decades graduated from low-income to middle-income level. Still, the majority of the world poor live in middle-income countries. At the same time, the number of countries categorized as fragile states with minimum ability for sustainable governance have increased. A growing share of Swedish ODA has been allocated to them. It is important to retain a proper balance between bilateral cooperation with fragile states and more stable countries moving towards middle-income. A difficult question remains; how should Sweden continue to respect the principles of ownership in fragile states, given that stakeholders may have limited capacity or legitimacy deficits that prevent them from effectively exercising such ownership?

- The role of civil society actors
  The civil society actors of Sweden, as well as from the partner countries and internationally, have become increasingly important in the development discourse over time. From being mainly involved in “service delivery”, they have become more and more involved in setting norms, acting as sources of information, opinion leaders, as well as increasing their involvement in international negotiations. On the international level, many civil society organisations scrutinize governments and private companies, ensuring they follow established rules and norms for human rights, democratic development, gender equality, environment and climate. In their efforts to balance these roles, they have become increasingly vulnerable to criticism and pressure from governments in countries where they operate. An important question concerns their autonomy, as they are becoming increasingly dependent on funds from donor agencies (Odén and Wohlgemuth, 2015).

- Donor coordination
  The importance of donor coordination should include all actors; multinational, bilateral and the non-governmental sector, in order to avoid duplication and competition and allowing for concentration of efforts in development.
• The catalytic role of development cooperation
Development cooperation can, in addition to its direct role in support of development, also have a catalytic role which is reflected by its ability to mobilise economic and technical capacity from the society at large (ERD 2015). In recent years, focus has been on the ability of ODA to generate increased resources from actors in the private sector. As this is a relatively new activity, it is important to analyse the effectiveness of such efforts. These new relations can, if properly implemented, result in collaboration in other areas than development cooperation and lead to win-win situations for all actors.

• From humanitarian to development assistance
Humanitarian assistance differs from long-term development cooperation in two ways. First, its principles and approach are to a large extent enshrined in international law. Second, the object of humanitarian aid is to alleviate acute suffering, while reducing poverty is the overall aim of development assistance (Odén and Wohlgemuth 2013). Development assistance is provided in connection with the recovery after a crisis, to help create a situation where long-term sustainable development can take place – the transition phase. It is important that the strategy for the transition period is continuously developed and carefully implemented.

• Influencing the international agenda should be emphasized
This dimension - shaping and advancing the normative agenda - is often underestimated and should continue to be an important part of Sweden’s global engagement and commitment. Sweden has been active both in formal negotiations as well as in processes of raising awareness and influencing public opinions. These processes have been important in the run up to major international conferences on issues such as health, population, gender, environment and climate, and have played an important role for the development of the final recommendations and commitments. In that way, Sweden has often had a greater influence in relation to its size and resources, and should continue this work also in the future.

• Stronger focus on institutions and competence building in partner countries
An important prerequisite for development is that institutional capacity is developed by the recipient in the form of rule of law, social infrastructure,
local administration, public service reforms, and more. All to allow for private and public actors to develop in a sustainable manner. This has been an important feature in Swedish development cooperation in the past, and must be so to a greater extent in the future. Even more so, as new international finances are more concentrated to investments, and less to build capacity for maintenance and replication of already made investments. Funding for research is an immensely important additional activity for long-term building of local competence.

- Strengthen Swedish competence to deliver ODA

How shall the competence and capacity of Sida, and other agencies and institutions engaged in development, be strengthened to take on the increasing responsibility and volume of ODA? The major question is how much direct intervention should be made by Swedish actors and how much of the total support should be channeled via other actors. In the latter, there is a need for a basic capacity in Sweden to monitor the interventions of their work to implement Swedish priorities. In the authors opinion, the present capacities in Sweden are far too low, compared to the ambitions that the Swedish Government has expressed in official statements on Swedish aid policy and the 2030 Agenda.

- Knowledge for development

Related to the point made above, is the question of establishing the necessary capacity for analyzing the rapid and varied changes taking place internationally. We are of the opinion that this question is underestimated and that capacity for analyses has to be expanded. The creation of The Expert Group for Aid Studies (EBA) and Folke Bernadotte foundation as well as a few private think tanks is a good start but should be expanded and combined with added resource on ministerial level and at Sida.

- Managing, monitoring and evaluating – adapt to context

The period of New Public Management as a basic mode for steering, monitoring, and evaluation, had serious consequences on the relationship between the donors and recipients and weakened trust and ownership. The increased focus on control and results also tended to strengthen short-term perspectives. This issue is being reviewed and a better balance seems to be struck between monitoring and evaluation as means for learning, rather than control and accountability. This development should be supported and managing, monitoring and evaluation should be implemented adaptively and flexibly, with space for changes during the implementation.
SUMMARY

There is a need for a continued, efficient and long-term Swedish support for development with the objective to alleviate poverty. The ODA funds must be seen as one source of funding, among several others. If well-conceived, it can act as a catalyst for other sources of funding. To establish this, all involved actors must respect that the recipient should stay responsible for its own development efforts and work with the spirit of trust and long-term perspective.

There is also a need for increased bilateral engagement, with more ODA funds used by Swedish actors engaging in long-term competence building, and less transfers via multilateral intermediates. This would allow for engagement in more difficult areas, also within an atmosphere of increased authoritarianism and shrinking space for civil society, with the help of new forms of dialogue. For this, an increased emphasis on building the Swedish capacity and competencies working with international development is necessary.

In order to deliver on the high ambitions for the 2030 Agenda and the SDG’s, Sweden has to focus more on the international issues where Swedish competence, experience and capacity are most competitive. To prioritize all 17 SDG’s, 69 targets and approximately 230 indicators is far from optimal in order to meet the objectives. Sweden has to be strategic in its efforts and efficient in implementation, and cooperate with other like-minded countries and global actors.
APPENDIX

Swedish ODA data 2018 and major trends during the period 2000-2018

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BILLION SEK</th>
<th>% OF TOTAL</th>
<th>TREND SINCE 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ODA</td>
<td>42.3</td>
<td>100%</td>
<td>Aid budget frame 1% of GNI since 2006</td>
</tr>
<tr>
<td>Total Sida aid</td>
<td>24.5</td>
<td>58%</td>
<td>decrease 60-58%</td>
</tr>
<tr>
<td>Total core funding of multilateral organisations</td>
<td>13.3</td>
<td>31%</td>
<td>increase 29-31%</td>
</tr>
<tr>
<td>Total core multilateral &amp; multi-bilateral aid</td>
<td>22.9</td>
<td>54%</td>
<td>increase 38% (2004) to 54%</td>
</tr>
<tr>
<td>Total aid to individual countries</td>
<td>15.7</td>
<td>19%</td>
<td>decrease 43-19%</td>
</tr>
<tr>
<td>Total aid to and through CSOs</td>
<td>8.2</td>
<td>21%</td>
<td>increase 20-21%</td>
</tr>
<tr>
<td>Total regional aid</td>
<td>2.7</td>
<td>6%</td>
<td>remained at 6%</td>
</tr>
<tr>
<td>Other bilateral, unspecified aid</td>
<td>7.8</td>
<td>18%</td>
<td>increase 9-18%</td>
</tr>
</tbody>
</table>

Table 1: Openaid.se Data retrieved end of april 2019
Table 2: Openaid.se Data retrieved end of april 2019. Administrative costs excluded
Table 3: Proposition 2018/19:1 Utgiftsområde 7 Internationellt bistånd*, table 2.8
Open aid.se. Data on various aspects of Swedish ODA in this report are mainly taken from the Openaid.se data base. Occasionally those data differ from other sources, such as Sida documents and Government bills, as well as the DAC statistics due to separate definitions or coverage.
Swedish ODA allocated through Sida 2017, 2018, and major trends during the period 2000-2018

### SELECTED DATA ON ODA ALLOCATED THROUGH SIDA 2018

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BILLION SEK</th>
<th>% OF TOTAL</th>
<th>TREND SINCE 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sida aid</td>
<td>24.5</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Sida multi-bilateral aid</td>
<td>9.6</td>
<td>39%</td>
<td>strong increase 16-39%</td>
</tr>
<tr>
<td>Sida aid to individual countries</td>
<td>15</td>
<td>61%</td>
<td>decrease 71-61%</td>
</tr>
<tr>
<td>Sida aid to recipient country's public sector</td>
<td>1.2</td>
<td>5%</td>
<td>15% in 2000, 8% in 2008, to 5% in 2018</td>
</tr>
<tr>
<td>Sida aid to and through CSOs</td>
<td>7.9</td>
<td>32%</td>
<td>increase 30-32%</td>
</tr>
<tr>
<td>Other bilateral unspecified aid through Sida</td>
<td>6.7</td>
<td>27%</td>
<td>increase 14-27%</td>
</tr>
</tbody>
</table>

### BILATERAL ODA 2017, BY MAJOR PURPOSES

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BILLION SEK</th>
<th>% OF TOTAL</th>
<th>TREND 2012-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sida aid</td>
<td>25.8</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Humanitarian assistance</td>
<td>4.1</td>
<td>15.7%</td>
<td>differing between 14-18%</td>
</tr>
<tr>
<td>Economic development</td>
<td>3.1</td>
<td>12%</td>
<td>decrease 13-12%</td>
</tr>
<tr>
<td>General budget support</td>
<td>0</td>
<td>0</td>
<td>500m SEK in 2000, 1 bn SEK in 2008, to 0 SEK in 2017</td>
</tr>
<tr>
<td>Education and research</td>
<td>1.4</td>
<td>5.3%</td>
<td>differing between 5-7%</td>
</tr>
<tr>
<td>Democracy, Human rights, gender issues</td>
<td>6.3</td>
<td>24.5%</td>
<td>differing between 24-26%</td>
</tr>
<tr>
<td>Health incl. water, sanitation, population</td>
<td>3.0</td>
<td>11.6%</td>
<td>differing between 11-13%</td>
</tr>
<tr>
<td>Environment, climate, energy</td>
<td>2.0</td>
<td>7.9%</td>
<td>increase 6-7.9%</td>
</tr>
<tr>
<td>Peace and security</td>
<td>1.4</td>
<td>5.5%</td>
<td>differing between 5-6%</td>
</tr>
<tr>
<td>Remaining</td>
<td>4.5</td>
<td>17.5%</td>
<td>differing between 16-20%</td>
</tr>
</tbody>
</table>
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