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국제학석사학위논문

**Revisiting the Humanitarian Aspects of
Swedish Aid Policies
From 1980s to 2000s**

1980년대 이후 스웨덴의 인도주의적
대외원조정책에 대한 비판적 검토

2015년 2월

서울대학교 국제대학원

국제학과 국제협력 전공

이 유 진

**Revisiting the Humanitarian Aspects of
Swedish Aid Policies
From 1980s to 2000s**

Thesis by

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Graduate Program in International Cooperation
For the degree of Masters of International Studies

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Graduate School of International Studies

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LIST OF ABBREVIATIONS

B4D Business for Development

BITS Swedish Agency for International Technical and Economic Cooperation

CSOs Civil Society Organizations

DAC Development Assistance Committee

EU European Union

GDP Gross Domestic Product

GNP Gross National Product

HDR Human Development Report

HFA High Level Forum on Aid Effectiveness

IBRD International Bank for Reconstruction and Development

IDA International Development Association

IFC International Financial Corporation

IMF International Monetary Fund

LDCs Least Developed Countries

MDGs Millennium Development Goals

MOFA Ministry of Foreign Affairs (Sweden)

NGOs Non-Governmental Organizations

ODA Official Development Assistance

OECD Organization for Economic Cooperation and Development

PGD Policy for Global Development

PRSP Poverty Reduction Strategy Paper

SAP Structural Adjustment Programme

SAP Swedish Democratic Party

SDP Social Democratic Party

SIDA Swedish International Development Cooperation Agency

SWEDFUND Swedish Fund for Industrial Cooperation with Developing Countries

UN United Nations

UNDP United Nations Development Programme

UNICEF the United Nations Children's Fund

WB World Bank

WWII World War II

Abstract

Revisiting the Humanitarian Aspects of Swedish Aid Policies from 1980s to 2000s

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For decades the Swedish model for aid has been lauded for humanitarian aspects and analyzed academically. Originating from the so-called Nordic aid model (also utilized by Norway and Denmark), aid packages have been considered so generous that sometimes comparison has been drawn between the aid program and the socio-political values underpinning their national welfare state systems. This model however fails to explain some of the changes in policies and practices that have emerged under the auspices of Swedish aid since the 1980's. This thesis aims to analyze the key strategic changes in the aid policy of Sweden and answer what the nation's aid policies have become today – are they still characterized by strong humanitarian concerns or have they evolved to be something else? Overall, Sweden has maintained altruistic aspects in terms of its aid motivation and objective. However, adoption of macroeconomic policies and requirements, aid budget cuts during difficult economic times at home and abroad, the increasing involvement of the private sector as a main contributor of development cooperation and prioritizing good governance with the trade sector show that Swedish aid policy has evolved in response to changing economic conditions, incorporating its national interests in its aid policy.

These findings underpin the stance of a realist perspective in development policies even for the most generous donor, confirming that foreign aid is subject to the donor's interests and can be easily distorted to serve them. As a consequence, the contemporary Swedish aid policy needs to be understood as a hybrid that incorporates both idealist and realist aims into its aid policy.

.....

Keywords: Swedish aid, Nordic aid model, Humanitarianism in aid, National interests in aid, Private sector, Good governance.

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I. Introduction

1.1. Aid – Humanitarian vs National Interests

The motivation of foreign aid has always been a controversial subject. The Modern-day concept of foreign aid started after the World War II (WWII) when the U.S. gave a large amount of technical and financial assistance to the war-torn Western European countries for the purpose of economic/political reconstruction and development in 1948,¹ which is known as Marshall Plan. In the late 1960s, many African and Asian countries gained independence from their European colonists and the need for development assistance grew tremendously. Many development organizations and agencies, such as the OECD Development Assistance Committee (DAC) implemented in 1961 for the purpose of supporting economic development in developing countries, United Nations Development Programme (UNDP) in 1965 took its shape while international development assistance became a major foreign policy for many donor countries.

¹ Lewarne and Snelbecker. 2004. *Economic Governance in War Torn Economies: Lessons Learned from the Marshall Plan to the Reconstruction of Iraq*. p.12.

During the Cold War, foreign donors prioritized strategic considerations with the spread of their political influence². According to Boyer, foreign aid was a main government institution for the U.S. during this period³. In this respect, the Marshall Plan can be understood to be seeking to reconstruct the European economies and reintegrate them into the capitalist world economy while creating a unified bloc against the Soviet Union's influence. For this reason, some scholars state that development assistance was mainly for promoting national interests throughout the Cold War. They base this on the way that the major powers directed the amount and type of their foreign assistance to countries that corresponded with their national interests—e.g. security, political, economic, and ideological interests.⁴ Development of recipient countries, in this respect, can be understood as a second concern for the donors.

Meanwhile, proponents of the use of foreign aid for humanitarian purposes focus on the altruistic motives of the donors, maintaining that development assistance is provided according to the needs of the recipients. One of the proponents of humanitarianism in aid, Lundsmaine emphasizes the altruistic aspect of donors' motivations. Although acknowledging the influence

² Thad Dunning, 2004, "*Conditioning the Effects of Aid: Cold War Politics, Donor Credibility, and Democracy in Africa.*" p.410.

³ Boyer and Dubofsky. 2001. *The Oxford Companion to United States History*. p.276.

⁴ Dobransky. 2010. *Humanitarian Versus National Interests: A Statistical Reflection on Official Development Assistance and Whether It Is Directed Towards Its Goals and Ideals*. <http://secretary.state.gov/www/briefings/statements/1998/ps981002.html>. [Accessed November 10, 2014].

of donor's national interests on bilateral aid, he claims that it is humanitarian motivations that explain the emergence of development assistance and donors' long-term commitment to aid during the postwar periods.

*“Evidence about aid spending, about which countries had the strongest aid programs, about public support for aid, about the origins of aid, and about ongoing changes in aid suggest instead that the real basis of support lay in humanitarian and egalitarian concern in the donor countries.”*⁵

Furthermore, the humanitarian aspect of development assistance was particularly supported by studies on Nordic countries – Sweden, Norway, and Denmark - which have shown exceptionally generous aid spending throughout history. In *who gives foreign aid to whom and why?* (2000), Alesina and Dollar analyze the aid allocation pattern of various donors and found exceptional behavior of Nordic countries that they direct their aid to economically ‘fair’ variables such as income levels of recipients.⁶ For most western donors, they discovered that the allocation of bilateral assistance is directed as much by political and strategic considerations as it

⁵ Lumsdaine. 1993. *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*. Pp.100-102.

⁶ Alberto, and Dollar. 2000. *Who gives foreign aid to whom and why?* Journal of Economic Growth Vol.5, No.1, pp. 33-63.

is by economic needs of recipients. A few studies further analyze Nordic countries aid patterns (plus the Netherlands) and explore the origins of their strong support for foreign assistance. In *Western Middle Powers and Global Poverty: The Determinants of the Aid Policies of Canada, Denmark, the Netherlands, Norway (1989)*, Stokke says that the particular aid profile for these like-minded donors originate from "dominant socio-political values...underpinning the welfare state ideology."⁷

Given these studies, the humanitarian aspect of these Nordic countries has been well-emphasized and analyzed for decades, leading to the creation of the Nordic model. In contrast to other donors, Nordic countries share exceptionally humanitarian characteristics such as generous aid spending and strong public support for development assistance. However, due to this generally accepted conclusion about the behavior of Nordic countries, there are few studies which focus on unusual aid policies and performance such as their aid cutbacks in the 1990s and the recent aid policies of Norway and the Netherlands towards the promotion of trade and investment in their development strategies. These cases clearly show an explicit shift and raises questions regarding the validity of today's understanding of their aid policies. For this reason, this

⁷ Stokke, 1989, *Western Middle Powers and Global Poverty: The Determinants of the Aid Policies of Canada, Denmark, the Netherlands, Norway*, p.3.

thesis aims to know if contemporary aid policies of one of the most generous Nordic countries – Sweden- can still be understood within the so-called ‘Nordic Model’ framework. The rational ground for choosing Sweden is based on the fact it is the second most generous donor among DAC countries in terms of ODA/GNI contribution as of 2013⁸ and is generally reputed to have a more humanitarian aspect in terms of its overall aid policies throughout history. Thus, unlike Norway and the Netherlands which have explicitly revealed their aims to promote commercial interests on the front of their aid policies, the Swedish model makes a good case study to see if it remains primarily humanitarian in nature or if it has become like other donors that incorporate their national interests into their aid policy.

1.2. Research Questions

By analyzing Swedish aid on both a policy and practical level, this thesis aims to answer three main research questions. The first question is how has the Swedish aid policy evolved throughout history? By looking at the development of Swedish aid from the 1960s, it will particularly focus on the period of the 1980s, 1990s and 2000s when strategic changes had

⁸ OECD, 2013, *OECD DAC Peer Review of Sweden 2013*. p.59.

started to emerge and to be actively reflected in policy. Based on findings, three major dimensions of changes will be categorized. Second research question is why those strategic changes emerged from the 1980s; this is to understand the circumstances under which they appeared. The description of the context in the international economic environment and its impact on the Swedish domestic economy will justify the changing interests of its aid policy throughout the history. Lastly, given these strategic changes, we ask what the nation's aid policies have become today – are they still characterized by humanitarianism or evolved to be something new?

1.3. Structure of the paper

The first chapter defines the traditional Swedish aid model from the 1960s to 1970s, which has highly humanitarian characteristics. The traditional model is described as a point of departure to identify what has changed since then. After briefly looking at the traditional Swedish aid model, the paper focuses on the main changes that started to emerge in contemporary Swedish aid policy from the 1980s, 1990s to 2000s. The choice of time period from the 1980s to 2000s is based on the fact that some unusual policies begun to emerge in Swedish aid from the 1980s

reflecting difficult economic situations at home and abroad that led to changing development priorities. Furthermore, Starting from 1992, total aid volume fell dramatically and important changes, mainly neoliberal policies, started to be actively reflected in specific strategies and implemented at this time period.

Following the chapter on historical development, we move on to categorization of three important dimensions of change. Here, the thesis elaborates the circumstances that led to the emergence of those changes and explains the changing interests of contemporary Swedish aid policy away from humanitarian purposes that dominated the traditional times. Based on these findings, the thesis aims to define a new analytical framework/model that can help understand the contemporary policy.

II. Analytical Framework

2.1. Theoretical Perspective – Realist

In International relations study, there are a number of perspectives to analyzing the world. The traditional divide is between what are known as the realist, liberal, and social constructivist approaches.⁹ According to the realist perspective, the international system is perpetual anarchy. In this system, nation states are the main actors and the role of civil organizations such as NGOs is too meager to affect the domestic policy. Nation states always behave in a way that maximizes their national economic, commercial and political interests. The emergence of the Bretton Woods system and economic cooperation among economic powerhouses can be explained within a realistic paradigm. Survival and power struggles become the most important objective of nation states in a state of anarchy. In addition, there is a hierarchy in terms of economic and political power among the states, thus the role of hegemon leadership becomes important to “facilitate cooperation, and the balance of power, which discourages conflicts.”¹⁰

⁹ Cohn. 2012. *Global Political Economy (6th Edition)*, p.5.

¹⁰ Siitonen. 1990. *Political Theories of Development Cooperation- A Study of Theories of International Cooperation*, Working papers, p.86.

Meanwhile, the idealist or liberalist theory focuses on interdependence among nation states. The role of international norms and principles such as international law and international organizations are important in governing international society. As a result, cooperation and an essential harmony of interests among nations in this peaceful international system become possible.¹¹ Furthermore, international cooperation occurs when all parties gain from it and it is seen as a positive sum game. “Unregulated markets and free trade are therefore cornerstones in a stable and prosperous world economy.”¹²

Social constructivists’ understanding of international relations is largely contingent on social context. According to Wendt, the variables of interest to scholars—e.g. military power, trade relations, international institutions—are not important to social constructivists as they are merely objective facts about the world. Rather, what is important is our understanding and the social meanings constructed on them.¹³ The social constructivist, therefore, emphasize the issue of changing identities and views of the nations which evolved from a mix of their history and beliefs as a determinant of a state’s behavior. So, the simplistic notion of defining states as self-

¹¹ Ibid.

¹² Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.78

¹³ Wendt. 1992. *Anarchy is what States Make of it: The Social Construction of Power Politics*, International Organization, Vol. 46, No. 2.

interested or moral actors is not right as a state's action will differ depending on how they view international society.

Applying these theoretical perspectives on development cooperation, the realist paradigm is plausible to explain donors' actions in pursuing national interests while the liberalist paradigm seeks a more altruistic and moralistic drive of development assistance. The social constructivist point of view can be applied to understanding the emergence of new norms and emphasis on certain ideas such as 'environment' or 'governance' in different periods. As a state's perspective about the world and values change, different norms are given attention. It can be the value that liberalism or realism puts emphasis on, thus, in a way there are some commons between social constructivist, realist and liberalist theory.

Traditionally, the Swedish aid model has been studied under the categorization of 'Nordic model' which can be defined mainly with humanitarian and altruistic characteristics. Therefore, it can be translated that Sweden has retained many elements of 'liberalism/idealism' in their aid policies. However, given the digression of some of the Nordic countries from humanitarianism and their aid cutbacks from the 1990s, we question if the Swedish aid model still manages to remain as a truly exceptional Nordic model in contemporary years. This paper brings the issue of

strategic changes of Swedish aid policy to the forefront and tries to identify what has changed from the 1980s and what has not. For this purpose, the realist perspective and the scholarly view on the pursuit of national interests in development cooperation will be the main theoretical toolbox for analysis in the thesis. By applying this theory, we will be able to have a critical stance on Swedish aid policy which has been mainly studied with a liberalistic point of view. After identifying changes in the Swedish model, we will conclude where it stands today and suggest further considerations on the validity of humanitarianism in development cooperation.

2.2. Methodology

A qualitative method will be used in this paper as this is seen as the most appropriate to prove the hypothesis and answer the research questions. Materials to show the historical change and major events of Swedish aid are the main sources of analysis of this method. Also, sub-chapters describing the aid policy of Sweden will follow chronological order as this is seen the most convenient way to organize history related materials.

Primary sources are official government policy documents, statements and interviews of prominent figures. Official government documents mean mainly government legislative bills or the Swedish Policy for Global Development and strategic documents by the Ministry of Foreign Affairs (MOFA) and Swedish International Development Agency (SIDA). These documents are guidelines of setting out Swedish motivations, objectives, and sectors of priority, which are all seen appropriate to confirm whether changes have occurred and what changes they are. In addition, reports published by other researchers and institutions such as the World Bank, OECD, evaluation papers produced by NGOs and universities are also included here.

Secondary sources are statistical materials from the Credit Reporting System database by OECD DAC, tables and figures from OECD Peer review of Sweden 2013 and the Swedish International Development Agency (SIDA). These sources will help to broaden the picture and to gain an insight into practical aspects of the change in Swedish aid, for example, by tracing the aid allocation by sector, region and income level.

III. Literature Review

Alesina and Dollar (2000) analyze the aid allocation pattern of various donor countries. While the study shows how development assistance in general is dictated by the political and economic concerns of donors, Nordic countries including Sweden are found to be uncommonly generous donors that contribute its ODA based on the needs of recipients.¹⁴

Another study confirming the humanitarian strand of Swedish aid is supported by Stokke (1989). In his study, the group of five western middle powers (Canada, Denmark, the Netherlands, Norway and Sweden) is categorized as like-minded donors whose aid policies are less driven by political, economic and strategic considerations. He explains that their aid policy is a reflection of “dominant social-political values underpinning a social-welfare ideology.”¹⁵

Selbervik and Nygaard (2006) supports the humanitarian view on Swedish aid policy. He compares aid policies of Nordic countries and focuses both on the similarities and differences of their policies. In terms of motivations, he confirms that Nordic countries are less driven by

¹⁴ Alberto, and Dollar. 2000. *Who gives foreign aid to whom and why?* Journal of Economic Growth Vol.5, No.1, pp. 33-63.

¹⁵ Stokke, 1989, *Western Middle Powers and Global Poverty: The Determinants of the Aid Policies of Canada, Denmark, the Netherlands, Norway.*

strategic considerations. Sweden, here, stands out as the least affected by private interests compared to other Nordic donors.¹⁶

Danielson and Wohlgemuth (2003) shows continuity of Swedish aid policy with the traditional aid model. Several problems and strategic changes were revealed in their selection of partner countries, changes induced by EU membership, lack of an explicit development theory to guide the choice of modalities and inconsistencies between rhetoric and practice on a number of issues. He concludes and emphasizes, however, that the Swedish aid in its philosophy – despite frequent and major reforms – is characterized by stability and continuity.¹⁷

There are a few scholars who take a critical stance on Swedish aid policy. One recent study was done by Sundell (2013). He is critical on its evolution. By looking at the changes for the last three decades with the particular reference to Swedish-Tanzania development cooperation, he concludes that Swedish aid has adapted to the process of globalization by adopting global capitalist consensus into its aid policy.¹⁸

¹⁶ Selbervik and Nygaard, 2006, *Nordic Exceptionalism in Development Assistance? Aid Policies and the Major Donors: The Nordic Countries*.

¹⁷ Danielson, and Wohlgemuth. 2002. *Swedish Development Cooperation in Perspective: Working paper n°8*.

¹⁸ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*.

Carlsson (1998) explores the historical evolution from 1960s to 1990s with focus on its goal on poverty reduction. There is a great divide between policy and practice and therefore the extent to which the Swedish aid policy affects poverty reduction. In terms of practice, Swedish aid is a tool for self-serving foreign and domestic concerns as was seen in its increasing ODA transfer to Eastern European countries and Turkey in the 2000s which are all middle income, but receive Swedish aid for their geopolitical importance.¹⁹

Sörbom (2010), (2012) points out how Swedish aid evolved with some important but risky changes. He mentions some worrying indicators such as private sector involvement dominating contemporary Swedish aid policies. He criticizes the uncertain and sometimes negative ability and impact of the private sector on what Sweden stands for – poverty reduction and development of developing countries.²⁰

Kwakkenbos (2012), his study focuses on the increasing scale of support to the private sector by several DAC countries and multilateral organizations in recent years. Sweden was a striking and leading example that development finance to private sector has been increased seven fold

¹⁹ Carlsson, 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107.

²⁰ Sörbom, 2010, the 2010 Reality of aid: *Improving transparency, challenges with emphasis on the private sector*.

since 2006, thus leaving room for us to reproach the its ODA policy looking for a hidden agenda.²¹

²¹ Kwakkenbos, 2012, *Private profit for public good? Can investing in private companies deliver for the poor?*

IV. Historical Development of Swedish Aid Policy and Practice

4.1. Traditional Swedish aid model

Before going further, some salient features of the traditional Swedish aid model should be defined. By being aware of these features, we are able to identify what has changed in recent years. Overall, Swedish aid policy shares many characteristics with other Nordic countries –e.g. its overarching development goal being poverty reduction and contributing one of highest ODA/GNI shares compared to other DAC countries. In 2013, Sweden gave 1.02% of its Gross National Income (GNI) as ODA ranking it as the second most generous donor among DAC countries.²²

This humanitarian aspect of the Swedish aid policy or Nordic model, according to Stokke (1989), is attributed to the dominant social and economic values related to the welfare state. The Social Democratic Party, which gained control of the government since the 1930s, was able to create and expand the welfare state after World War II based on the domestic consensus for social welfare. Their initiatives include the introduction of a universal national pension program, a health insurance program and unemployment insurance. Naturally, the domestic consensus that created the welfare state was reflected onto its foreign policy leading to a philanthropic view towards the

²² OECD, 2013, *OECD DAC Peer Review of Sweden 2013*. p.59.

developing world. Based on this strong domestic and international solidarity towards welfare, the first related government bill came into effect in 1962. This gave a foundation to many salient features of the Swedish aid policy, some of which it has retained till this day.

- **Motivation and objectives – Moral drive to help the poor**

The motivation for Swedish development assistance is well formulated in the government bill of 1962. It says “the efforts to spurt the economic growth in other countries are deduced from feelings of moral duty and international solidarity, and the objective of Swedish aid is to raise the living standards of poor people.”²³ Later, the government bill of 1968 reiterates the moral and solidarity drive to help the poor. This highly poverty-focused objective was motivated by the realization that peace, freedom and welfare are not exclusive national qualities, but are universal and international concerns.²⁴

Although the term “poverty” or “poor” have varied, and the sub-goals to achieve poverty reduction have been changed or added throughout, the overarching objective on poverty reduction is one of the main features that have been maintained until today.

The poverty-focus is well elaborated in Swedish approach on poverty-elimination. The main

²³ MFA. Ministry of Foreign Affairs Sweden. Government Budget Bill, 1962:100, p.5.

²⁴ Ibid.

focus areas described are – “1) eradication of starvation and mass poverty, 2) elimination of epidemic diseases; 3) reduction of infant mortality, 4) creation of the prerequisites for decent living conditions.”²⁵ The government bill of 1968 also prescribed the similar but wider remedies for poverty eradication from “improved education, economic growth, industrialization, increased democracy and national independence with a stronger emphasis on economic and social equalization than before.”²⁶ Below is the list of sub-goals emphasized in the 1960s: “Economic resource growth (1962); Economic and Social equality (1962); Democratic development of society (1962), Economic and political autonomy (1968).”²⁷ Overall, the poverty-focus objective originating from humanitarian drive is maintained in development assistance policy in the 1960s.

The 1960s is also historic period for Swedish development assistance as it established the goal of 1 % ODA/GNI goal which tops the 0.7 % agreed by the OECD DAC countries. In addition, the Swedish Agency for international assistance is transformed in 1965 into the Swedish International Development Authority (SIDA) as an implementation body under the Ministry of Foreign Affairs. By the creation of SIDA, Swedish aid policy is to become more concrete and systematic in the decades to come.

²⁵ Carlsson, 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.11.

²⁶ Ibid.

²⁷ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.29.

- **Bilateral vs Multilateral Aid – Strong Multilateral Supporter**

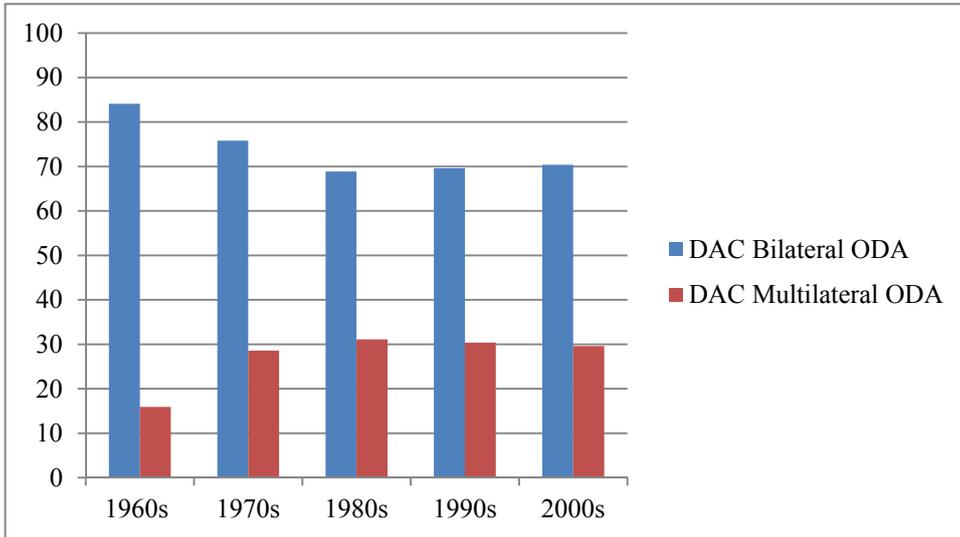


Figure 1. Percentage Share by aid channel among DAC countries, OECD CRS, 2014

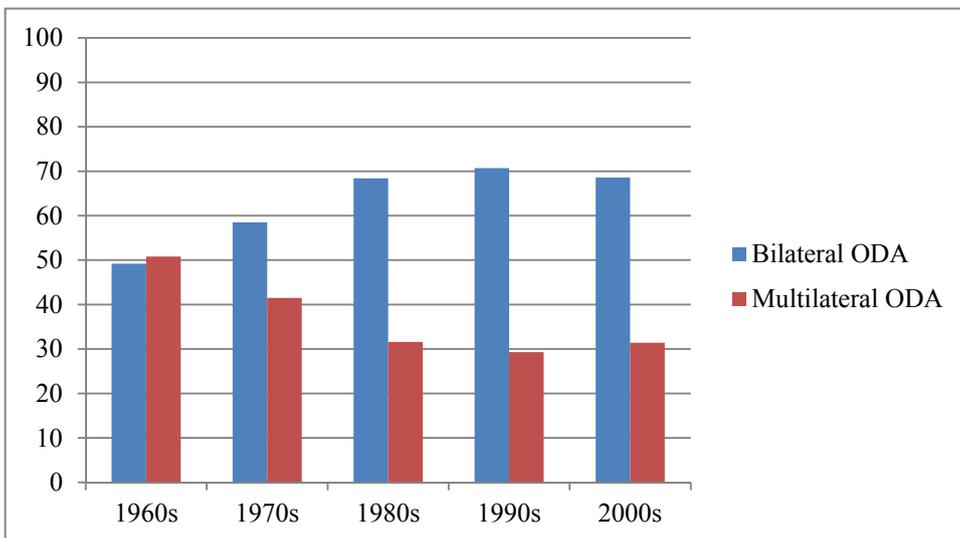


Figure 2. Percentage Share by aid channel, Sweden, OECD CRS, 2014.

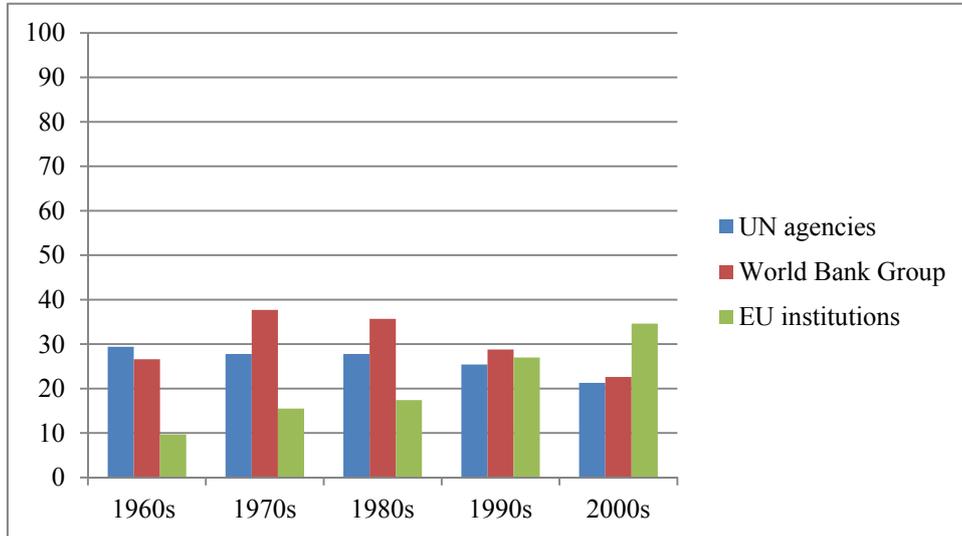


Figure 3. Percentage Share by aid agencies among DAC countries, OECD CRS, 2014

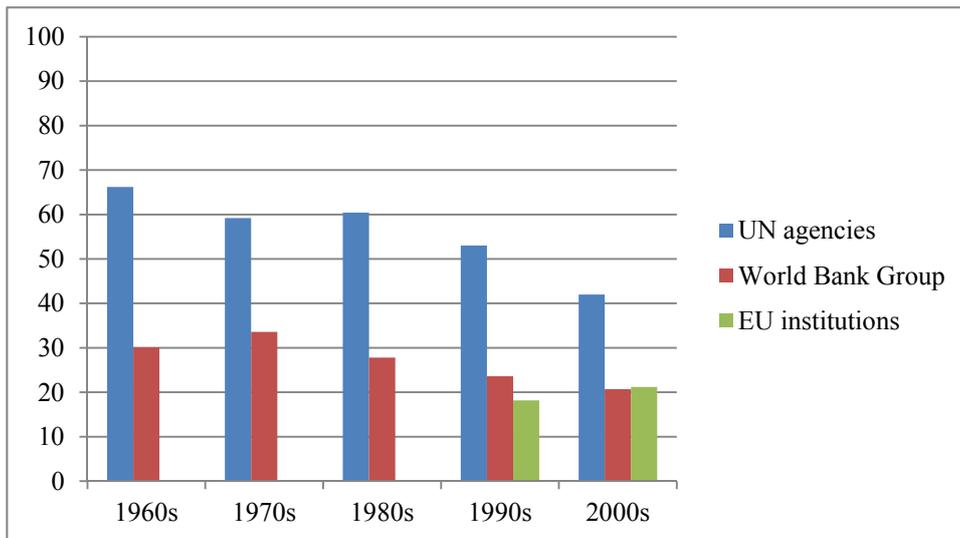


Figure 4. Percentage Share by aid agencies of Sweden, OECD CRS, 2014

Sweden has traditionally been a strong supporter of multilateral aid in comparison to other DAC donors. In the late 1960s, Sweden disbursed 51.4 % of its aid to multinational channels while only 15.9 % went to multilateral institutions from DAC countries in the same period (Figure 1, Figure 2). Up until the 1970s, multilateral channels enjoyed a 41.5 % of share, compared to a 58.5 % of share to bilateral channels. There has been steady downward trend in the share of multinational aid from the 1980s to 1990s but compared to other DAC donors, Sweden maintains a strong preference for multilateral channels till today. According to OECD DAC Peer review 2013, since 2007 Sweden's multilateral ODA has increased steadily in volume, reaching USD 1,961 million in 2011.²⁸ Sweden has maintained its multilateral aid at an average of 31.4 % of its total gross ODA disbursements, higher than the DAC average of 29.6 % during the 2000s.

Among aid agencies, the United Nations (UN) has been the most preferred aid channel (Figure 4) – “through its focus on the UN system, it was also well aligned with traditional Swedish foreign policy objectives.”²⁹ Though the share going to EU institutions and the World Bank has been on the rise, Swedish preference for UN agencies is in stark contrast throughout history compared to the rest of DACs allocation.

²⁸ OECD, 2013, *OECD DAC Peer Review of Sweden 2013*. p.59.

²⁹ Carlsson. 1998. *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.10.

As to Swedish choice for prioritizing multilateral aid, there are many reasons. In *Nordic Exceptionalism in Development Assistance? Aid Policies and the Major Donors: The Nordic Countries*, the author states that “as part of their general foreign policy and positions as small states, the Nordic countries have favored strong multilateral organizations and solutions.”³⁰ In *aid policy for framework 2013*, Swedish government elaborates several reasons for Sweden to utilize strategic multilateral aid channel as follows:

1. *The Multilateral system as an effective aid channel*
2. *Global Impact for Swedish Priorities*
3. *Effective and results-oriented multilateral aid*³¹

First and foremost, Sweden emphasizes the aid effectiveness of the multilateral system. With their legitimacy, size and expertise, multilateral organizations can effectively combine the efforts and supports from many countries and have better capacity and prerequisites to finance a long-

³⁰ Selbervik and Nygaard, 2006, *Nordic Exceptionalism in Development Assistance? Aid Policies and the Major Donors: The Nordic Countries*, p.20.

³¹ MFA, Ministry of Foreign Affairs Sweden. 2013. Government Communication 2013/14:131 Aid Policy Framework, p.53.

term program.³² Multilateral aid will also help the poor in the middle income countries where Sweden is not currently engaged. Second, the multilateral system is seen to have an influence to create and spread global norms, knowledge and information. As a reputable, generous and humanitarian donor, Sweden believes that its priorities are the same as the focus of the multilateral system, thus “when participating at global level, those priorities will be better promoted than in bilateral efforts.”³³ Swedish efforts in participating in setting up international agreements can be understood in this sense. Third, given its stable and long-term capacity to pursue development goals within the multilateral system where Swedish priorities can gain better support, it points out that “Sweden needs to strive towards better collaboration, anti-corruption, cost-efficiency and better results within the institution, for example by producing a results strategy paper for a respective organization in which the government sets out the results that are expected.”³⁴

³² Ibid.

³³ MFA, Ministry of Foreign Affairs Sweden. 2013. Government Communication 2013/14:131 Aid Policy Framework, p.55.

³⁴ Ibid.

- **Regional focus on Sub-Saharan Africa**

Region / Year		1973-80	1981-90	1991-99	2000-2012
Europe		2.61	2.08	3.72	4.07
Africa	North of Sahara	8.80	9.15	7.23	2.98
	South of Sahara	22.68	27.61	25.37	29.28
America	North America	3.61	6.70	5.39	3.93
	South America	4.49	3.95	4.85	3.87
Asia	Far East Asia	16.06	12.58	15.37	8.30
	South-Central Asia	17.66	11.96	8.88	11.81
	Middle East	8.01	7.59	5.94	9.54
Oceania		6.13	4.43	3.84	1.69
Unspecified		8.38	12.37	16.26	21.97
Total		100	100	100	100

Table 1: Net ODA disbursements, allocation by region, all donors, 1973-2012 (per cent).

Region / Year		1973-80	1981-90	1991-99	2000-2012
Europe		1.11	0.23	5.61	2.98
Africa	North of Sahara	3.89	1.07	1.03	0.32
	South of Sahara	38.15	43.79	35.72	29.88
America	North America	2.11	3.48	6.01	4.58
	South America	1.06	0.95	3.09	2.46
Asia	Far East Asia	13.99	11.34	8.33	5.35
	South-Central Asia	26.88	16.82	8.64	7.39
	Middle East	0.12	0.5	3.38	4.31
Oceania		0.04(1977)	0.04(1982)	0.05	0.01
Unspecified		11.75	16.62	23.44	35.58
Total		100	100	100	100

Table 2: Net ODA disbursements, allocation by region, Sweden, 1973-2012 (per cent).

In terms of regional allocation, the most important region for global donors including Sweden has traditionally been Sub-Saharan Africa where most of the Least Developed Countries (LDCs) are found (Table 2).³⁵ The preference for Sub-Saharan Africa is in line with its objectives of aid policy towards raising the living standards of poor people. According to OECD DAC Peer Review 2013, this overall trend continues till today - Sweden has maintained the share of its bilateral aid going to the sub-Saharan Africa at average of 36 % since the 1960s higher than the DAC average of 26 %.

Nevertheless, though this trend has never been seriously contested, there has been a constant decline in Swedish aid to Sub-Saharan Africa since the 1990s. While Sub-Saharan Africa received as much as 43.79 % of total Swedish allocable bilateral aid in 1980, the figure had dropped to 35.79 % in the 1990s and further to around 30 % in the 2000s. What is noticeable at the same time is that there has been constant increase in the share going to developing countries unspecified; it received more aid than Sub-Saharan Africa in the 2000s. According to OECD, this category 'unspecified' is used if an activity benefits several regions. Among this, "around 25 % of Sweden's bilateral assistance is channeled to and through civil society organizations based in Sweden, while another 25 % is channeled from headquarters through thematic and regional

³⁵ Carlsson. 1998. *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107, p.54.

programmes.”³⁶

- **Allocation by Sector: Focus on Social Sector**

Sector/Year (%)	1971	1976	1981	1986	1991	1996	2001	2006	2011
1.Social Infrastructure	12	28	18	25	23	30	34	36	40
1.1 Education	23	9	11	7	9	11	8	8	7
1.2 Health	1	4	6	6	3	5	4	5	6
1.3 Government and Civil Society	1	1	1	2	3	3	8	10	12
2.Economic Infrastructure	7	11	16	21	24	24	17	12	18
3.Other social sectors	1	2	3	2	4	4	5	4	3
4.Production Sectors	8	21	26	29	15	14	10	6	9
5.Multi-Sectors / Cross-cutting	0	2	3	1	3	6	8	7	10
6.General Budget Support	-				2	1	3	2	3
7.Deb related aid	9	6	3	1	9	6	7	18	3
8.Humanitarian Aid	2	1	1	2	4	3	4	6	7
9.Unallocated/unspecified	21	22	15	7	8	14	12	10	9

Table 3: Net ODA disbursements, allocation by sector, all donors, 1971-2011, Source: OECD (2014)

³⁶ OECD, 2013, *OECD DAC Peer Review of Sweden 2013*. p.33.

Sector/Year (%)	1967	1971	1976	1981	1986	1991	1996	2001	2006	2011
1.Social Infrastructure		28	23	27	14	26	34	34	33	36
1.1 Education		21	9	12	7	9	8	4	4	4
1.2 Health	0	0	7	7	4	9	9	2	5	3
1.3 Government and Civil Society	0	0	0	1	1	3	11	15	13	23
2.Economic Infrastructure	5	6	3	6	17	11	13	11	5	6
3.Other social sectors	51	7	6	6	2	6	6	13	9	6
4.Production Sectors	45	29	25	35	13	20	10	5	6	5
5.Multi-Sectors / Cross-cutting	-	-	1	6	2	8	9	11	7	9
6.General Budget Support	-	-	3	2	1	16	6	4	4	4
7.Deb related aid	-	-	1		6	-	2	1	10	5
8.Humanitarian Aid	-	3	2	14	7	12	11	12	10	13
9.Unallocated/unspecified	-	34	42	9	40	7	15	23	25	22

Table 4: Net ODA disbursements, allocation by sector, Sweden, 1967-2011, Source: OECD (2014)

In connection with its development objective on improving the lives of the poor, Sweden has traditionally disbursed most of its aid to social infrastructure (Table 4). Education, particularly basic education enjoyed the most of its share till the early 1980s. Production sectors were one of the priorities of Swedish aid during the same period. From the 2000s onwards, however, although

social infrastructure still receives the highest share compared to other sectors, the composition of aid share has changed towards putting more focus on government and civil society than education and health; in the year 2011, more than 60% of the share allocated to social infrastructure went to supporting this sector. Further analysis and context of this new focus will be explored in the chapter 4.2., and 4.3.

4.2. Strategic Changes in Swedish Aid Policy from 1980s to 2000s

In the previous chapter, salient features of traditional Swedish aid policy and its main characteristics are defined mainly by humanitarian aspects. We noted, however, that Swedish aid policy has adopted several strategic changes particularly from the 1980s – e.g. less ODA share allocated to multilateral channel and Sub-Saharan Africa compared to the 1960s and 1970s and changing sectoral priority towards government and civil society. This chapter focuses on the evolution and the particular changes that started to appear since the 1980s. To understand when and how the Swedish government started to adopt the changes in its aid policy, we first need to focus on the government aid bill and aid strategy document published by SIDA. Afterwards, actual performance in aid volume, aid allocation by channel, sector and region will be explored.

4.2.1 1980s – Human face replaced by Neo-liberal wave

The late 1970s into the beginning of 1980s brought two contradictory changes in Swedish aid policy. First, Sweden met the 1% goal for the first time in 1976 which lasted up until the beginning of the 1990s.³⁷ Sweden became the first DAC member to meet the 0.7 % ODA/GNI target, establishing itself as a reputable and generous donor for the coming decades. At the same time, the other inevitable change came with the deteriorating economic situation. Although the general development assistance objective towards poverty-eradication was maintained and even received greater attention throughout the 1970s, the Swedish government decided that a portion of total aid should be tied to the procurement of Swedish goods and services.³⁸ In 1972, 8% of aid was to be tied and the percentage rose and remained between 14-20% for the rest of the 1970s.³⁹ Accordingly, the Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND) was created in 1978 as an “investment fund devoted to investing in developing countries and setting up partnerships and joint ventures between Swedish firms and their

³⁷Oden, and Wohlgemuth. 2007, *Swedish Development Cooperation Policy in an International Perspective*, p.10.

³⁸ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107, p.16.

³⁹ Jacoby. 1986. 'Idealism versus Economics, Swedish Aid and Commercial Interests'. In Fruhling, P. (ed.) *Swedish Development Aid in Perspective. Policies, Problems and Results Since 1952*.

counterparts in the thirty five developing countries.”⁴⁰ The goals of the fund were determined to be the same as for Swedish foreign aid in general, that is development and economic growth of developing countries.⁴¹

Meanwhile, the international economy is hit by the emergence of balance-of-payments problems and the debt crisis around the globe from the late 1970s to the beginning of 1980s. Many Sub-Saharan African and Latin American countries faced increasing deficits and debts problems and sought help from the Bretton Woods Institutions – IMF and World Bank. The help from these institutions, however, came with severe strings attached which required macroeconomic reforms. This economic crisis in the South and the North led to widespread skepticism about the state-led economic activity in the 1950-1960s and free market forces became a new driving factor for the coming decades. This so-called Neo-liberalism wave is reflected in the development policy of many donor countries relating the success of development to having market-functioning environment. One of the most predominant neo-liberalism policies in the development scene was structural adjustment policies (SAP) in the developing countries.

“For the purpose of achieving namely three objectives of SAP – “1) to reduce soaring inflation;

⁴⁰ Odén, and Wohlgemuth. 2007, *Swedish Development Cooperation Policy in an International Perspective*, p.89.

⁴¹ MFA. Ministry of Foreign Affairs Sweden. Government Budget Bill 1977/78:135; cited in Carlsson, 1998.

2) to correct disparities in foreign balances and national budgets and 3) to restore economic growth, government budgets were often severely and indiscriminately slashed, which resulted in the shrinking of public sector employment, including in the areas of education and health, in the name of restoring balance and reducing the size of governments.”⁴² The effect of the economic crisis was obvious in the shift of aid policies in many donor countries. “Some donors including the UK now became more open about their intention to use their aid programme for their own commercial benefit.”⁴³

In the midst of the economic crisis internationally and domestically, Sweden also introduced some strategic changes to its aid policy. Although the poverty focus remained an overarching priority, it had begun to put greater attention towards macroeconomic issues in many sectors from the 1980s. Adopting macroeconomic related policies meant that Sweden abandoned the long-established principle of not intervening in the political and economic systems of recipient countries.⁴⁴ “Agriculture, infrastructural and industrial rehabilitation, and the maintenance of social safety networks became important areas of concern for Swedish aid.”⁴⁵ While

⁴² Jolly, Richard. 2010, *The UN and Development Policies*, p.5.

⁴³ Hjertholm, and Howard. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.13.

⁴⁴ Stokke, 1989, *Western Middle Powers and Global Poverty: The Determinants of the Aid Policies of Canada, Denmark, the Netherlands, Norway*. p.52.

⁴⁵ Carlsson. 1998. *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.18.

streamlining focus sectors seems like a strategy to better promote aid effectiveness, it was specific policies within certain sectors that illustrated strategic change.⁴⁶ For example, when engaged in agriculture, the focus shifted towards issues such as pricing, market structure and subsidies of inputs⁴⁷ which are all part of macroeconomic policies on which Sweden did not pay much attention before. Regardless of the criticism on Sweden emphasizing macroeconomic policies and requirements of the WB and IMF, it was agreed that SIDA should side with the major multilateral donors on the issue of SAPs.⁴⁸ Following global trends in development policy became more apparent for Sweden in the 1990s. At the same time, the share of commercial aid grew exponentially, representing around 10% of all aid.⁴⁹ A common type of aid were u-credits and tied consultancy funds, which were grants or loans that required the recipient country to buy certain services or goods from Sweden.⁵⁰

Meanwhile, reflecting increased awareness on environmental issues at home and abroad, Sweden officially adopts the fifth sub-goal of development assistance, 'appropriate use of natural

⁴⁶ Ibid.

⁴⁷ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.20.

⁴⁸ Elgström, 1992: 80; cited in Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.24.

⁴⁹ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.34.

⁵⁰ Ibid.

resources and protection of the environment' in 1987. Swedish aid is to be guided by a concern for the environment and to strive towards the sustainable use of the available natural resources.⁵¹

In summation, the 1980s was the period when Swedish aid policy began to illustrate strategic changes from the traditional model by capturing neo-liberal elements of the Washington Consensus. Although the main objective and goals towards raising the living standards of poor people were still maintained, the changing focus was obvious in the attention to macroeconomic policy in several sectors. Increasing use of development aid for commercial purposes was also a notable change from the 1980s.

4.2.2. 1990s – Poverty focus combined with political/economic aims

Within the scope of Washington consensus in the development scene, macroeconomic reforms were continued in developing countries into the beginning of 1990s. This reform, however, brought nothing but detrimental effects, worsening economic growth and living conditions in many developing countries due to the government spending cuts in social sectors.

⁵¹ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.21.

There was growing criticism on how the neo-liberal approach neglected the poor and a call for restructuring of aid practices from the 1980s. In 1985, UNICEF argued for “adjustment with a human face” and “gradually made some headway in broadening the immediate concerns of the World Bank to include education, health and social protection in its New Poverty Agenda in the 1990 World Development Report.”⁵²

At the same time, the beginning of the 1990s was marked by a huge historic event, the collapse of the Soviet Union and the end of the Cold War. Nevertheless, post-cold war times did not bring about many changes in aid policy, except decline in aid budget throughout the 1990s.⁵³ Two changes are of importance, though. First, the disappearance of Eastern Europe and the countries of the Former Soviet Union as aid donors and their reemergence as recipients.⁵⁴ Second, there is new theoretical trend in aid scene which is emphasis on ‘good governance’. The concept of ‘good governance’ appeared in response to the disastrous consequences of structural adjustment policies in developing countries. In addressing the reason for the failure of reforms in Sub-Saharan Africa, the World Bank suggested that “fundamental in many countries is the deteriorating quality of government, epitomized by bureaucratic obstruction, rent seeking, weak

⁵² Jolly, Richard. 2010, *the UN and Development Policies*. p.5.

⁵³ Ibid.

⁵⁴ Ibid.

judicial systems and arbitrary decisions making”.⁵⁵ The responsibility for good-governance is claimed to be taken by the state, so donor’s ideology again moves away from free market to state by the end of the decade. This seemingly reasonable concept of good governance, however, does not address the fundamental problems/weakness inherited in structural adjustment policies and only blames political environment for the failures of successful reform and free market economy. Consequently, the World Bank responds by expanding its development strategy advice by which it emphasizes not only economic policies and good governance but also the importance of human, social and educational policies.

In contrast, poverty issue in development re-emerged as a priority. This move in particular came from the U.N - the UNDP released the Human Development Report (HDR) in 1990, by which it criticizes structural adjustment policies. “It is short-sighted to balance budgets by unbalancing the lives of the people,” the report stated, further arguing for equitable re-distribution of wealth and environment issues to receive more attention.⁵⁶

Aligning with this global trend, Sweden renewed its focus on poverty reduction in the government bill of 1991. Despite the re-emphasis on poverty-reduction, however, the

⁵⁵ World Bank, 1989, "*Sub-Saharan Africa: From Crisis to Sustainable Growth*". p.3.

⁵⁶ Jolly. 2010, *the UN and Development Policies*, New York: Ralph Bunche Institute for International Studies. p.5.

government bill of 1992/93 emphasized good governance-particularly respect for human rights, democracy and a free market economy in the selection of recipient countries.⁵⁷ In 1992, for example, Swedish bilateral aid to Tanzania, which is its biggest and oldest recipient country decreased as Tanzania stopped meeting macroeconomic conditionality of the IMF. In 1994, Sweden completely withdrew its bilateral aid from the country due to the corruption (governance) problem within the Tanzanian government.

In addition, policy dialogue between Sweden and a recipient became necessary element as Sweden started to see successful aid implementation is contingent on recipients' actions. In *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, the author argued that compared to the 1960s, it was clear that policy formulation by recipient countries was no longer seen as a matter for them alone.⁵⁸ Given all these new focuses on good governance and market economy, it seemed that Swedish aid has further diverged from its traditional humanitarian model.

Furthermore, democratization of developing countries became a prerequisite for consideration of Swedish aid. The government bill of 1991/92 states that "it should be clear to recipient

⁵⁷ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice, Working Paper 107*, p.20.

⁵⁸ Ibid.

countries lacking a distinct will to promote democratization that this will affect the extent and direction of future development cooperation.”⁵⁹ Finally, in line with new emphasis on good governance, Sweden adopts the fifth goal of ‘respect for human rights’ in the government bill of 1993. In 1995, the fifth goal was expanded to include ‘contributing to more equitable rights between men and women’ –which reflects “increasing international awareness of gender equality.”⁶⁰

Overall, the principal goal of Swedish aid in raising the quality of life for poor people remains intact during the 1990s. Notwithstanding the retained poverty-focus in the government bill, it became obvious that its aid policies begun to reflect more economic and political requirements such as macroeconomic policies and good governance being the prerequisite for Swedish aid. Also, Sweden started to focus on policy dialogue with the recipient governments before disbursing aid. All these changes are in stark contrast to its traditional model that emphasized that aid policy be free of economic and political requirements and emphasized the autonomy of beneficiaries.

⁵⁹ Brodin. 2000. *Getting Politics Right: Democracy Promotion as a New Conflict Issue in Foreign Aid Policy*. p.10.

⁶⁰ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice, Working Paper 107*. p.21.

4.2.3. 2000s - Prioritization of 'democracy and 'trade' sector.

Throughout the late 1990s, there was constant criticism for the failure of macroeconomic conditionalities of neo-liberalism of the past decade. The two Bretton Woods Institutions-WB and IMF were under immense pressure to reestablish their development strategies towards poverty reduction. First and foremost, the World Bank remodeled structural adjustment lending under the new motif of Poverty Reduction Strategy Papers (PRSPs). In this paper, the concept of ownership receives particular attention. According to Wolfensohn, president of the World Bank from 1995 to 2005, ownership means that '*countries must be in the driving seat and set the course. They must determine the goals and phasing, timing and sequencing of programmes.*'⁶¹ Furthermore, the World Bank in 2001 broadens the concept of poverty to the social and political lack of opportunities. Despite the new emphasis, however, the fundamental approach remains a "market-centered one"⁶² as the goal of poverty reduction is widely connected with empowering their participation in the free market.

Meanwhile, the U.N. had championed a development strategy for poverty-reduction. By the establishment of the Millennium development Goals in 2000, it had received formal consensus

⁶¹ Haslam ; Schafer and Beaudet, 2008, *Introduction to International Development : Approaches, Actors, and Issues*, pp. 152-168

⁶² Ibid.

on the core of the new development approach, receiving repeated endorsement by donor countries and being incorporated in national strategies.⁶³ This agreement is an international plan for fighting poverty and to increase the level of education, health, peace, democracy, human rights and other important issues related to the recipient countries.⁶⁴

In line with this global trend, Sweden also took a step to reformulate its policy to reflect the growing focus on poverty and basic needs and to raise the level of aid effectiveness. The result was Mutual Responsibility: the Policy for Common Development (Politiken för Gemensam Utveckling - PGU) in 2003. It is a far-reaching and ambitious policy as the overarching goal of global development is to be permeating into all policy areas beyond development sector. The new goal was also to be contributing to the overall goal of achieving equitable and sustainable global development through the pursuit of the Millennium Development Goals (MDGs). As it is described in the name of the document, 'Mutual responsibility', the motive still remains the same as the previous ones - solidarity with poor people in the world.⁶⁵ Policy areas of focus are trade,

⁶³ Jolly. 2010, *the UN and Development Policies*, New York: Ralph Bunche Institute for International Studies. p.6.

⁶⁴ Fulland, and Norrman. 2006, *Swedish Official Development Assistance: a quantitative evaluation*. p.1.

⁶⁵ MFA, Ministry of Foreign Affairs Sweden. 2003. *Sweden's Policy for Global Development, Government Bill 2002/03:122*, p.18.

agriculture, environment, safety, migration and economy.⁶⁶ Eight sub-objectives are also presented to support this overarching objective of poverty-reduction:

1. Respect for human rights
2. Democracy and good social control
3. Gender equality
4. Sustainable exploitation of natural resources and environmental concerns
5. Economic growth
6. Social development and security
7. Conflict policies and safety
8. Mutual global utilities⁶⁷

What is noteworthy is that Sweden establishes two perspectives on poverty in the government bill of 2002/3 - The people's rights perspective and the perspective of the poor. The former suggests that people are inherited with human rights based on the UN Human Rights declaration,

⁶⁶ Fulland, and Norrman. 2006, *Swedish Official Development Assistance: a quantitative evaluation*. p.5.

⁶⁷ *Ibid.*, p.6.

thus must not be discriminated based on their race or gender. Democracy and respect for human rights are of importance to achieve the new goal of an equitable and sustainable global development. The latter one basically promotes the idea of “help to help yourself” with a focus on giving the poor a chance to help themselves out of poverty.⁶⁸ This concept seems largely influenced by the promotion of the idea of ownership by the World Bank. Likewise, the Swedish government takes a multidimensional perspective by describing the concept of poverty by a lack of power, safety and opportunities.⁶⁹

The Paris Declaration in 2005 is a key reference point for the development cooperation strategy of Sweden in the 2000s.⁷⁰ First, since the Paris Declaration, Sweden started less conditional approach to its giving of aid.⁷¹ In addition, aid effectiveness and ownership became high on the agenda in Swedish aid policy. In 2007, the Swedish government cuts down the number of partner countries to 33 so to be able to deliver more effective aid programs where they can have more of an impact. In *the 2008 Global Challenges – Our Responsibility*, which updates and concretizes

⁶⁸ Fulland, and Norrman. 2006, *Swedish Official Development Assistance: a quantitative evaluation*. p.5.

⁶⁹ MFA, Ministry of Foreign Affairs Sweden. 2010, *Policy for democratic development and human rights in Swedish development cooperation*, p.10

⁷⁰ Sörbom, and Davies. 2008. *Sweden claims 1% aid achievement*. In *Aid and development effectiveness: towards human rights, social justice and democracy*. p.166

⁷¹ Resare. 2011. *Det privata näringslivet som förmedlare av svenskt bistånd – en kartläggning*, Svenska Kyrkan, Rapport 4, Årgång. P.9; cited in Sundell, 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.34

development strategies of PGD 2003, the government formulated three sectoral priorities: democracy and human rights; climate and environment; and gender equality.⁷² Deciding these thematic priorities meant that they are to be the main principle in guiding the direction of Swedish aid. While the government bill of 2008 still puts poverty-reduction goal as a priority, it identifies six global challenges where Sweden needs to focus to make effective development cooperation: “1) Oppression, 2), Economic exclusion, 3) Migration flows, 4) climate change and environmental impact, 5) Conflicts and fragile situations, 6) Communicable diseases and other health threats.”⁷³ In the most recent government development policy document, *aid policy framework of 2013/14*, the Swedish government suggests six-sub goals with a clear hierarchy with the main goal of Swedish aid contributing “to better the conditions of individual people living in poverty and under oppression, not those of states or government.”⁷⁴ Below is the list of six sub-objectives:

1. Strengthened democracy and gender equality, greater respect for human rights and freedom from oppression.

2. Better opportunities for people living in poverty to contribute to and benefit from economic

⁷² MFA, Ministry of Foreign Affairs. 2008, *Shared Responsibility for Global Development*, p.6.

⁷³ Ibid.

⁷⁴ MFA, Ministry of Foreign Affairs Sweden. 2013. *Government Communication 2013/14:131 Aid Policy Framework*. p.14.

growth and obtain a good education.

3. A better environment reduced climate impact and enhanced resilience to environmental impact, climate change and natural disasters.

4. Improved basic health.

5. Safeguarding human security and freedom from violence.

6. Saving lives, alleviating suffering and maintaining human dignity.⁷⁵

The sixth sub-goal concerning emergency aid was added in the light of increasing humanitarian needs and Sweden's special position in the humanitarian system.⁷⁶ What we can witness from the focus areas or sub-goals in the 2000s is that the goal of good governance has become the most important area in Swedish development aid. The second goal of achieving economic growth in developing countries is to be realized by the means of promoting free trade between developing countries and Sweden or other donors. Since the 2008 PGD identified economic exclusion as one of global challenges where Swedish efforts are in particular need, the issue of free trade and creating an efficient market has become a considerable issue to the Swedish development strategy. In the *aid policy framework of 2013/14*, Sweden emphasizes the importance

⁷⁵ Ibid.

⁷⁶ Ibid., p.16.

of setting up trade agreements with developing countries. It states that “Sweden will support the capacity of developing countries to negotiate on and implement international trade agreements, including for those countries forging closer ties with the EU and for the Southern Neighborhood. For example goods must meet certain standards in order to be exported.”⁷⁷

To summarize, the Swedish aid policy has become more far-reaching and concrete encompassing more sectors and a variety of global challenges into its development agenda throughout the 2000s. In terms of the overarching goal, poverty-focus is maintained as it states Swedish aid should contribute “to improving the lives of people living in poverty or under oppression in poor countries.”⁷⁸ What has changed in the 2000s is that it now has prioritized certain sectors above others: ‘good governance and trade’ have become the top priorities. The contemporary policy, compared to its traditional one in the 1960s and 1970s, focuses less on social sectors such as public health and education though it retains its time-transcending goal of poverty-reduction. Clearly, this move shows that Sweden is more concerned with the promotion of its national interests in its development agenda. Therefore, it is questionable if it is valid to apply the traditional aid model in understanding today’s aid policy.

⁷⁷ Ibid.

⁷⁸ Ibid.

4.3. Strategic changes in Swedish Aid Practice from 1980s to 2000s

In the previous chapter, we looked at government bills and identified developments from 1960s to 2000s. We confirmed that Swedish aid has evolved in a way that reflects more of its national interests in its development agenda given increasing attention to trade and good governance and less attention to social sectors. However, Sweden still retains its poverty-focus goal and does not address obvious promotion of national interest in official white papers. Thus, this section will explore Swedish aid performance mainly in terms of the aid volume, composition, allocation by sector and region and confirmed those strategic changes in practice. Figures and tables given in chapter 4.1. Traditional Swedish aid model will be analyzed with specific focus on the period from the 1980s to 2000s. The description of Swedish aid practices will be followed by global aid trend.

- **Aid volume: Decline since 1992, getting back on its feet into 2000s.**

Since the early 1970s, there has been an upward trend in the real value of foreign aid peaking in 1992.⁷⁹ From the year 1970 up to 1990, the ODA volume of DAC countries increased by

⁷⁹ Hjertholm, and White. 1998, *Survey of Foreign Aid: History, Trends and Allocation*, p.16

sixteen times. From the year 1992, the overall aid volume saw a dramatic decrease till around 2001 though there was a slight increase in 1995. From 2001 onwards, aid volume has been on the rise except the downfall in the year 2009 and 2012.

There are various reasons to explain the dramatic downfall of the 1990s. As mentioned in Chapter 4, the 1990s is marked by an important political and economic event in the end of the Cold War. With the disappearance of the former Soviet Union, geographical competition between Communist and capitalist donors disappeared and total aid volume fell. Second analysis relates this downfall to the fiscal situations of national governments. According to the analysis of the OECD in 1997, “total aid volume had fallen fastest in those DAC members (e.g. Sweden, Italy and Finland) which had been running the largest fiscal deficits while, by contrast, the members with the smallest deficits (e.g. Norway, Japan and Ireland) all had increased their aid in real terms.”⁸⁰ However, “whilst by 1997 the average budget deficit amongst DAC donors had been reduced to 1.3 per cent of GDP, compared to 4.3 per cent four years earlier, aid has continued to fall.”⁸¹

⁸⁰ OECD (1997) *Development Co-operation - Development Assistance Committee 1996 Report*, see also Hjertholm, and Howard. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.16.

⁸¹ German, and Randel, 1998. *Targeting the End of Absolute Poverty; Trends in Development Cooperation*. p.11

Since the 2000s, however, aid volume has been on the rise and the OECD concluded this was due to the impact of Millennium Development Goals and the Monterrey Conference on Financing for Development in 2002. Consequently, the multilateral channel has received an increased share among DAC donors, which rose from about 28.6 per cent in the 1970s to 30.4% in the 1990s (Figure 1). The major multilateral agencies that receive aid were UN agencies, EU institutions and the World Bank. From the 1970s, the World Bank Group- IDA, IBRD, IFC, and MIGA- receive more aid than UN agencies from DAC donors. Nevertheless, the two major multilateral systems have been receiving less aid since 1990s while the increased share of aid goes to the EU institutions.

Swedish aid. The change of Swedish aid volume fits well into the global trend of aid dropping since the beginning of the 1990s (Figure 5). The total ODA volume saw a constant increase from the 1960s until it reached its peak in 1992. Afterwards, as a global trend it declined till the year 2001.

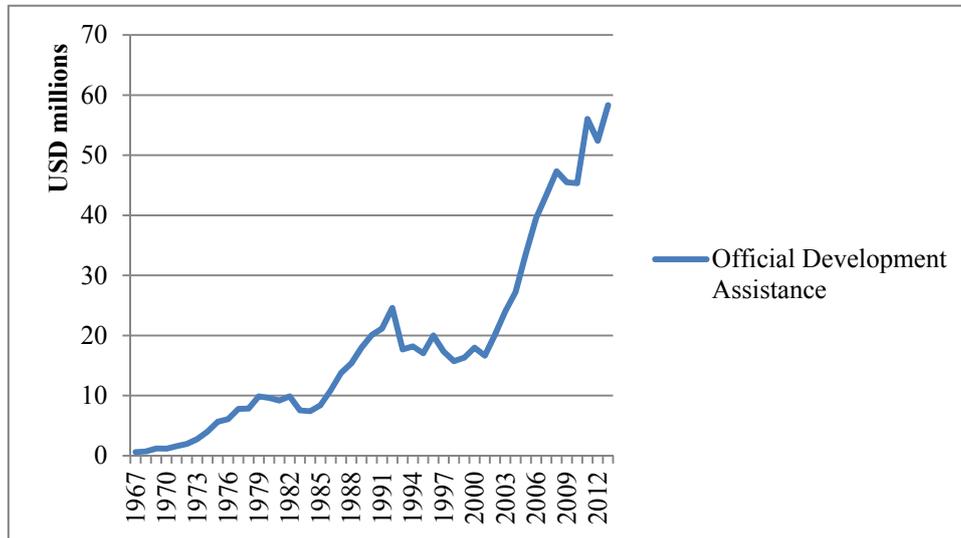


Figure 5. Total Swedish ODA Volume 1967-2012, World Bank, 2014.

In terms of aid channels, however, there is a different trend in Swedish aid flow from the global one. As explained in chapter 4, in the late 1960s Sweden used to disburse more aid to multinational channels (Figure 2). Bilateral allocation began to overtake the multilateral one in the 1970s and became almost the twice the volume from the 1980s. The steady downward trend in the share of multinational aid continued into the 2000s. It seems that Sweden as a strong multilateral supporter was losing its reputation into the 1980s but in comparison to DAC donors, Swedish share to multilateral channels remains slightly higher. Furthermore, though the share going to UN agencies is getting smaller – they used to receive more than double the amount of

the share going to the World Bank Group in the 1960s, the UN still receives 42% of its bilateral share, which is much higher than the DAC average of 21.3% (Figure 3, 4.). The share going to the EU institutions after the Swedish membership in 1995 is on the rise.

- **Increased Private flow**

To a considerable extent, the decline in ODA flows after 1992 has been compensated by an impressive increase in private flows, which followed in the wake of fading debt (and other economic) problems in a number of the larger debtor countries (mainly middle-income countries in Latin America and, until recently, parts of Asia).⁸² The indicator that is used to detect the input of the private sector is ‘the private flows at market terms’ including bilateral and multilateral flows. According to this indicator, the share of private flows in net disbursements have soared from a nadir in 1990 of only about 12 per cent to around 60 per cent in 1996-97 (Table 5),⁸³ Private sector inflows continued to increase throughout 2000s as well, averaging around 53.5%

⁸² Hjertholm, and Howard. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.19

⁸³ Ibid.

Year	1970s	1980s	1990s	1992	1994	1996	1998	2000
%	49.7	43.4	12.8	31	54.3	65.7	61.3	58.4

Table 5: Share of Private flows at market terms out of total ODA, DAC countries, 1970s to 2000 (per cent), OECD CRS, 2014

Year	Average	2002	2004	2006	2008	2010	2012
%	53.5	9.0	47.4	64.7	47	67.5	64.9

Table 6: Share of Private flows at market terms out of total ODA, DAC countries, 2002 to 2012 (per cent), OECD CRS, 2014

In the case of Sweden, however, the private sector flow at market terms to developing countries does not show any stark increase during the 1990s which does not seem to fit with its total ODA decline in 1990s. There are several arguments which can explain the slow or sometimes negative inflow of private sector contributions in Sweden. According to *Survey of Foreign Aid: History, Trends and Allocation*, “Some private creditors and investors have been much more reluctant to increase their exposure in the sub-Saharan region, in part because of remaining debt problems and in part because of an uncertain macroeconomic environment, so the shortfall in ODA flows has not been compensated by higher private flows.”⁸⁴ Another

⁸⁴ Hjertholm, and White. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.23.

explanation is given by OECD. “Swedfund’s outflows were not reported at activity level in DAC statistics; instead the Government of Sweden reported its contribution to Swedfund under the ODA category.”⁸⁵

The two recent peer reviews on Sweden by OECD DAC state that Sweden transfers more aid through its private sector and it seems to do so in order to be aligned with the goal of strengthening public-private partnerships agreed on the Busan High Level Forum on Aid Effectiveness (HFA) in 2011. According to OECD Peer Review on Sweden 2013, “flows at market prices from Sweden to developing countries reached just over USD 1 billion in 2011; a three-fold increase in annual net private flows over 2010, but still well below the peak year of 2007, when private flows reached USD 2.5 billion.”⁸⁶ Given this information of OECD on increased inflows to Swedfund, we can conclude that Sweden has followed the global trend which is to increase the use of the private sector. Though the statistics on the government transfer to Swedfund in the 1990s is not available, it seems very likely that the private sector has been more actively utilized in development assistance to compensate this decline.

⁸⁵ OECD, 2013, *OECD DAC Peer Review of Sweden 2013*, p.33.

⁸⁶ Ibid.

- **Regional Allocation: high share to LDCs and Sub-Saharan region**

Globally, aid has been allocated mainly to Africa and Asia where most of the Least Developed Countries (LDCs) are found (Table 1). Aid going to these regions – particularly Sub-Saharan Africa and Far-East and South-Central Asia from 1960s has been more than 60-70% of total aid to developing countries. Total share of aid volume peaked in these regions in 1992 and has been declining since then. Since the 2000s onwards, the average share of net aid disbursement to Saharan Africa took over the one to the Asian continent. The priority given to the Sub-Saharan region must be seen in the context of the “deep-seated economic problems that have afflicted many countries in that part of the world since at least the early 1980s, in combination with a stronger emphasis on the poverty orientation of aid on the part of donors.”⁸⁷

In the same vein, Sub-Saharan Africa has been the most important region to Sweden since the 1960s (Table 2). This region receives more Swedish aid than any other region. However, the share of ODA to the Sub-Saharan region has declined since the 1990s, now only averaging 33%, which is 10% lower than the average of the 1970s. The constantly increasing share of ODA to developing countries unspecified is noticeable as it has stood as the top recipient in the 2000s followed by Africa.

⁸⁷ Hjertholm, and Howard. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.23.

- **Continued focus on social sectors with increasing emphasis on governance**

As the issue of poverty reduction and basic needs are reappearing on the table in the 1990s, there are two sectors which receive more attention: firstly social infrastructure, including education, government and civil society, health, water supply then economic infrastructure and services including transport, energy, communications and business services (Table 3). The share going to debt relief and multi-sectors is on the rise as well. In contrast, production sectors including agriculture, fishery, and tourism received less attention from the beginning of the 1990s. In *Survey of Foreign Aid: History, Trends and Allocation*, the authors provide the rationale for this changing sectoral composition of aid; “The diminished role of aid in the area of production is in part explained by the increase in the 1980s of an ideological bias against direct support to the productive sector and increased importance of private financing through foreign direct investments or bond in some better-off developing countries.”⁸⁸

Table 4 shows which sectors Swedish aid went to from 1967 to 2011. There are three points to note after the 1980s. First, Swedish aid flow to social infrastructure follows the global trend particularly after the peak year in 1992. Traditionally, social sectors seemed to receive a priority in Swedish aid. However, after its dramatic decline during the beginning of the 1980s, the

⁸⁸ Hjertholm and Howard. 1998, *Survey of Foreign Aid: History, Trends and Allocation*. p.26.

number rose to 26% in 1991 and 34% in 1996, reaching its highest percentage share in history. Aid composition in social infrastructure, however, is shifting towards supporting government and civil society rather than education and health which is part of the traditional social sector. In the year 2011, more than 60% of social aid was allocated to supporting the government and civil society sector. This move reflects an increasing focus that the Swedish government gives to ‘democracy’ and ‘human rights’ in its aid policy – this goal became a top priority to its development agenda in 2013 as we confirmed in Chapter 4. Second, production sectors and economic infrastructure receive less aid as time goes by while humanitarian assistance receives more aid. Third, the share going to ‘unallocated/unspecified’ aid has been growing which comes from various administration costs including costs of embassies in OECD countries and refugee costs within the country. This was criticized by several reports as inflation of the ODA budget. According to *Reality of Aid 2012* report, “In 2011, 9% of the ODA budget was spent on refugee costs, which is an increase from previous years. Despite a decreasing number of refugees, ODA allocated for this purpose has increased by more than 100% during the last five years.”⁸⁹

⁸⁹ Sörbom. 2012. *Improving transparency, challenges with emphasis on the private sector*. p.246.

4.4. Conclusion

This chapter has shown both a descriptive and practical analysis on the historical changes of Swedish aid from the 1960s to the 2000s. First, the paper defined several main characteristics of the traditional Swedish aid model of the 1960s to the 1970s. Afterwards, to identify which specific changes occurred in Swedish aid policy from then, we focused on the evolution of motivations, sub-goals and focus areas in its development policy by looking at government white papers. Then the paper investigates trends in aid volume, composition, sectoral and regional allocation to gain a deeper insight into strategic change which was not obvious when reading official documents.

By looking at both abstract and practical levels of Swedish aid policy, we draw a conclusion that humanitarian aspects of the Swedish aid policy has been maintained in its overarching goal and objective from the very beginning of development cooperation to this day. The policy paper maintains the goal of “raising the living standards of poor people” and this poverty-focus is confirmed in its aid performance in terms of the highest bilateral share going to the Sub-Saharan African region and social sectors. However, despite this transcending feature of poverty-focus in its objective, the overall direction of Swedish aid has changed strategically from the 1980s by

aligning with the global trend at both policy and practical level. The examples are adoption of macroeconomic policies in productive sectors –e.g. agriculture. Despite the remaining focus on social sectors, one should be cautious of the aid composition; the government and civil society sector receives 23% of total aid while education only receives 4% in the year 2011.

The involvement of the private/commercial sector is an important change since the 1990s. Though it might be a trend for all ODA donors to encourage the partnership with private sectors, the Swedish one is worth analysis as the volume going to Swedfund has been increasing dramatically throughout the 2000s until today. In addition, free trade has become one of the top agendas since the 2000s.

In conclusion, Sweden's aid policy seems to have evolved reflecting more of economic, commercial and strategic concerns into its development agendas, which sometimes seems to be at odds with its supreme development goal towards contributing to the poorest or improving the lives of the poor. Today's Swedish aid model has adopted realists' elements into its traditional idealist and humanitarian aid model.

V. Three Dimensions of Strategic Change

This chapter further explores the context and specific policies pursued under the main strategic changes of Swedish aid and practice from the late 1980s to 2000s. For this purpose, it aims to categorize/define three main strategic changes. Although it is rather difficult to judge which changes are more noteworthy than others, the analysis of historical change as well as its actual performance in previous chapters allows us to narrow our picture to identify three major changes which are not coherent from its traditional policies. These changes are 1) influence of the global economy on Swedish Politics/Economy; 2) Increasing involvement of the private/commercial sectors; 3) good governance as a new form of political conditionality. The first change is an encompassing one which might have influenced the other two changes and path of Swedish aid policy over time. As we have seen in previous chapters, Swedish aid policy has evolved being largely influenced by several main events in the global economy. We will see what impact the global economic environment has had on Swedish domestic politics and economy and analyze how these developments have led to the changes in its aid policy. The second change is the increasing focus and involvement of the trade and private sectors. The strategic change in this dimension is striking and of particular importance. The increasing share of private flow into development cooperation has been accelerated by the establishment of

Swedfund in the 1970s. Afterwards, the tying status of Swedish aid has risen to 14-20% for the rest of 1970s⁹⁰ and the government has encouraged the involvement of the private sector since then. In fact, the private inflow at market terms is not identified in Swedish official development assistance and its shift to 100% untying aid as of 2006 can easily prevent us from capturing this strategic change. Nevertheless, private sectors gained momentum as market related goals and free trade have become the top priority in aid policy and there are various reports on how Sweden has led the way in involving the private sector in development cooperation. Third, given the priority attached to the sub-goal of good governance and the substantial increase of ODA share to the government and civil society sectors; we conclude that a major strategic change has taken place in this arena.

5.1. Influence of global economy on the Swedish Politics and Economy

The Swedish political economy has its foundation in the welfare state which took its shape after the great depression in the 1920s. In the wake of the global economic crisis which started from the U.S. and spread to Europe, the Swedish economy was in turmoil. The demand for

⁹⁰ Jacoby. 1986. '*Idealism versus Economics, Swedish Aid and Commercial Interests*'. In Fruhling, P. (ed.) *Swedish Development Aid in Perspective. Policies, Problems and Results Since 1952*; See also, Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice, Working Paper 107*. p.18.

Swedish exports declined, which further led to wage cuts, increasing unemployment and labor strikes. There was a growing need to establish institutions or social agreement which facilitated industrial peace and modern wage claims in the 1930s.⁹¹ The Social Democratic Party (SAP) which came to power in 1932, thus, begun to undertake a range of industrial and social welfare policies. The Social Democrats, above all sought to establish peaceful industrial relations between labors, employers and the market. This was realized when the ‘blue collars’ -Swedish Trade Union Confederation and the ‘white collars’- Swedish Employer’s Confederation reached a historic compromise, called Saltsjobaden-agreement in 1938.⁹² It brought peace to future labor and employer relations as they both agreed to cooperate without the intervention of government. The spirit of Saltsjobaden became the cultural frame within which the Swedish model developed and signaled the end of worker-employer hostilities thus paving the way for the economic basis of the welfare state.⁹³ “The Swedish model from then is based on four policy pillars: 1) full employment, meaning promotion of labor mobility through supply-driven training and public investments; 2) wage solidarity, meaning that to avoid wage drift workers were paid handsomely according to their skills and not according to the productivity of the company they worked for; 3)

⁹¹ Luth, 2013, *Political conditionality in Swedish aid*, p.3.

⁹² Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.23.

⁹³ Tradgard, 1990, p.48; cited in Berglund, J., & Löwstedt, J. 1996. *Sweden: The fate of human resource management in a “folkish” society*.

promotion of the Swedish export sector; and 4) low inflation, meaning that a restrictive fiscal policy was pursued.’⁹⁴

Due to the Swedish model which rested on peaceful triangular industrial relations between labors, employers and the state, the Swedish economy enjoyed rapid growth and prosperity in the postwar period up to the 1970s. These years are known as the ‘record years’ during which the Swedish export industry was highly competitive and the Swedish economy was enjoying an exceptional rate of growth.⁹⁵ In the 1950s, universal health insurance, unemployment insurance, pensions, and education were all expanded and made more inclusive.⁹⁶ With the GDP growth, there was full employment and continual wage increases.⁹⁷ ‘‘Taxes were raised with the major tax burden laid on the labor force but as the welfare expanded and taxes made progressive, there was a general acceptance of these tax increases.’’⁹⁸

During this period, to a large extent the balance between capitalism and socialism was well-functioning due to strong economic growth and expanding social protection policies. Laborers,

⁹⁴ Schnyder. 2012. *Like a phoenix from the ashes? Reassessing the transformation of the Swedish political economy since the 1970s*, Journal of European Public Policy, 19:8, p.1127.

⁹⁵ Singh; Felix C and J.House. 2007. *Culture and Leadership Across the World: The GLOBE Book of In-Depth Studies of 25 Societies*. p.37.

⁹⁶ Kokko, 2010. *The Swedish Model*, Working Paper No. 2010/88, p,19.

⁹⁷ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.23

⁹⁸ Kokko, 2010. *The Swedish Model*, Working Paper No. 2010/88, p,19.

employers and the state all benefited in the agreement and thus, there was cooperation and mutual trust in this newly developed economic model. In *Sweden's Welfare State: Can the Bumblebee Keep Flying*, the author says “the Swedish model has been supported from all sectors of society and this support is evident in its generous foreign aid spending.”⁹⁹ In fact, Swedish generosity coming from a stable social-consensus and flourishing economy based welfare regime led to the creation of bilateral development assistance and a generous aid policy in this period of time. Sweden initiated the establishment of its bilateral aid programs in 1962 and the Swedish International Development Agency (SIDA) in 1965. “In 1969, Sweden launched an initiative to seek multilateral agreement on progressive untying.”¹⁰⁰ In this period, it championed a highly generous and humanitarian development policy largely due to well-functioning economic performance and a stable welfare regime.

As the country moved into the 1970s, the economy started to take a downturn. Swedish market share had been declining since the mid-1960s and this trend got worse in the 1970s. The Swedish economy relied on cheap raw material for an export oriented production sector with a

⁹⁹ Thakur, Subhash, et al. 2003. *Sweden's Welfare State: Can the Bumblebee Keep Flying*, p.33. IMF: Washington, D.C. p.2.

¹⁰⁰ Führer, H. 1996. *The Story of Official Development Assistance – A history of the Development Assistance Committee and the Development Co-operation Directorate in Dates, Names and Figures*. p.22.

narrow focus.¹⁰¹ Global demand for raw materials became less with a growing service sector and increased internationalization of production. Furthermore, the Swedish economy was even more affected by the two oil crisis - the first one in 1973-74 and the second one in 1982. As a result, the whole Swedish economy was in recession, with increasing inflation and unemployment while the balance of trade deteriorated. In a way, the Swedish economy of 'industrial mass production' which was the underlying assumption of tripartite agreement or the whole Swedish model had reached its socio-technological limit and thus productivity declined, which led to increasing inflation and declining growth.¹⁰² There was a growing fragmentation and conflict between economic players. White collars gained relatively more as elements such as capital, trade and service were becoming dominant in a globalized economy while blue collars were less satisfied with their wages. As a result, negotiating wages became harder as some groups gained wage increases, other demanded compensations. In addition, public discourse in Sweden was losing trust in the traditional welfare model and the ability of the state to manage/control the economy declined.¹⁰³

¹⁰¹ Ryner. 1999. *Neoliberal Globalization and the Crisis of Swedish Social Democracy, Economic and Industrial Democracy*. p.56.

¹⁰² Boyer. 2004. *The future of Economic Growth*, Cheltenham: Edward Elgar Publishing, p.45.

¹⁰³ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.29.

Finally in 1976, the Swedish Democratic Party (SAP) lost the election in the midst of an economic crisis. The coalition government of three right wing parties came into power in 1976 till 1982. This period ironically, however, is characterized by expanding welfare policies and liberal tax reforms, as the opposing power of the labor movement was still strong. The extreme form of economic reforms came about after the Social Democrats regained power in 1982. This economic policy scheme, called the ‘Third way’ was pursued between 1982 and 1990 and meant “the abandonment of two of the four components of the Swedish model, namely the goals of full employment and wage solidarity.”¹⁰⁴ There was a growing belief that third way police reform was an imperative to return to the record years of growth. Eventually, traditionally left wing SAP ministers were influenced by the “interest of capital, moving towards neoliberalism with the Third Way policies.”¹⁰⁵ Although the welfare regime was maintained, the idea of neo-liberalism became a reigning ideology in the Swedish economy.

As the underlying ideas and values that had dominated domestic political society shifted towards Third Way policies, the direction and policy of Swedish foreign aid also changed at this point of time. At a global level, neo-liberal ideas in the development sector were pursued by the

¹⁰⁴ Ibid.

¹⁰⁵ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.44.

Bretton woods system- the World Bank and IMF through Structural Adjustment Policy (SAP). To deal with poverty reduction and economic growth, SAP demanded that developing countries achieve macroeconomic stabilization and structural reforms. Sweden was no exception in reorienting its development strategy according to SAP. In *Swedish Aid for Poverty Reduction: A History of Policy and Practice* (1998), Carlsson explains this change "... Macroeconomic issues had not been a major concern of Swedish aid. Now they began to adopt an important role and soon came to dominate the policy scene and to exercise a strong influence on strategic thinking."¹⁰⁶

Particularly, the SIDA rural development strategy of 1980 reveals rapprochement of the Swedish agriculture policy towards supporting macroeconomic policies such as "pricing policies, market policies and subsidies of inputs."¹⁰⁷ Finally, in 1984 SIDA decided to support the IMF and WB conditionalities in its own aid program in some recipient countries.¹⁰⁸ Sweden began to

¹⁰⁶ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.14.

¹⁰⁷ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.64.

¹⁰⁸ Ibid.

select recipient countries according to the degree of their compliance with these conditionalities.¹⁰⁹ The impact of neo-liberalism was now obvious in its aid policy.

Entering the 1990s, the Swedish economy was hit by a serious banking crisis. This crisis came after a period during which wages and prices had spiraled out of control throughout the 1970s and 1980s, rectified by frequent devaluations. At the same time, the burden on the welfare regime was rising due to high unemployment. It seemed that the economic model that the Swedish economy followed in the 1980s - neoliberalism was unsustainable. There was growing awareness that the economy should be restructured. In 1991, the Social democrats lost power after fifteen years and were replaced by a radical bourgeoisie right-wing coalition power. The new government initiated a process of privatization into the welfare system –healthcare and education, opening up the sector for private providers.¹¹⁰ “Although the welfare sector continued to be inclusive and free, the deregulation of the education and healthcare sectors led to a large increase in the number of private providers.”¹¹¹

¹⁰⁹ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice*, Working Paper 107. p.14.

¹¹⁰ Larsson; Letell and Thöm, 2011, *Transformations of the Swedish Welfare State: Social Engineering, Governance and Governmentality*. p.4.

¹¹¹ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.45.

The impact of the economic crisis on its development policy was obvious when the government took the decision to officially abandon its commitment to allocate 1% of its GNP to Development Cooperation in 1997 due to economic constraints. Instead, “it adopted the 0.7%, meaning in a few years Sweden would reduce its aid budget by 30%.”¹¹² In addition, there was declining support from the public for foreign aid spending. When the political decision to abandon 0.7% was supported by the two major parties in the Swedish government – the Social Democrats and the Conservatives, there were no major protests in Swedish society which used to call for ‘international solidarity’ to help the poor. According to annual opinion survey published in December 1996 by SIDA, the proportion of people who were in favor of aid was only 44% while the part of the population that wanted to decrease or totally abolish Swedish aid was up to 40%.¹¹³ “This is a surprising figure as the proportion of the population who were positive about aid spending had been between 65% in ‘bad years’ and up to 85% in ‘good years’.”¹¹⁴

Furthermore, creating a ‘free and efficient market’ became an ultimate goal in aid policy during the 1990s while the role of the state remained only a complimentary one which helped in creating a good political environment (good governance) where markets work. The 2012

¹¹² Sandberg. 1997. Sweden. In *The Reality of Aid 1997-1998: An Independent Review of Development Cooperation*. p.131.

¹¹³ Ibid., p.133.

¹¹⁴ Ibid.

SIDA's report explains this changing policy focus in Sweden during these times. "In the 1990s the importance of well-functioning institutions became more apparent and attention shifted toward creating an enabling environment. It was clear that a complete liberalization of market forces as implemented during the period of structural adjustment had not worked in many developing countries and the focus turned to state regulations and supporting institutions that could make the market and the private sector work more efficiently."¹¹⁵

The Swedish economy performed well in the decade following 1995 and Sweden along with Denmark and Finland achieved an average growth rate of 2.9% and an average productivity increase of 2.4% compared to an average of 1.6% growth rate and 0.5% productivity increase in Germany, France and Italy.¹¹⁶ There were four structural changes that Sweden undertook out of crisis: "1) tighter governance of public finances, 2) liberalizing the economy of large swathes of the welfare and education sectors, leading to budget savings and raising total economic productivity; 3) welfare reform which took effect in 1998, implementing a complete overhaul of the 'basic pension system', replacing the previously existing defined benefit system with a defined contribution one,

¹¹⁵ Billing, Annika; Forslind, Maja and Metell Cueva, Karin. 2012. *Swedish Development Cooperation and the Private Sector : The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development*. p.30

¹¹⁶ Upchurch; John Taylor and Mathers. 2009, *The Crisis of Social Democratic Trade Unionism in Western Europe*. p.46.

comprising a pay-as-you-go component consisting of notional accounts (86%) and a funded component (14%); 4) Rebalancing the growth model, which mainly stems from Sweden's efforts to implement an export-oriented strategy.¹¹⁷ In this context, the Swedish model has been generalized into the 'Nordic Model' that combines flexible labor markets with universal welfare and income security.¹¹⁸

According to Craig and Porter (2004), the ideology in the 2000s is called 'inclusive liberalism.'¹¹⁹ The welfare state and its core policies are maintained but the objective is to create inclusive growth in which all members of society are portrayed as potential participants in the market.¹²⁰ As the neo-liberal reforms of the 1980s resulted in Sweden becoming increasingly integrated into the global economy through transnationalization and liberalization, Swedish foreign aid has evolved reflecting this change in its domestic economy. It focuses on the integration of Swedish businesses into global development cooperation through increasing support to Swedfund and the Business for Development (B4D) program. The private and commercial sectors enjoy a

¹¹⁷ Chabert, Guillaume and Clabel, 2012, Laurent. *Lessons for today from Sweden's crisis in the 1990s*. p.4.

¹¹⁸ Upchurch; John Taylor and Mathers. 2009, *The Crisis of Social Democratic Trade Unionism in Western Europe*. p.46.

¹¹⁹ Craig, D. & Porter, D. (2004) The Third Way and the Third World: Poverty Reduction and Social Inclusion in the Rise of 'Inclusive' Liberalism, *Review of International Political Economy*, Vol. 11, No. 2, pp. 387-423; see also, Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.49.

¹²⁰ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.49.

greater role in development assistance.¹²¹ As we confirmed in chapter 4, this is evident in the government bill of 2003 and 2013 as increased focus is given to ‘open/free trade’ to help achieve the goal of economic growth in developing countries and the role of private sectors in this. Furthermore, in supporting free trade, the bill of 2003 still prioritizes ‘free market’ and ‘macroeconomic policies’ of the WB and the IMF, which can be translated as remnants of neo-liberal policies of the 1980s. In the government bill of 2003, the Swedish government provided the rationale for the emphasis on free market economics.

*“Without growth, people in poor countries will never succeed in raising their standards of living. But growth must also be of a kind that benefits the poor. This means that there must be a functioning market economy that can meet the needs of poor people both as producers and consumers. There must be a stable macroeconomic framework and sound and transparent public finances, functioning institutions and effective tax collection.”*¹²²

¹²¹ Ibid.

¹²² MFA, Ministry of foreign Affairs Sweden. 2003. *Shared Responsibility: Sweden’s Policy for Global Development, Government Bill 2002/03:122*, p.17.

5.2. Increasing involvement of private/commercial sectors

The role of the private and commercial sectors in Swedish aid history has received more attention particularly after the establishment of Swedfund in 1978, an “investment fund devoted to investing in developing countries and setting up partnerships and joint ventures between Swedish firms and firms in the developing world.”¹²³ As described in chapter 5.1., the Swedish government has encouraged the involvement of private and commercial sectors in response to changing political and economic circumstances on a domestic and international level. Open trade and integration of the private sector in development policies have become one of its top priorities since the 1980s, meaning a shift away from the traditional Swedish development model in the 1960s-1970s. This chapter specifically focuses on how the role of the private/commercial sector has been promoted. We will eventually answer why this can be categorized as a ‘strategic change’ in Swedish aid and a step away from humanitarian aspect.

“Corporations have been a partner in Swedish aid since the establishment of the bilateral aid program in 1962, both in the sense of developing corporations in partner countries and fostering commercial relationships for Swedish companies.”¹²⁴ With the government decision in 1972

¹²³ Odén, and Wohlgemuth. 2007, *Swedish Development Cooperation Policy in an International Perspective*. p.89.

¹²⁴ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian*

that a portion of total aid should be tied to the procurement of Swedish goods and services, the role of the private sector became official and larger. In the year of 1978 came the establishment of the Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND). The following year, a specialized agency for technical and economic cooperation, Beredningen för Internationellt Tekniskt Samarbete (BITS), was created with the purpose to deepen the relationship between Sweden, its private sectors, and developing countries.¹²⁵ According to *Swedish Development Cooperation and the Private Sector* (2012), the goal of both organizations was the same as an overarching development objective of Swedish aid policy, but the fact that “the credits given by BITS was for the purpose of strengthening competitiveness of Swedish companies in relation to other western companies”¹²⁶ does not coincide well with its paramount goal.

The private sector becomes one of the main players in Swedish development cooperation in the 2000s when ironically the issue of aid effectiveness and untying became an important global agenda reaching its peak in the adoption of OECD/DAC recommendation to untie Official

Analysis. p.34.

¹²⁵ Billing, Forslind, and Metell Cueva, 2012. *Swedish Development Cooperation and the Private Sector : The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development*, p.16.

¹²⁶ Ibid.

Development Assistance to Least Developed Countries (LDCs). After the Paris Declaration in 2005, Sweden started a more general untying of its aid.¹²⁷ As of 2014, it has 100% grants elements in ODA.

The issue of untying in Sweden came when there was a constant opposition from the Swedish business community, as well as some of the major Swedish labor unions. They have argued that “increasing the share of tied aid would help boost the competitiveness of Swedish businesses, help employment creation, improve the trade balance and strengthen the willingness to provide continued high levels of aid among the Swedish population.”¹²⁸ Thus, ironically while Sweden moves towards complete ‘untying’, a number of initiatives have been established or strengthened in order to keep Swedish companies engaged in foreign aid; the main ones are the Business for Development (B4D) initiative in 2010 and the increasing share transferred to Swedfund.¹²⁹ B4D programme is the platform by which SIDA establishes strategic partnership with private sectors. It recognizes private contributors as one of main players in development policy capable of

¹²⁷ Resare. 2011. Det privata näringslivet som förmedlare av svenskt bistånd – en kartläggning, Svenska Kyrkan, Rapport 4, Årgång. P.9; see also, Sundell, 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.34.

¹²⁸ SIDA, 2012, *Swedish Development Cooperation and the Private Sector: The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development*, p.15.

¹²⁹ Sundell. 2013. *Aid in whose interest? Three decades of Swedish Foreign Aid: A Neo-Gramscian Analysis*. p.16.

“developing inclusive business models, as well as dialogue partners.”¹³⁰

Indeed, the implementation of two contradictory practices faces huge criticisms from many Swedish Civil Society Organizations (CSOs). One criticism received from Diakonia, one of the biggest Swedish NGOs, in its 2011 evaluation report was that “*a part of the aid allocated to cooperation with the private sector is primarily directed towards Swedish companies: Examples include projects within Swedpartnership, aid financed activities of the Swedish Trade Council, and parts of Swedfund’s investments.*”¹³¹. This contradictory practice is even manifested in Swedfund’s annual report. “*In its activities, for the purpose of developing the Swedish business sector’s involvement in development cooperation, the Company should strive to collaborate with Swedish companies.*”¹³²

According to Eurodad report (2012), Belgium and Sweden are examples of extreme cases where aid channeled to the private sector has increased by four and seven times respectively since 2006. “SIDA will increase aid for private sector investments in developing countries by almost seven fold (from €5.5 million to €38 million) over a three year period.”¹³³ The figure is

¹³⁰ Sida, 2011. *Collaboration with the private sector*. p.1.; see also, Billing, Forslind, and Metell Cueva, 2012. *Swedish Development Cooperation and the Private Sector: The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development*, p.16.

¹³¹ Sörbom. 2012. *Improving transparency, challenges with emphasis on the private sector*. p.251.

¹³² Ibid.

¹³³ Kwakkenbos, J., 2012, *Private profit for public good? Can investing in private companies deliver for the*

even more surprising when looking at the Swedish contribution to Swedfund, which it counts as part of ODA. “In 2012, it recorded an increase of €44 million in Capital, and is reported to have a further increase of €130 million over the next three years which represents a 62% increase from current levels.”¹³⁴ Therefore, while the practice of 100% untying certainly adds to the humanitarian aspect of Swedish aid policy, these findings and figures cast doubt whether the untying practice has been done in a way favoring developing countries or keeping in line with the donor’s commercial interests.

Increasing involvement of the Swedish private sector is a serious shift away from the humanitarian aspects of the Swedish model as the impact of utilizing this new development financing is not certain in terms of contributing to its development objectives or the ability to demonstrate development results.¹³⁵ According to the two evaluations by the Swedish government, the first by the Swedish Agency for Development Evaluation (SADEV) in 2008, the second by the Swedish National Audit Office in 2009, “Swedfund has been producing weak development outcomes.”¹³⁶ What is worse, Swedfund rarely does development impact

poor: p.18.

¹³⁴ *Ibid.*

¹³⁵ Sörbom. 2012. *Improving transparency, challenges with emphasis on the private sector*. p.251.

¹³⁶ Kwakkenbos, J., 2012, *Private profit for public good? Can investing in private companies deliver for the poor*: p.12.

assessment before deciding on where, with whom, and how it makes investments.¹³⁷ The lack of external evaluation or auditing is also a weakness contributing to this problem: Sweden abolished its external evaluation system, SADEV in 2013. While engaging the private sector is a natural trend for any countries to fill additional financing gaps in development cooperation, the fact that Sweden has not established any mechanism to measure the impact that this newly emerging trend has in achieving its overall humanitarian goal raises questions on the direction of Swedish aid – can we still see it as humanitarian?

5.3. Good governance as a new form of political conditionality

The third major change in Swedish aid from the 1990s is that there is an increased focus given to the issue of good governance – particularly democracy and human rights. As of 2011, the share of ODA allocated to the government and civil society sector is 23%, accounting for about 60% of total aid going to social infrastructure (Table 4). This sector receives three times more aid than education which is part of the traditional social aid that contributes to direct poverty-

¹³⁷ Sörbom. 2012. *Improving transparency, challenges with emphasis on the private sector*. p.251.

reduction. The focus given to this sector is striking compared to the 1980s when only 1% of Swedish aid went to support government and civil society in developing countries.

In Swedish aid history, the link between the importance of supporting government and civil society and development already existed in the 1970s. The goal of ‘development of democracy in society’ was added as a fourth sub-goal into the government aid bill of 1978. The focus given to this sector, however, rose in the 1990s as the concept of ‘good governance’ and ‘ownership’ became high on the global development agenda. The concept of good governance which was first promoted by the WB in 1989 emphasizes “crafting a political architecture that supports market economies with an emphasis on stable property rights and accountable decision-making.”¹³⁸ It includes “sound economic policies, competent public administration, an open and accountable government, respect for the rule of law and human rights.”¹³⁹ This concept emerged largely in a response to the failure of structural adjustment policies in the 1980s. Free markets failed due to a lack of enabling political environments. By blaming the political environment for the failure of structural adjustment, the good governance doctrine denies that there may be weaknesses in the structural adjustment strategy itself.

¹³⁸ Haslam ; Schafer and Beudet, 2008, *Introduction to International Development : Approaches, Actors, and Issues*, pp. 152-168.

¹³⁹ Sørensen, 1993. *Political Conditionality*. Pp.2-3.

Similarly, in Sweden, the attention that global governance received as the fourth goal of ‘development of democracy in society’ was further expanded to include the respect for human rights and gender equality. While the goal of Swedish aid on raising the living standards of poor people remained, the government now stated that “*it should be clear to recipient countries lacking a distinct will to promote democratization that this will affect the extent and direction of future development cooperation.*”¹⁴⁰ It is obvious that certain conditions need to be met by developing countries as a prerequisite for Swedish aid distribution.

Another issue rising in Swedish aid policies in the 1990s was ‘partnership’ and ‘ownership’. These issues were high on the global development agenda as they were seen as a means to achieve aid effectiveness. As a way to promote partnership, Sweden emphasized policy dialogue with the recipient governments. “Compared with the 1960s, it was clear that policy formulation by recipient countries was no longer seen as a matter for them alone.”¹⁴¹ This trend was due to the fact that recipients’ actions seem relevant to the effectiveness of any aid given. Meanwhile, the concept of ownership refers to control of and responsibility for the development strategy. Lessons learnt in the 1980s from the failed reform of SAP led to

¹⁴⁰ Brodin. 2000. *Getting Politics Right: Democracy Promotion as a New Conflict Issue in Foreign Aid Policy*. p.10.

¹⁴¹ Carlsson. 1998, *Swedish Aid for Poverty Reduction: A History of Policy and Practice, Working Paper 107*. p.20.

increasing emphasis on ‘ownership’ by which recipients are in driving seat of development cooperation, by directly setting the development agendas on their own. This seemingly recipient friendly change, however, is not compatible with its increasing focus on good governance and that is where the goal of good governance can be translated into a new form of conditionality. In case recipients do not share Sweden’s foundational values, no agreements or negotiations are to be made.

Although Sweden did not explicitly put a political conditionality on which recipients must meet, Sweden’s promotion of good governance was becoming a new form of political conditionality by being a prerequisite to receive Swedish aid. This contradictory policy of putting emphasis on good governance and allowing ownership to rest with the recipients is pointed out by Martinussen and Pedersen in 2003. *“If donors accept the idea of full ownership, they must also accept national and local priorities that can conflict with donors’ conception of and demand for economic liberalization, institutional effectiveness and democratic political leadership.”*¹⁴²

¹⁴² Martinussen, and Pedersen. 2003. *Aid: Understanding International Development Cooperation*. p.294.; see also, Hibell, 2006, *Political Conditionality in Swedish Aid (!?)*. p.15.

In regards to the violation of human rights issue, Sweden has taken a stricter stance on the recipients. Sweden has repeatedly withdrawn or redistributed aid in countries where human rights have been violated and where there has been a negative democratization trend. The underlying reason for a sudden aid cut to Tanzania in 1997 and Uganda in 2005 and again in 2014 was their violations of human rights¹⁴³. There was a complete aid cut to these two countries and only humanitarian assistance (emergency aid) was provided. Given that extensive poverty is still prevalent in those two countries, the withdrawal of bilateral aid depending on recipient's achievements in good governance casts doubts on the ulterior motive of Swedish aid – does it really target the poorest in developing countries as it claims?

In fact, there are some people who agree on the Swedish practice to reward democratic values, policies and institutions. However, the problem in today's Swedish aid policy is that we witness increasing policy incoherence between the goal of good governance and the overarching development objective – an equitable and sustainable development for poor people. Flaum (2014), a development analyst criticizes this point maintaining “By prioritizing the respect for political and civil rights, Swedish aid has increasingly moved away from the PGD-bill's stated

¹⁴³ Hibell, 2006, *Political Conditionality in Swedish Aid* (!?).

objective for international development cooperation – contributing to making it possible for poor people to improve their lives.”¹⁴⁴

The goal of respecting human rights and democracy might be a precondition for long-term development of developing countries. However, the way Sweden promotes these goals seemed to have given itself more power to cut-off, freeze or redirect aid when they consider it appropriate and/or necessary.¹⁴⁵ Furthermore, as seen in case of Tanzania and Uganda, aid cut-offs are only understood to have come from political reasons of not following the same beliefs as Sweden. An interview with a former deputy director of Africa Department of MOFA Sweden confirmed that *“this is a clear case of political conditionality since foundational democratic demands were set and when these were not met; governmental development cooperation was no longer possible.”*¹⁴⁶

For all these reasons, we come to the conclusion that a new form of political conditionality has emerged in Swedish aid, which raises questions on the humanitarian aspect of its aid policy.

¹⁴⁴ MFA, Ministry of foreign Affairs Sweden. 2013. Government Communication 2013/14:131 Aid Policy Framework, p.13.

¹⁴⁵ Hibell, 2006, *Political Conditionality in Swedish Aid (!?)*. p.32.

¹⁴⁶ The information is based on an interview done by Hibell with Britt Marie Hartvig, deputy assistant under secretary at the MFA and senior handling officer for Zimbabwe, on January 17, 2006. For more on interview with Hartvig, see Hibell, 2006, *Political Conditionality in Swedish Aid (!?)*. p.29.

VI. Conclusion

In this paper I set out to answer three research questions: first, how has the Swedish aid policy evolved throughout history? Second, why and in which context some strategic changes begun to emerge in Swedish aid? Lastly, based on the findings, what the nation's aid policies have become today – are they still characterized by strong humanitarian concerns or evolved to be something else? As a point of departure, I described the traditional Swedish aid model in terms of motivation, objective, aid channels and sectoral and regional allocation. Based on these findings, we confirm that the traditional Swedish model is characterized by humanitarian aspects, which can be explained by a liberalist/idealist framework. Then to answer the research questions, the paper traced how the Swedish aid policy has changed at official and practical levels from the 1980s to the 2000s and identified three main changes that are at odds with the humanitarian aspects of the traditional Swedish aid model. While the Swedish aid objective is still rooted in humanitarianism, its policy areas and sub-goals have evolved rather strategically. These changes were witnessed in figures as well – e.g. sudden decline in aid volume after 1992, increasing involvement of private sectors as well as prioritization on government and civil society.

The strategic changes in Swedish aid were described in three dimensions: 1) influence of the global economy on the Swedish politics and economy, 2) increasing involvement of private/commercial sectors and 3) increasing focus on 'good governance' as a new form of political conditionality. The first change is an encompassing one which can explain the emergence of the other two changes to some extent and shifted the overall direction to the Swedish aid policy of today. The first change illustrates how the Swedish domestic economy which has its foundation in a welfare regime has been influenced by global economic crisis and how this has changed the traditional Swedish economic model based on 'tripartite agreement' between laborers, employers and the state. With the movement of globalization and liberalization in the global economy, entering the 1980's this traditional model came to an end; the concept of 'free market' replaced the role of the state as a driver of economic growth from then.

Consequently, the changes brought into the domestic economy affected the direction of its foreign aid policy in a way that Sweden began to adopt unusual policies and practices that had not been a part of its policy before. Swedish integrated Structural Adjustment Policies (SAP) into its aid programs by putting macroeconomic conditionality to distribute its aid. In case recipients

did not follow this policy, it withdrew its complete bilateral assistance from recipients – e.g. Tanzania in 1994.

The second strategic change that I put emphasis on was the increasing involvement of private sectors. With the focus given to ‘creating a free market’ environment in whole economy and in foreign aid, Sweden took several initiatives to engage the private sector particularly from the 1990s. While it is natural that Sweden pursues financing the development sector beyond ODA, this change is highly questionable for two reasons. First, the practice of 100% untying/unconditional aid has been compensated by increasing the use of the private sector investment for aid throughout the 2000s. Second, the development impact of involvement by the private sector is not certain nor has Sweden established a mechanism to assure its impact to delivering positive results for the poor. Swedish companies rarely do a poverty impact evaluation assessment before the start of any project.

The third change is increasing sectoral focus on ‘good governance’ and the paper shows why this is a new form of political conditionality, far from humanitarian traditional aid model. Apart from judging moral righteousness in pursuing good governance policies in the development sector, this thesis mainly argues that prioritizing the goal of good governance is not compatible

with its other goal of giving more ownership to the recipients. In addition, the Swedish withdrawal and freeze of bilateral aid in some of the poorest countries such as Uganda and Tanzania due to its poor performance on good governance is certainly not contributing to its overall development goal of improving the lives of the poor. These new changes show how development cooperation between recipients and Sweden is up to Sweden, not recipient countries.

Consequently, the findings of this thesis underpins a realistic stance in development policies even for the most generous donor, confirming that the foreign aid is subject to donor's interests and can be easily distorted to serve them. In terms of aid objectives, motives, and regional allocation to Sub-Saharan Africa, the contemporary Swedish aid policies still retain humanitarian aspects. However, as mentioned above, there are more contradictory elements in today's Swedish aid which do not fit well with its overarching humanitarian development objective which is to improve the lives of the poor. As a consequence, today's Swedish aid policy has diverged a lot from the traditional Swedish model which focuses on idealist/liberalist behaviors. It has evolved by integrating more of its national interests –political, economic and commercial ones- into its aid policy. Therefore, to understand the Swedish aid policy of today, we should

look beyond the traditional Swedish aid model or Nordic model. It maintains idealistic aims in terms of development objectives while in terms of its recent focus areas it is realistic in that it distorts its aid policy for the purpose of serving its national interests. The contemporary Swedish model needs to be understood as a hybrid that incorporates both idealist and realist aims into its aid policy.

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국문초록

1980년대 이후 스웨덴의 인도주의적 대외원조정책에 대한 비판적 검토

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국제학과 국제협력전공

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스웨덴의 대외원조 정책은 비전략적 동기(non-strategic motivation), 인도적 이념에 충실한 정책이라고 평가되어왔다. 이러한 인도주의적 대외원조는 스웨덴, 덴마크, 노르웨이를 아우르는 '노르딕 모델'의 대표적인 특징으로써, 70년대까지의 북유럽의 대외원조 정책을 설명하기에 적합하다. 그러나 80년대 이후 스웨덴의 개발원조 정책은 이러한 전통적인 모델로만은 해석될 수 없는 전략적인 방향으로 수정되어왔다. 이 논문은 가장 인도주의적인 공여국이라고 평가를 받는 스웨덴의 개발원조정책의 흐름을 짚어보며, 특히 1) 80년대 이후로 어떠한 변화가 일어났고 이러한 변화의 결과 2) 현대 스웨덴의 대외원조 정책이 여전히 인도주의적인 패러다임으로 해석될 수 있는가 답하고자 한다. 스웨덴의 개발원조의 전반적인 목적은 여전히 '가난과 억압 속에 사는 사람들이 더 나은 삶을 사는데 일조하는 것'으로 규정되어 인도적 차원의 목표를 고수한다고 볼 수 있다. 그러나 변화하는 세계경제의 흐름, 악화된 국내경제실정으로 인한 ODA 예산 삭감(90년대 초), 증가하는 사기업의 역할, 개도국의 경제성장의 수단으로 자유무역, 시장 경제 설립에 대한 강조, 민주주의와 좋은 거버넌스(good governance)를 실행하지 않는 수원국에게 ODA 지원을 하지 않는 정책 등은 과연 오늘날의 스웨덴의 개발원조 정책이 인도주의적이라고 해석될 수 있는지 의문을 갖게 한다. 이러한 스웨덴의 전략적인 변화는 개발원조 정책이 한 국가의 정치,

경제적 이익을 반영한다는 국제정치의 현실주의적인 시각을 다시 한 번 강조한다. 이 논문은 현대 스웨덴의 개발원조 정책이 인도주의적인 동기와 현실주의적인 전략/정책이 결합된 전략적 혼합 모델(hybrid model)로 해석되어야 한다고 주장한다.

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주제어: 스웨덴의 개발/대외 원조 정책, 노르딕 원조 모델, 개발 원조와 인도주의, 개발협력에서의 사기업, 굿 거버넌스

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