

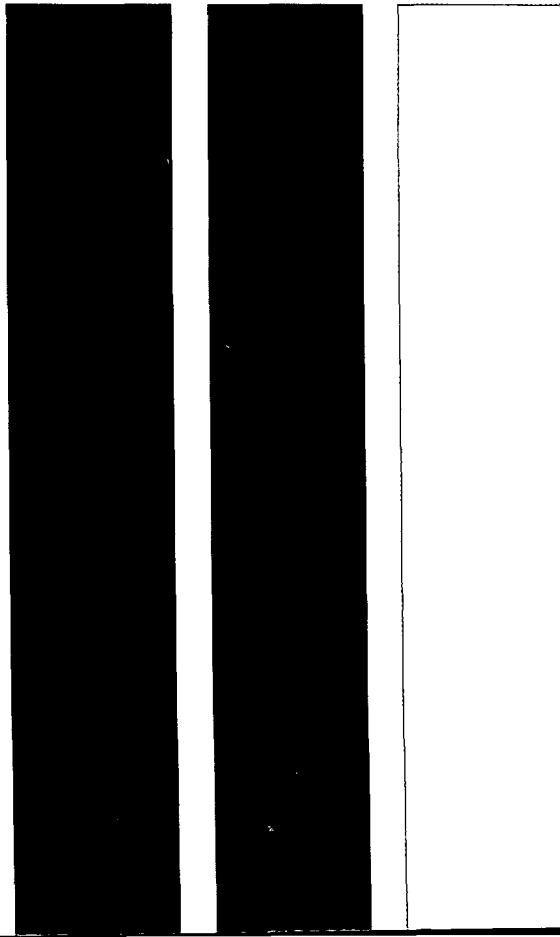
A More Equitable World without Poverty

*Report by the Parliamentary Committee
on Sweden's Policy for Global Development*



STATENS OFFENTLIGA
UTREDNINGAR

Swedish Government
Official Reports
SOU 2001:96



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Translation of SOU 2001:96

*Report by the Parliamentary Committee
on Sweden's policy for global development*

Stockholm 2002



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E-mail: order.fritzes@liber.se
Internet: www.fritzes.se

Printed by Edita Norstedts Tryckeri AB
Stockholm 2002

ISBN 91-38-21806-2
ISSN 0375-250X

To the Minister for Development Cooperation, Migration and Asylum Policy, Jan O. Karlsson

In a decision of 9 December 1999, the Government authorised Minister Maj-Inger Klingvall to summon a parliamentary committee to be charged with the task of investigating Sweden's policy for global development. According to the terms of reference (attached as Annex 1), the Committee was to report back on its work at the latest by October 2001.

On 18 February 2000, the government decided on the appointment of the Committee members, experts, special advisers and the secretariat. Maj-Liis Lööw was appointed as chairperson of the Committee. The following persons were appointed as members of the Committee: Viola Furubjelke (s)¹, Reynoldh Furustrand (s), Sinikka Bohlin (s), Ann Schlyter (v), Marianne Samuelsson (mp), Åke Pettersson (c), Madeleine Sjöstedt (fp), Bertil Persson (m), Göran Lennmarker (m) and Anders Wijkman (kd). Experts and special advisers: Ragne Beiming, Bo Landin, Margareta Ringström and Svante Sandberg. (Alfhild Petrén replaced Svante Sandberg as from the September meeting, 2001).

Mia Horn af Rantzien has been the principal secretary of the inquiry with Agneta Johansson and Lars Ove Ljungberg as assistant secretaries, as well as Torgny Holmgren in the final stage of the inquiry. Elisabet Åkerblom was administrative secretary.

The Government Offices and Sida were requested to assist the Committee with experts. The following persons were appointed: from the Ministry for Foreign Affairs Lennart Båge, UD-IC, who was replaced by Gunilla Olsson during the period of investigation; Lena Sundh from UD-GC (Global Co-operation), who was replaced by Marika Fahlén; Anders Ahnlid from UD-IH (International Trade Policy) who was replaced by Kajsa Olofsgård; from the Ministry of Environment, Peter Westman, who was replaced by

¹ [Note: The letter after the names of Committee members indicates their party affiliation, thus [s] = Social Democrat, [v] = Left Party, [mp] = Green Party, [c] = Centre Party, [fp] = Liberal Party, [kd] = Christian Democrat, [m] = Moderate Party.

Per Thage; from the Ministry of Finance, Stefan Emblad; and from Sida, Carin Norberg.

The Committee decided to adopt the working name Globkom, the Committee on Sweden's policy for global development, and its first meeting was held on 23 February 2000.

The Committee has reported factual documentation obtained etc. continuously on its specially designated website, *www.globkom.net*

In the view of the Committee, all the recommendations made can be financed within the framework of the development co-operation allocations and other relevant appropriations when co-financing is justified.

On 18 October 2001, the Committee was granted an extension of its deadline to 20 December 2001, and on 20 December, a further extension was granted to 15 March 2002.

The Committee has engaged in extensive outward-directed work, as is reported elsewhere in this report.

Stockholm, March 2002

Maj-Lis Lööw
Chairperson

Viola Furubjelke
Reynoldh Furustrand
Sinikka Bohlin
Bertil Persson
Göran Lennmarker

Ann Schlyter
Anders Wijkman
Åke Pettersson
Madeleine Sjöstedt
Marianne Samuelsson

Experts and Special advisers:

Ragne Beiming

Bo Landin

Alfhild Petrén

from August 2001

Margaretha Ringström

Svante Sandberg

until August 2001 inclusive

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Mia Horn af Rantzien

Principal secretary:

Torgny Holmgren

Assistant secretary

from August 2001

Agneta R. Johansson

Assistant secretary

Lars Ove Ljungberg

Assistant secretary

Elisabet Åkerblom

Administrative secretary

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The organisation of the committee's work

According to its terms of reference, the work of the committee "shall be carried out in ways which strengthen and deepen commitment and understanding for the vision expressed in Sweden's overall development policy" and "provide a basis for a broad agreement in Parliament and among popular movements and the general public as to how development policy and development cooperation are to be organised in the Twenty-First century". There was a clear emphasis that Globkom should adopt a broad, outward-looking approach, which the committee has responded to. During the whole of the first year of the inquiry, the collection of factual materials was combined with intensive external activity. The aim has been to discuss the major development issues at committee meetings, in hearings, at conferences and smaller meetings, in conjunction with journeys and as background information.

The committee carried out consultations and hearings with working life organisations, with popular movements and NGOs and with other parties and stakeholders in Swedish society with experience of and commitment to development issues. Some 30 hearings and conferences have been held in Stockholm, Gothenburg, Uppsala, Lund, Jönköping, Karlstad, Gävle and Umeå, and other places. These have been arranged together with universities and colleges, authorities and other interested parties. A number of smaller meetings have also been arranged in Stockholm.

A large number of researchers and experts with various backgrounds have been asked to write short background papers for the inquiry. Approximately 50 reports have been completed. In addition to the requested reports, the committee received and reviewed a number of documents from various organisations, the private business sector and other interested parties.

Collaboration with universities and colleges throughout Sweden also took the form of a "postgraduate programme". Postgraduate

students at universities and other institutions of higher education were invited to take part in the production of the inquiry's background material by compiling summaries of conferences, documents, studies and reports. This both created interest and was a valuable addition to the work of the inquiry. Twenty-four post-graduates have written some 40 summaries. Background reports and summaries commissioned by the inquiry were placed on Globkom's website as and when they were completed.

A number of major cooperation projects have been carried out together with the Centre for Business and Policy Studies, SNS, the Nobel Museum, the World Bank, the National Council of Swedish Youth Organizations, the Nordic Africa Institute, Uppsala University, Gothenburg University, Sida, the Swedish Institute of International Affairs, Diakonia, the Swedish Rescue Services Agency and the Swedish Board of Agriculture, among others.

In the Spring of 2001, Globkom's secretariat consulted the ministries concerned, Swedish missions abroad, and Sida, requesting them to answer a number of questions and provide points of view on the issues being considered by the committee. The results have been very important for the work of the committee as well as all the discussions that took place continually with individual officials. From the beginning of the inquiry, officials were invited to submit comments and material to the inquiry and to participate in the discussions on the inquiry's website.

The committee made five journeys in order to study development issues. The committee made extensive study visits in Africa, Asia and Latin America and held seminars in which researchers and experts participated from the respective region. During visits to Geneva and Washington D.C., the committee studied the multi-lateral systems and their organisations. The committee's chairperson and secretariate also visited Brussels, The Hague, and London (only the secretariate). for discussion of development issues and international cooperation. Swedish embassies and other organisers have assisted in preparing itineraries and contributed to their content. This has been of great value for the committee's work.

The committee's Internet website (www.globkom.net) has made possible far greater access to the inquiry's material and reports in the process of work than would otherwise have been possible. This has generated a broad discussion on the committee's issues, not only on the committee's website but above all in many other contexts. The background material and the discussions it initiated

seem in some cases to have contributed to ongoing policy work and thinking, even before completion of the report.

The committee met on 21 occasions. Most of the initial committee meetings had a specific topic, a number of them being organised as two-day residential meetings.

The committee decided during the first year to carry out intensive outward-looking work at the same time as the period was dominated by the collection of materials and listening to a lot of different parties. Travels have been very important in this respect. In the last six months, this process has been brought together and the report's texts – conclusions, consideration and proposals – formulated.

The organisation of the report

The Committee's assignment and terms of reference are broad and cover a large number of issues. To limit the size of the report, the Committee decided to make running references to background literature and reports, in which facts and analyses are described in fuller detail. The report itself thus mainly consists of the Committee's assessments, considerations and recommendations. The principal recommendations are shown in point form at the end of each section. The Committee has also decided to present its own point of view on a number of issues in the body of the text.

There is a brief description of the content of each chapter in the summary.

A list of abbreviations used in the text can be found after the main text, as well as a list of the activities and committee meetings that took place during the period of inquiry.

Summary – a new Swedish policy for global development

Every person has the right to *live in dignity*. The elimination of poverty in our world is the greatest moral, political and economic challenge faced by humanity, but is absolutely essential for peace, stability and sustainable development. A world where there is flagrant injustice will remain a world in which all of us lack security – not only poor people but prosperous individuals and states as well. Reducing poverty and creating a fairer world is in everyone's interests. Our vision must be a world in which all people have their fundamental political, economic and social rights fulfilled.

Much *progress* has been made. In the last 30 years the average life expectancy in the world has risen by 20 years. Infant mortality has been halved. The number of pupils attending primary school has doubled. More and more girls are attending school. Many countries, particularly in Asia, have made a rapid transition from low-income countries to middle-income status. Democratic forms of government have been introduced in a large number of countries¹. This shows that poverty can be reduced and that development is possible if there is firm political will.

Yet we still live in a world with *widespread poverty* alongside great wealth. More than 80 countries had lower per capita income in 2000 than in 1990. In large parts of the world one child in ten dies before the age of five, and in a number of countries as many as two in ten. Half a million women die every year as a result of pregnancy complications. 130 million children still do not go to school, most of them girls². At least 1.2 billion people struggle to survive on less than a dollar a day and the very worst-off on even less. Everywhere it is predominantly women who are poor and the proportion of poor people who are women is increasing.

¹ OECD-DAC, 2001b.

² UNICEF, 2000.

The experience of development in recent decades shows that continued growth in the global economy must take *the environment* and natural resources into consideration to a far greater extent than is now the case. Current patterns and levels of production and consumption are not sustainable in the long-term, especially in a world with a rapidly-increasing population. The responsibility for developing far more effective methods of managing energy and other resources rests primarily with the rich countries, but much greater attention must also be paid to such methods in development cooperation.

This report starts by describing the *changes that have taken place in the world around us* and the new conditions faced in fighting poverty in developing countries (Chapter 1). It is noted, in the introduction, that poverty is affected by the policies applied throughout the rest of the world in a wide range of policy areas, by the formulation and application of international and regional legislation, by access to global public goods and by domestic policy in the developing countries and their access to resources and advisory support through development cooperation and other channels.

Development cooperation alone cannot suffice to eradicate world poverty. A wide range of policy areas and policy instruments is available to the government and must also be put to use. Swedish domestic policies often have consequences for poor people and countries. Sustainable solutions for many global problems require international cooperation and the participation of developing countries. The report notes that the motives for action are twofold: *solidarity and enlightened self-interest*.

Three new approaches for a Swedish policy for global development

The report proposes three new approaches for a Swedish Policy for Global Development (PGD) (Chapter 2).

A broadening of the policy area

The Committee proposes that the Swedish policy for global development should comprise three parts: development aspects to be

taken into account in all relevant policy areas, cooperation in promoting global public goods, and development cooperation.

A South perspective

Secondly, a *South perspective* is proposed, which is intended to facilitate greater influence and an increased freedom of choice for poor individuals and low-income countries. Development cooperation must involve greater respect for *democratic processes* in the developing country and an increased assumption of responsibility by the governments of developing countries for drawing up and implementing policy. This process must be combined with greater opportunities for developing countries to choose their own advisers. Measures are also needed to give the South a stronger voice in international cooperation.

A rights perspective

The Committee proposes that the broadened global development policy should be based on a rights perspective and emphasises that this must be combined with support for democratic processes. A rights perspective centres on the individual and also clarifies people's varying needs. Such an approach is based on the international human rights conventions, which provide a set of common global values that are also legally binding. Human rights encompass most dimensions of poverty in a broad sense of the word, including lack of opportunities, power and security. They focus attention on the responsibility of states to respect, protect and implement human rights for all people. It is proposed that a credible effort to comply with human rights requirements should be a key criterion that must be met before transferring responsibility for the use of development cooperation resources to the recipient country.

Three objectives for Sweden's policy for global development (PGD)

Reducing poverty must remain the overall aim. Currently, there are six development cooperation objectives³ which has sometimes led to a lack of clarity about the overall aim of reducing poverty. The Committee proposes one objective for each part of the broadened global development policy area.

A more equitable global development

The aim is to achieve a more equitable and more sustainable growth-based global development, and a more equitable distribution of global resources based on the understanding that world poverty shall be reduced. By proposing this objective the Committee wishes to underline the need for greater knowledge and an awareness of the effects that different policy options have on the international distribution of resources and wealth. A balance will sometimes have to be struck between weighing a desire to increase our own living standard against refraining from this for the benefit of poor people in other parts of the world and/or for future generations. The objective, “a more equitable global development”, clarifies the need to make policy choices which at the same time meet Swedish national interests and poor people’s needs and interests in the developing countries.

A preventive and sustainable management of common global concerns

The Committee wishes to emphasise the twofold motivation for development cooperation, i.e. the motives of solidarity and enlightened self-interest as regards promoting more forward-looking and sustainable management of common global problems, i.e. reduction of greenhouse gases, conservation of biological diversity, safe water supply, protection of the ozone layer, financial stability and prevention of the spread of infectious diseases – issues that are nowadays included in the concept of global public goods. The explicit element of self-interest with respect to global risks and problems being managed efficiently should affect positively the will of

³ This is described in section 2.3.1.

national governments to take responsibility for and to finance required measures. The Committee also underlines the fact that preventive measures are often considerably more cost-effective than initiatives which are taken after a crisis has occurred – thus the emphasis on the need for farsightedness.

An improvement of the living conditions of poor people

Poverty means a lack of opportunities, power and security. By focusing on the individual, the Committee wishes to emphasise the need to base analysis and initiatives on the conditions and needs of individuals in all dimensions of poverty. Good conditions of life include a democratic society in which human rights are respected and where there is recognition of equal opportunities and rights for women and men alike. They also include an environmentally sustainable development strategy that guarantees the social requirements, needs and welfare of future generations. Improved knowledge about the effects of different policy choices on individuals can also improve efficiency of goal fulfilment. The Committee emphasises that the citizens of future generations are also part of the target group and stakeholders in today's development efforts and decisions.

Sweden has undertaken to work for the *internationally agreed Millennium Development Goals and Targets*⁴. These objectives should be the basis for the necessary operationalisation of the objectives proposed by the Committee. Supplementary operative objectives must be set for the dimensions of poverty that are not clearly expressed in the international targets, such as a deficiency of democracy, a lack of rule of law and human rights shortcomings. The use of international goals and targets strengthens the link between multilateral and bilateral development cooperation.

Development aspects must be taken into account in all relevant policy areas

The report gives examples of a number of policy areas where a lack of coherence with the policy for global development may arise if the impact on poor people and countries is not taken into account

⁴ Section 2.3.4 contains a description of these targets.

(Chapter 3). One important example is trade policy. The conclusion drawn is that development aspects must be incorporated in all policy areas. The report notes that the balance to be struck being different objectives needs to be clearly established. Further analysis should be undertaken of ways in which policy areas other than development cooperation can contribute to poverty reduction. The Committee affirms that the Millennium Development Goals and Targets should apply to all relevant policy areas. Regular analyses should be made of the ways in which different instruments in different policy areas can help in combating poverty.

Increased access to global public goods is required

The report observes that greater access to *global public goods* is an important part of the fight against poverty (Chapter 4). Various examples of global public goods are discussed, such as conflict management and conflict prevention, the stability of the international financial system, action to improve the environment, the fight against infectious diseases and the fight against organised crime. Increased access to global public goods is also in Sweden's national interest. Development cooperation funds are already being invested in the promotion of increased access to global public goods in a number of recipient countries. Global public goods complement national public goods such as education, health care and the infrastructure. Depending on their level of development, different countries and people prioritise different goods. Where and how a particular global good is to be produced will vary according to the nature of the good. In many cases it will involve local efforts in developing countries, undertakings in these countries with bilateral or multilateral financing or regional cooperation.

The Committee proposes that Swedish commitments should concentrate initially on a selected number of these global public goods: the fight against infectious diseases, the fight against corruption and money laundering, conflict prevention, securing a safe water supply and sustainable management of the global climate and world's forests.

When a global good is considered to promote both poverty reduction in the developing countries and Swedish interests, inter-ministry cooperation and cofinancing should be sought. Swedish industry should be encouraged to develop products and services

that can contribute to expanding the supply of global public goods with a vital role in combating poverty.

Development policy and poverty reduction strategies in developing countries

The main responsibility for the development of individual countries rests on the government of the respective country. It is the country's own policies that play the crucial role in determining how successfully poverty can be reduced. There is no given model that applies equally to all. Each country must devise its own policies based on its own unique circumstances. Nevertheless, certain *basic prerequisites* appear to be universal requirements for achieving a long-term sustainable reduction of poverty (Chapter 5). The countries where the chances of lasting poverty alleviation are best are those that strive to create a democratic society with broad popular participation, countries that strive to safeguard human rights, paying particular attention to the particular situation of different groups in society and to future generations, and countries that pursue an economic policy designed to reduce poverty and that have sufficient capacity to implement such policies. Effective development can only be pursued if the political will exists in the country concerned to carry out such policies, and if the country bears full responsibility for the design and implementation of policy. Parliament needs to be given a stronger role, and measures to strengthen the legislation, institutional capacity and public administration are similarly required.

The Committee has borne in mind that *poverty is multidimensional* and is expressed in many different forms: a lack of opportunities, a lack of power and a lack of security. Different people experience poverty in different ways. Consequently, efforts will be needed in many different areas, such as efforts aimed at achieving economic growth, and enhanced participation in the global market, greater economic and social equality, democratic development, sustainable development, gender equality, stronger conflict management, the promotion of human rights, as well as humanitarian measures. These measures must be designed so as to tackle the specific causes of poverty for different people on the basis of local conditions. They must enhance the capacity of individual people to influence and change their situation.

The role of development cooperation

The purpose of country-based development cooperation is to support the national policies and priorities of the developing countries. A trusting cooperation between donors and recipients of development assistance should be based on shared values and clearly defined goals (Chapter 6). Sweden has not taken sufficient account of the objective of reducing poverty. The Committee proposes that clear and unambiguous criteria should be used in the selection of countries with which Sweden wishes to engage in long-term development cooperation. The following criteria are proposed:

Low-income countries or countries with extensive poverty whose governments

- pursue a policy aimed at sustainable reduction of poverty,
- are actively engaged in an ongoing process to promote democracy and gender equality.
- are making a credible effort to realise human rights.

Active and *selective cooperation* should be a key feature of the development assistance to those countries not deemed to have the ability or capacity to implement policy in full but are acceptable on the basis of the proposed selection criteria. This selective assistance must be adapted to the circumstances of different countries and must be concentrated on the aspects of poverty (lack of opportunities, power and security) where the need is greatest. The assistance should also enhance the capacity of governments to implement their policies independently. Many different channels can be used in selective cooperation and civil society organisations can often play an important role.

The long-term strategy for Sweden must be for the developing countries to acquire the capacity to implement their policies independently. For countries that are judged to meet the criteria and that have the capacity and ability to implement their policies, *general budget support with full responsibility for results* should be considered. The cooperation should be based on a requirement that the country must have clear objectives for its development strategy and must decide for itself how those objectives are to be achieved. The country must have its own arrangements for monitoring actions taken and for reporting on and evaluating the outcome. The government shall be given the responsibility for procuring the goods and services needed to implement strategies.

Augmented monitoring and evaluation of performance and results is proposed, which should be carried out to an increasing extent by the recipient country itself, or alternatively by the audit offices of different donor countries in collaboration. It is proposed that reports on development cooperation with individual countries should be made to Parliament twice in each mandate period or whenever changes in the rest of the world so require. After taking into account factors beyond the recipient government, and provided that the country still fulfils the selection criteria, new funds should then be allocated on the basis of how well the country has succeeded in achieving set goals and targets.

The Committee notes that major commitments and an increased Swedish presence in the partner country are required to prepare the way for cooperation in the form of general budget support. The number of countries with which Sweden wishes to engage in long-term cooperation should therefore be limited to a manageable number, which is estimated at a maximum of 20 countries initially. This reduction in the number of partner countries should take place over the next five years.

When formulating country assistance strategies, an *analysis of objectives and means to achieve the objectives* should be devised, based on an identification of who is poor and why. The analysis should encompass all dimensions of poverty and should lead to a statement of priorities and proposed measures considered to prove most effective in helping to combat poverty. Particular attention should be paid to the situation of children and people with functional disabilities and to gender equality. The country assistance strategies should be based on the poverty reduction strategies of the developing countries themselves. Representatives from the partner country should be involved in the work and efforts should also be made to secure the broad participation of various Swedish actors, such as the business sector and civil society. The Committee proposes that more attention be given to *results and effects* in development cooperation.

In countries that are not partners for long-term cooperation, development assistance aimed at knowledge-building and support for the production of global public goods via *multilateral channels* and by other means may come into question. Strategies should also be elaborated for determining when and how development assistance to individual countries should be *terminated* and cooperation should instead be transformed into regular political, commercial

and cultural relations. The Committee considers that Sweden should untie all bilateral assistance and at the same time press for a complete international untying of development assistance. Sweden should also actively support enhanced *regional cooperation* in the different regions of the world.

In Section 6.5 the Committee describes the Swedish profile issues in development assistance. This part of the report describes areas that have already been a successful focus of Swedish development cooperation, such as the environment, gender equality and democracy. These issues are expected to remain important in the future. Other areas that the Committee anticipates will require particular attention are the fight against HIV/AIDS, bridging the “digital divide” and producing and saving energy and water in a more economical and environmentally efficient manner. The rapid development of technology in these and other areas should make it possible for the poorest countries to “skip” some steps in the development process. This section also describes a range of areas where the Committee considers Sweden has great expertise and for which there may be demand among developing countries in development cooperation.

Many actors

The multilateral institutions

A range of actors and channels should be used to implement Swedish policy for global development (Chapter 7). The present concentration of most *multilateral institutions* on specific issues is incapable of generating the integrated solutions required. Coordination between the activities of different specialist agencies needs to be enhanced and more inter-organisational working groups should be formed to tackle specific sets of issues. One factor contributing to the lack of clarity in the division of responsibilities is that the member states of the organisations have different responsible authorities, which in turn lack mutual coordination.

The Committee considers that Swedish support to and co-financing arrangements, via the multilateral organisations play a significant role, which is expected to increase in importance with a gradual transition to general budget support and expanded financial support for the production of global goods. Sweden must continue

to support efforts to arrange improved financing for the multi-lateral system, and also the initiative for writing off debt for the heavily-indebted poor countries (HIPC).

As a member of the United Nations, Sweden should work for further reforms. The reform efforts should focus primarily on improving the efficiency of the administration and management structures. Swedish policy should also aim at strengthening the role of the UNDP in promoting the interest of the low-income countries.

The EU

The most obvious weaknesses in the EU's poverty alleviation and development policies are the lack of effectiveness in development cooperation, inefficient organisation and a lack of coherence between trade and agricultural policy on one hand and development policy on the other. Sweden should urge that development aspects should be taken into account in all EU policy areas. The EU should be a major actor in the production of global public goods in collaboration with other international organisations. Sweden should closely monitor the reform of EU development work and continue to raise demands for better budget follow-up, results-based management and reporting systems. In the absence of adequate improvements during the Commission's present term of office, Sweden should initiate a discussion on the division of responsibilities, duties and resources that ought to exist between the EC and the Member States.

The business sector

The business sector is taking on an increasingly important role as mediator of knowledge and growth. At the same time, an active social dialogue is needed in the labour market, which presupposes well-functioning trade unions. The experience and expertise of the Swedish *business sector* and *trade unions* should be put to better use in Swedish development cooperation by including them to a greater extent in the formulation of country strategies, beginning already at the planning stage.

Opportunities for the business sector to assume an international role have continued to expand, partly due to a deliberate Swedish policy of working to strengthen international legislation in the economic sphere. The stronger regulatory frameworks facilitate business growth, which in turn contributes to economic development. Regulatory frameworks in the social and environmental areas are weaker. The business sector's own stance on respect for human rights and the environment will therefore be extremely important. The Committee proposes that a study be made of whether there is a need for legislation requiring companies and pension funds to produce social and environmental accounts and, secondly, whether there is any need to make export credits conditional on the assumption of social and environmental responsibility. An extended exchange of information between the Government Offices and the business sector on the question of human rights should be sought in issues related to human rights.

Civil society

The valuable experience possessed by Swedish civil society organisations can be turned to account to help bring about greater coherence between the objectives of Swedish global development policy and policies in different policy areas. The Committee therefore proposes the establishment of a *citizens' forum* with a view to creating a platform for discussion and exchange of experience and to giving greater transparency to the Swedish policy for global development.

Global civil society is growing in strength, creating many new alliances that are often successful in boosting awareness of global responsibilities and global benefit. Civil society should be represented in the advisory specialist teams whose establishment is proposed to serve the promotion of global public goods.

Swedish development assistance to NGOs can both serve to support organisations in developing countries, so as to strengthen their independence and capacity, and help to create a favourable social climate in which they can operate. Taking a South perspective, Swedish *support for civil society organisations in developing countries* should be based on the needs and demands of the organisations in the countries concerned. It need not be dependent on the presence of a cooperation partner in Sweden.

The organisations of civil society in Sweden are acquiring an increasingly important role as movers of society and shapers of public opinion, with regard to both goals and means, and quality and quantity. NGOs have an important role to play in the implementation of development assistance. The commitment of NGOs in high-income countries is a major resource for development cooperation.

The Committee anticipates that cooperation between organisations in Sweden and in the developing countries will prove valuable even when the cooperation is not directly related to development assistance. The Committee proposes that the design and funding of support for this type of “international cooperation” (twinning) should be studied.

More results-based management

An increasing number of specialised ministries are becoming active internationally, and more and more issues are taking on transnational dimensions. The number of government authorities that are participating in international fora and representing Sweden is steadily growing. Increased demands for both vertical and horizontal coordination can be noted (Chapter 8). Policy instruments in many different areas have an impact on poverty in developing countries. The Committee proposes therefore that a *coordination unit* for the policy for global development be established at the Government Offices, whose responsibilities should include the following:

- to compile and organise feedback from the ministries on the steps they are taking to help achieve the objectives of the policy for global development,
- to report to Parliament,
- to produce background analyses,
- to initiate interministerial working groups,
- to identify cross-ministerial issues.

With regard to *evaluation and follow-up* of policy, the Committee notes that many evaluations are never put to use and that the parties evaluated are rarely actively involved in the assessment. The Committee therefore proposes that the host country be more systematically integrated into any evaluation. Future follow-up and

evaluation work should cover all aspects of the policy for global development. More attention should be paid to evaluations carried out by the multilateral organisations.

The Committee notes that effective *public information and communication* work are essential for winning and retaining strong support for the policy for global development. The public's understanding of multilateral global cooperation needs to be enhanced. The Committee proposes that opinion formation be primarily the domain of NGOs and political parties. The Committee also proposes that all concerned policy areas develop their information on international cooperation.

The poverty issues that the Government Offices and relevant administrative organisations are required to tackle are becoming increasingly knowledge-intensive and complex, and the pace of change is fast. To enhance the potential for Swedish influence, specialised *cutting-edge expertise* at the ministries and public authorities needs boosting in priority areas and more extensive cross-fertilisation between existing pools of expertise is required. A central database and further education and training are proposed for key issues, incorporating broad participation from developing countries, civil society, the research community, the business sector and others.

The expertise of the Ministry for Foreign Affairs and Swedish International Development Cooperation Agency (Sida) needs to be refreshed and reinforced to allow deeper and *broader analysis* of the poverty reduction policies pursued by the developing countries on the basis of a South and rights perspective. Particular attention should be given to trade policy, democracy and human rights. Efforts should also be made to expand cooperation with other donors, multilateral organisations and external experts. In view of the long-term country cooperation that is proposed, the Committee predicts that Sida will need to decentralise more staff to partner countries.

Management of global issues

Where *management and analysis at global level* are concerned, the Committee notes that there is a need for reinforcement (Chapter 8). The rapid pace of change that has followed in the wake of globalisation has created a pressure for change and adaptation in

the global institutions. There is a need for enhanced global discussion on ways of remedying existing weaknesses in the system and strengthening democratic legitimacy and public faith in international cooperation. The Committee proposes that support should be given to a global fund to promote the participation of developing countries in global cooperation. Continued support is also needed for the work being carried out in global networks on various well-defined issues involving broad participation.

The Committee proposes that *Sweden take the initiative* in starting a more far-reaching continued *international discussion* on the management and funding of issues that are crucial to the future of our world. Sweden should join other like-minded countries in an active initiative to promote new forms for *transferring substantially increased resources* to poor people and low-income countries.

1 A more equitable world without poverty

1.1 The challenge

Every person has the right to *live in dignity*. The elimination of poverty in our world is the greatest moral, political and economic challenge faced by humanity, but is absolutely essential for peace, stability and sustainable development. A world where there is flagrant injustice will remain a world in which all of us lack security – not only poor people but prosperous individuals and states as well. Reducing poverty and creating a fairer world is in everyone's interests. Our vision must be a world in which all people have their fundamental political, economic and social rights fulfilled.

Much *progress* has been made. In the last 30 years the average life expectancy in the world has risen by 20 years. Infant mortality has been halved. The number of pupils attending primary school has doubled. More and more girls are attending school. Many countries, particularly in Asia, have made a rapid transition from low-income to middle-income status. Democratic forms of government have been introduced in a large number of countries¹. This shows that poverty *can* be reduced and that development is possible if there is firm political will.

Yet we still live in a world with *widespread poverty* alongside great wealth. More than 80 countries had lower per capita income in 2000 than in 1990. In large parts of the world, one child in ten dies before the age of five, and in a number of countries as many as two in ten. Half a million women die every year as a result of pregnancy complications. 130 million children still do not go to school, most of them girls². At least 1.2 billion people struggle to survive on less than a dollar a day and the very worst-off on even less. Everywhere it is predominantly women who are poor and the proportion of poor people who are women is increasing.

¹ OECD-DAC, 2001b.

² UNICEF, 2000.

The experience of development in recent decades shows that continued growth in the global economy must take *the environment* and natural resources into consideration to a far greater extent than is now the case. Current patterns and levels of production and consumption are not sustainable in the long-term, especially in a world with a rapidly increasing population. The responsibility for developing far more effective methods of managing energy and other resources rests primarily with the rich countries, but much greater attention must also be paid to such methods in international development cooperation.

The world community has set common goals, the internationally agreed Millennium Goals (MDGs) and targets. Together with many other countries, Sweden has undertaken to work with greater resolve to reduce world poverty by half between 1990 and 2015 – the most demanding commitment ever made by the international community. The international development goals and targets strive to eliminate poverty and to specify interim objectives, which can be achieved if the political will can be mobilised. At the important summit meetings and UN conferences during the 1990s, far-reaching proposals were drafted for measures to combat poverty in all its dimensions. If these are implemented, the prospect of achieving a more equitable and solidary world will be greatly enhanced.

Every strategy for eliminating poverty must be based on the answers to *inter alia* the following questions: who are the poor and what are their specific characteristics and circumstances; what dimensions of poverty are most salient; and what are the causes of poverty. The answers will vary from one country to another, and for different categories of poor people. Policies and combinations of measures will therefore vary in different countries and regions.

1.2 The dimensions of poverty

A number of studies have shown that poverty is *multi-dimensional*³. By studying how the poor perceive their own situation, a picture can be obtained of poverty that embraces more than lack of income. Shortage of food, poor health and insecurity as well as powerlessness to affect one's own situation are the type of problem

³ World Bank, 2000b and 2000c.

that the poor most often mention in connection with poverty. Vulnerability, dependence and degradation are recurrent themes.

Poverty is also manifested in various ways, depending, e.g., on age, gender, functional disability, geographical location and ethnic group affiliation. An analysis based on only a single one of these factors is often inadequate to understand why a specific individual is poor. An analysis based on a gender perspective, complemented with an analysis of how, for instance, ethnicity or age affects the individual, provides a better explanation and greater precision in the formulation of measures. Sometimes, however, a single factor clearly predominates. Poverty is thus caused by a number of economic, political and social factors, which often tend to reinforce one another in a downward spiral.

First, lack of income, education, housing or access social services means that people lack *opportunities* to overcome their poverty. Among the reasons for insufficient income in rural areas are lack of control over land and of statutory title or ownership rights, as well as low productivity caused by, e.g., scarcity of water, lack of access to credit, agricultural resources and inputs, to technical assistance and know-how. Unemployment and underemployment lead to income-related poverty in urban as well as in rural areas.

Secondly, being poor means *powerlessness and a lack of possibilities to make one's voice heard and one's opinions known*. Lack of power entails degradation, inhumane treatment, and exploitation by the state and the wider community. The opportunities for poor people to act as free individuals and to participate in and influence decision-making processes that affect their lives often depend on there being functioning democratic institutions and processes. The ability of the poor to organise, and the norms and networks that give them opportunities and enforce their right to act together are among the most important assets of the poor. Existing institutions can both hinder and promote the ability of poor people to participate and influence. We can obtain valuable knowledge about poverty and the mechanisms that cause and maintain it by listening to the poor and studying the relationships between them and the institutions around them⁴.

A third key dimension of poverty is *insecurity and vulnerability*. Human existence has always been uncertain and risky. Abuse of power, crop failure, violence, war, armed conflicts, inflation, catas-

⁴ World Bank, 2000c.

trophic events such as earthquakes, currency crises, unemployment and disease are a few examples of the threats facing the individual⁵. In a developed economy, most individuals are largely protected from negative shocks by a range of mechanisms from an effective legal system to home insurance plans and unemployment benefits. In less developed economies, social security systems are more rudimentary and primarily based on informal networks. In many cases, they are entirely lacking, in particular for the poor, who are more often affected by, e.g., unemployment and disease, and who have less access to various insurance schemes. Many poor households simply cannot afford to take risks and make investments that may be profitable in the long-term, such as sending children to school. This means in turn that poverty becomes entrenched⁶.

Strategies for combating all dimensions of poverty must be focused on creating increased *opportunities* for individuals, strengthening their power over their own lives, and finally providing increased *security* and *safety*. Measures must be taken in all of these areas simultaneously. At the same time, the fact that vulnerability, powerlessness and lack of opportunities are to a very great extent gender-related must be taken into account.

Intensive work is in progress in many poor countries to develop comprehensive *poverty strategies* with the support of multilateral and bilateral donors. The Swedish government⁷, DAC⁸, the World Bank⁹ and a number of other institutions have produced guidelines as to how the multidimensional concept of poverty will be mainstreamed in their work.

1.3 The extent of poverty

The lack of statistics and indicators that shed light on all dimensions of poverty, and which break these down to the individual level, on the basis of different characteristics, makes the work of giving an accurate picture of the nature and extension of poverty more difficult. Moreover, statistics are often lacking on the use of natural capital, which makes it difficult to assess the environmental conditions awaiting future generations, and thus the prerequisites

⁵ I. Pettersson, 2001, summarised A. Sens's analysis of how famines can occur.

⁶ Vlachos, 2001b.

⁷ Skr 1996/97: 169.

⁸ OECD-DAC, 2001b.

⁹ World Bank, 2000b.

for sustainable development. For these reasons, in the following description, only limited aspects of poverty are described¹⁰.

According to the estimates of the World Bank, a tangible reduction in terms of percentages has taken place with regard to the proportion of poor people during the past decade. However the total number of the poor continues to be the same since the world's population has increased. An estimated 24 per cent of the world's population live on less than a dollar per day, i.e. in what is called absolute or extreme income poverty, in comparison with 28 per cent in 1987. Approximately 2.8 billion people live on less than two dollars per day.

Of the 1.2 billion people who live on less than a dollar per day, 75 per cent, or 900 million people, live and work in rural areas¹¹. Poverty is more widespread in the countryside than in the cities, although factors such as rapid migration from the countryside, population growth in the cities, and poorly developed social services even in urban areas have led to a rapid increase in the numbers of poor people in the cities. Half of the world's poor are children. The proportion of women in relation to men who live in poverty is also increasing, and women tend to become locked into more severe and more long-term poverty.

There are considerable regional differences in the development of poverty in the past decade. The proportion and numbers of poor people have declined in the Middle East and East Asia, in particular in China. The most striking increase in poverty in the 1990s is in Europe and Central Asia, where the number of people living in absolute poverty has increased from 1.1 million to 24 million¹². In Latin America, the Caribbean and sub-Saharan Africa, the number of poor people has increased, while the proportion of the poor in the total population has decreased or been unchanged. There are also large differences within countries. A majority of today's poor live in South Asia and sub-Saharan Africa (see diagram overleaf) where a total of approximately 70 per cent of those who exist on less than a dollar a day live¹³.

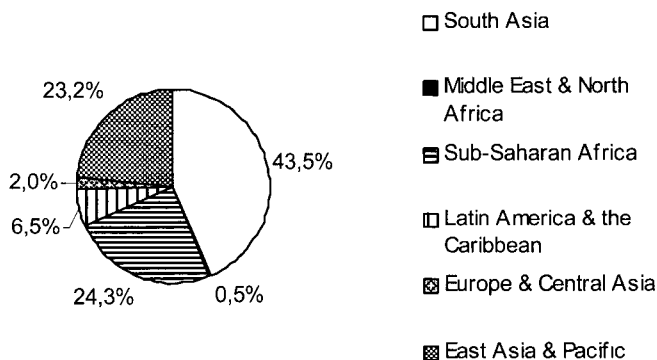
¹⁰ For a more detailed description of measurement problems and the extent of poverty, see, for instance, Bigsten and Levin, 2000; World Bank, 2000b.

¹¹ Madestam 2001.

¹² World Bank, 2000b.

¹³ World Bank, 2000b.

Diagram 1.1. Distribution of those who live on less than a dollar per day, 1998 (1.2 billion)



Source. World Bank, 2000, page 24.

An intensive debate is in progress on whether income differences in general have increased or decreased in the world during the past decade and how large the changes have been¹⁴. Regardless of the methods and measures applied in different studies, it can be noted that relative income differences have increased between the very poorest countries – which are mainly in Africa, and the richest OECD countries. The deterioration that has taken place is accordingly mainly concentrated to the very poorest countries.

The *future* development of the relative *distribution* of income between countries will depend on how large economic growth per capita is in different countries, and on differences in population growth between countries. Even if the present poor countries succeed in achieving a couple of percentage points' more rapid growth than the rich countries, the absolute gap will continue to expand for decades. Moreover, there is a growing gap between different developing countries.

Discussions on the distribution of income in the world have most often been focused on the relative distribution. An important starting point for a policy for global development is to pay more attention to the *increasing absolute income gaps*, and the consequences that these can have. The increasing gaps between and within countries are problematic from the point of view of at least two aspects: partly because rapidly increasing differences in income

¹⁴ A more detailed description of the discussion and conclusions is contained in Svedberg, 2001.

and living standards create a basis for social tension and instability, and because the “environmental space” (in the form of demand for energy, water, and food and the ability of the ecosystem to absorb waste, residual products and pollutants) is finite. Increased material growth in the rich countries will therefore inevitably encroach on the poor countries’ opportunities to grow. Growth generally – and in the short term particularly in the rich countries – must therefore include a greater input of knowledge and non-material values to reduce the pressure on life-sustaining systems.

1.4 Development in different regions

It is beyond the scope of this report to go into great detail in describing the nature and development of poverty in the world. Instead, reference is made to the Committee’s background material and other sources¹⁵. Therefore, this section does not give a full picture of development in the different regions.

Almost three-quarters of the world’s poor live in *Asia*. Very rapid social change is taking place in a number of countries in South-east Asia, and poverty has been reduced greatly and quickly in many countries. Market economic reforms have been carried out in many countries following the example of the economically successful “tigers” (Singapore, Taiwan, etc.). However, there are great differences within the region.

There are democratic structures in the majority of developing countries, although economic, political, religious and ethnic hostilities hinder development. Skewed income distribution is also a serious problem in many countries, and a potential threat to new democracies. The pervasive discrimination against women and girls in many countries is also a crucial barrier to development. A number of areas are affected by unresolved armed conflicts, and neither the narcotics trade nor terrorism have been overcome in several regions. In the Middle East, the conflict between Israel and its neighbouring countries overshadows all development efforts.

The swiftly increasing spread of HIV/AIDS can mean that the disease will shortly reach epidemic proportions in Asia and in southern Africa. Poverty, population increase and weak political

¹⁵ Bigsten and Levin, World Bank, 2000b, UD, 2000, Skr 1996/97:2, 1996/97:169, 1997/98:76, 1997/98:122, UNDP, 2001, Sida’s, the World Bank’s and the regional development banks’ websites, etc. With regard to developments in Central and Eastern Europe, see, for instance, SOU 2000:122.

institutions make it difficult to take environmental considerations into account. High population density leads to a large and growing pressure on forest, land and water resources. At the same time, the absence of stringent environmental regulations for industrial production leads to a fast increase in the quantity of waste, residual products and pollutants. The growth of cities entails new, extensive environmental problems. The scarcity of fresh water is a clear obstacle for increased food production and is a rapidly growing problem in many areas.

The Asian region has already lost some 90 per cent of its wilderness areas due to the expansion of agriculture, development of physical infrastructure and deforestation¹⁶. East Asia is expected to overtake the OECD countries as the world's largest producer of greenhouse gases within the next 15 years. After independence, the Central Asian countries have been affected by great economic setbacks, not least due to low oil prices and the fragile state of the Russian economy¹⁷.

Today, *Africa* is poorer than it was twenty years ago. At the same time, major economic and political changes have taken place. Democracy has been strengthened in many countries. Multi-party elections have been held in over 35 countries and a number of civil wars have come to an end. The fall of apartheid in South Africa raised hopes that a new chapter in African history had begun. During this period, an increasing number of states in Africa have made the transition from a one-party to a multi-party system. A new generation is also affecting the private sector and the academic world. Women's votes have started to have greater impact. More and more African leaders are very aware of the great challenges facing them, and there is an increasing will and readiness to handle these with far-sightedness¹⁸. However, democratic and economic development has slowed down in many countries by ongoing armed conflicts. These conflicts affect the image of the African continent in the rest of the world.

Epidemic diseases are a crucial obstacle to development. The transmission and impact of HIV/AIDS has become one of Africa's most critical problems, with serious economic consequences for a long time to come. In many countries, over 10 per cent of the population are infected with HIV. Africa is undergoing a period of

¹⁶ For a more detailed description of development in Asia, see Kokko, et al., 2001.

¹⁷ UD, 2000.

¹⁸ Skr 1997/98:122.

very rapid urbanisation. The devastation of natural resources is a serious threat to Africa's social and economic development. The forests have been degraded for a long time due to non-sustainable forestry methods and timber harvesting. Furthermore, poor people's often total dependence on natural and common property resources means that they are often forced to overuse forest, land, coast and freshwater resources to survive. The degradation of the natural resource base thus makes the firm hold of poverty even harder to break. The destruction of forests and erosion of the soil increase the risk of drought and makes the consequences of dry periods worse. This is particularly serious in areas that already suffer from shortages of water.

In *South America*, democratic elections have been held in every country in the region since the early 1980s and the role of the military has decreased considerably. Economic development in South America has been relatively stable in the past decade although many countries are heavily burdened by debt. The uneven distribution of resources hampers a democratic development and contributes to criminality. Criminality and violence relating to the narcotics trade is continually increasing and is a serious obstacle to development in the Andean part of South America. The growing cities with a population of a million or more have enormous problems with air pollution and waste management. Many species of animals and plants in the Amazonian rain forests are under threat. Environmental pollution has the most serious consequences for the poor in the region. Women are greatly underrepresented in national parliaments and on municipal executive committees. Educational levels in South America have risen although the poorest people in the region still often lack good quality basic education. Many countries in South America today also lack efficient public administration which contributes to corruption and nepotism.

The role of the military in *Central America* has been reduced, and citizens' control of the state has been reinforced. Major obstacles for the development of the region are now the uneven distribution of political influence as well as of economic resources. Social, political and economic inequalities also have a negative effect on, e.g., health and education, and contribute to widespread corruption, criminality and violence. Gender discrimination is deep-rooted. The exploitation of the environment, the concentrated ownership of the land in a few hands and a rapid increase in population lead to deforestation, erosion and restricted access to

fresh water. All these factors also *contribute* to increasing the probability of and vulnerability to disasters.

There are very *large variations* within the regions. The poorest countries, the so-called LDCs¹⁹, have been gradually marginalised. Many of these countries' development efforts have been obstructed by very unfavourable conditions as regards geography, climate and the presence of tropical diseases. These factors have had a crucial influence on development²⁰. The population in the resource-poor so-called dry lands experience particular problems in the form of poor harvests and low returns on labour in agriculture and animal husbandry, deficient infrastructure, etc. The population in the dry areas is estimated at approximately 90 million, which include the major part of today's extreme poor.

1.5 A humane globalisation is required

The term "globalisation" is used as a kind of umbrella concept to describe a range of different phenomena. Globalisation refers to something more than internationalisation. Internationalisation refers to the increase in links, contacts and flows *between* nations. Globalisation refers to events and states whereby an increasing number of economic and political decisions are made at a global level in the context of market liberalisation and with the result that national boundaries have lost their former importance. In everyday discussions, the term globalisation is used for a number of phenomena, however, which are more like internationalisation, and sometimes for processes that are rather national – for instance, national decisions on liberalisation and privatisation, since foreign goods, services and investments have an increasing share in national economies. Discussions of globalisation is also coloured by the term sometimes being used to describe a process, while it is used at other times as a desirable and positive, or non-desirable and negative prescription.

¹⁹ Least developed countries.

²⁰ Sachs, 2000.

The concept of “globalisation” usually includes a number of phenomena. Five which are often mentioned are:

- *The fast pace of change.* The present rapid pace of change from industrial society to the new economy²¹ is regarded by many observers as being faster than all previous technical and economic development in our history. It is estimated that the total amount of knowledge in the world which previously increased by a few per cent each year is now doubling about every fifth year. This speed originates from the rapid pace of innovation in research and technological development. It has led to a very strong pressure for change on institutions and various actors where those that have the most well developed ability to adapt to new conditions will swiftly gain a competitive advantage. Many analysts claim that this development favours private companies and civil society at the expense of governments and large international organisations.
- A “*technological revolution*”. The development of IT affects every sector of society and leads in a general sense to greatly increased productivity in the economy. The creation of value by the individual in the new economy is increasing rapidly, leading to great differences in levels of income and remuneration between different sectors of the economy, between countries with good access to knowledge and those that lack it, and between different groups of individuals. For those who have access to the new technology, hitherto undreamt-of opportunities can open up. However, the prospects are bleak for those that are left outside of these developments. Information and Communication Technology (ICT) is developing extremely quickly, and access to this technology has increased rapidly. Internet is a relatively new phenomenon. Almost 500 million people are connected today, most of them in the OECD countries. The commercial force of the Internet is apparent and leads to entirely new forms of management, organisation, trade and distribution. It is clear that regions that lack access and the know-how to handle the new technology will be rapidly marginalised. The transition to the new information society, where information and specialised knowledge is becoming increasingly important, entails new and increased opportunities

²¹ The concept “a new economy” clarifies the fact that conditions differ greatly from industrial society.

for democracy and social justice. However, the prerequisites are that all people have access to the new technology and access to good education and relevant training. If this is not the case, a new form of illiteracy threatens.

- *Common basic values.* Globalisation creates new and expanded choices and means that common basic values such as democracy, respect for human rights and equality of opportunity including gender equality can be spread. The potential of *democracy* to change relations of power to the benefit of poor people has been reinforced. A peaceful global world order requires the existence of transnational common basic values and globalisation contributes to strengthening these ideas and civil society. The trade unions obtain an increasingly strong global membership and are growing stronger. New technology has led to many people gaining access to information which was previously beyond their reach. Knowledge on human rights is increasing and thereby also the demands on governments to ensure that these are protected and that international laws are complied with.
- *Internationalisation and deregulation of capital and trade.* Private businesses have worked across national borders for many hundreds of years, and there were periods at the beginning of the last century when growth in trade and foreign investments were larger than they have been in the past decade. However, a very important difference is the change in the nature of the international mobility of capital. Transnational businesses operate today with a much more complex and deeper integration, where production can be spread over a large number of countries, a process which is facilitated by technical development, low transport costs and deregulation.
- *Migration and urbanisation.* Globalisation is associated with an increased mobility of people to cities and between countries. The increasing absolute differences in living conditions and opportunity between poor countries and high income countries have contributed to new migration flows. These flows are also affected by social and political forces.

Globalisation is thus described as a network of interconnected processes. One effect is that the world has “become smaller” and

that there is increasing awareness of events taking place in other parts of the world, even in its far corners. At the same time, globalisation is often perceived as a new phenomenon that is difficult to control. What is taking place today, however, is a link in a very long, historical development and a result of a series of deliberate decisions. It is thus also a process that can continue to be *affected by political decisions*. Globalisation is basically a positive process which, correctly used, can assist us to realise objectives of a more equitable, more peaceful and safer world. The opposite, i.e. isolation and absence of openness, leads to slower development or stagnation, which history gives us many examples of.

However, globalisation is at present *not global*. The reality is that several billion people are not able to or are not given the opportunity to participate in this interaction and exchange. Exclusion does not only apply to poor countries and people in the South but also to groups within the richer world. There is a great risk that large groups and regions due to inadequate capacity and competence will be marginalised.

Together with continued growth, globalisation can open up great opportunities for humanity. The globalised world, characterised by technological development, is making possible ever faster flows of capital, products, people and ideas. However, it also contains considerable risks, and problems and there are many barriers to its sound development. Knowledge of the effects of globalisation on local production, the informal economy and on poor people in developing countries needs to be reinforced. The market's "invisible hand" must be complemented by increased knowledge, sensible policies and international regulatory frameworks, in order for us to have a humane globalisation process that is based on respect for human dignity, solidarity and insight into our mutual dependence.

1.6 The opportunities are greater than ever before

The world is *wealthier* today than it has ever been, and there is scope as never before to eradicate poverty and fulfil the promises in the universal declaration of human rights – freedom from fear and freedom from want. Globalisation opens up new opportunities to solve problems of injustice and poverty through trade, new technology and increased awareness of and respect for common values such as democracy and human rights.

The polarisation of the cold war has lessened at the same time as it is more difficult, after the events of 11 September 2001, to predict whether other polarisations will arise. However, there is today *political agreement* at international levels in many of the large and difficult issues, as well as a common platform to act from. A shared international view and consensus of the measures required for development has emerged. This shared approach and development of common global basic values are powerful tools in the struggle against poverty, injustice and terrorism.

Financial integration creates major opportunities for increased well-being. Free and open trade that includes all countries that abide by fair rules is a powerful instrument for growth. In order to achieve this, it is essential that the rich countries of the world open their markets for products from poor countries, and that they provide support for capacity development in the field of trade, so that the poor countries have genuine opportunities both to take part in actual commercial exchange of trade and to be involved in formulating the international rules of play.

Technology has historically been a very powerful tool for development and combating poverty, and this is still the case today. The technology gap can be reduced if new techniques are correctly handled. Stimulation is required to create and spread the technology that is necessary to combat poverty. *Information technology* both creates increased opportunities to spread knowledge, as well as offering enhanced opportunities in various areas to solve problems in new and more effective ways. Internet can also be a way of making contacts with other like-minded people, thus reinforcing the formation of opinion in a country. Improved information and communication are important tools to reinforce democracy. New international initiatives are required, however, to channel new technology so that the most important needs for the people of the world are met, and so that it goes where it is most needed.

Experience shows that investments in *increased gender equality* and in *children's development* and the protection of their rights clearly lead to a substantial increase in efficiency.

There is also a growing agreement that investments in the increase of knowledge and good health are also investments in development. In this way, opportunities increase for such investments to be prioritised by those who are responsible for designing economic policy.

1.7 Obstacles to development

At the same time, the optimism that existed after the end of the cold war has been replaced in many places by well-founded concern about the future. There are many obstacles to effectively combating poverty in both rich and poor countries. In the rich world, it is necessary to mobilise the political will and considerably larger *transfer of resources*. Great efforts must also be made to improve the access of developing countries to the markets of the rich countries. There is still a long way to go before the debts of the poor countries have been eliminated as an obstacle to development. Repayment of and interest on loans is so great in some countries as to make investments in the future impossible.

Socio-economic gaps are increasing in many countries. Feudal structures, corruption and the focus of some government leaders on only favouring themselves and their clan or family hinders development and makes poverty permanent in many countries.

The severe injustices and inequalities are the driving forces behind regional and local conflicts which further reinforce poverty and compel people to flee. Injustices reinforce religious and ethnic conflicts which to an increasing extent contribute to creating and worsening conflicts. In addition to fomenting direct acts of war, with all their disastrous consequences as in many hotbeds of armed hostilities, such conflicts clearly undermine in many countries the cohesion and tolerance that is a prerequisite for economic progress and a democratic development.

The combined pressure of poverty, population growth and environmental destruction poses major challenges for *food security*²² and agricultural development in large parts of the world. The widespread view that famine in the world is mainly caused by natural disasters and war obscures the fact that it is large-scale *chronic* hunger, caused by poverty, that causes 90 per cent of death by famine.

Environment and poverty are intimately linked in many ways. Natural resources are misused and cause a scarcity of basic resources that are essential to sustain life, such as clean water and cultivable land. Widespread *pollution* and environmental degradation in both rural and urban areas affects poor people the most, and have effects far beyond national boundaries. The ecological crisis has worsened due to the lack of environmental protection regula-

²² The concept food security is used in this report only in the sense of secure supply of food.

tions at the international level. Robust legislation and a changed structure of incentives need to be developed in national, regional and international economies. Otherwise, development can in the long term be undermined by the collapse of important ecosystems²³. No development policy can be successful unless environmental problems are also tackled.

Natural disasters are on the increase and their devastating effects are aggravated in many places by forestry that lays waste, far too high consumption of fossil fuels and other human interventions in natural systems, such as deforestation, building embankments for rivers, draining of wetlands, and climate-changing emissions. The number of people affected annually by natural disasters is estimated at almost 300 million, which is far more than those affected by armed conflicts. *Climate change* is today considered to be more extensive than was previously thought. The consequences can be particularly catastrophic for the poor world. A drastic reorganisation of the energy and consumption patterns of the rich world is required.

HIV/AIDS will have unforeseeable consequences; many analysts consider the aids epidemic to be by far and away the most serious challenge in many countries for the future. Almost 80 per cent of the fatalities from AIDS affect people of working age. This is particularly serious in regions with a young working age population, such as Africa. An estimated 7 million farmers in developing countries have died from AIDS, which affects food security²⁴. Vigorous efforts are needed on a large scale to prevent and alleviate the effects of HIV/Aids²⁵. In some countries, up to 30 per cent of the adult population are infected, leaving million of orphaned children. The effects of HIV/AIDS leads to a growing shortage of trained labour and eventually to lower rates of growth and reduced resources to combat poverty. This is already taking place in many countries where poverty levels are already the highest. In these countries, diseases such as malaria and a rapidly increasing incidence of tuberculosis are also serious obstacles to development.

Although the rate of *population increase* has slowed, the world's population is increasing by around 80 million people per year, of which the majority are born in developing countries. This increase is also a result of people living longer. The dynamic character of the

²³ Albaeco, 2001.

²⁴ FAO, 2001.

²⁵ de Vylder 2001.

population structure and its importance for the economic, social and political development in developing countries is increasingly being observed. In Africa, children account for over 40 per cent of the population today. According to some analysts, this will be an important resource for future development when children attain working age. However, development can be affected negatively by the HIV/AIDS epidemic²⁶. Others emphasise the importance of creating productive work opportunities for all the new applicants for employment, and of taking measures to reduce the birth rate. Both these factors in turn depend on access to health care, education, cultivable soil, technology, effective markets, and institutions²⁷.

Many countries have come to a point in their development that is characterised by *increasing production* and pollution where responsible governments invest in swift economic development without sufficient consideration being given to the *environmental impact*²⁸. The combination of poverty and fast population growth contributes in many developing countries to impoverishment of forests, soil and water. Other important reasons are large-scale business operations and transport.

The free capital markets can lead to more pronounced and more frequent fluctuations, thus increasing the risk of *economic shocks* and an *increased criminalisation* within the economies²⁹. Increased openness and increased exposure lead to increased vulnerability. The need for a functioning state, social safety networks and social security systems are even greater in a globalised world³⁰.

Governments are accused of growing complaisance vis-à-vis big *business*. With more open borders, companies can take advantage of differences in taxation and legislation between countries. Critics consider that governments have not had time to regulate important social issues at the same pace that economic globalisation has been permitted to accelerate.

To cope with this situation, demands are being made for a common global norm system and legislation. Democratic legitimacy, i.e. where and by whom political decisions are made, must be developed and reinforced.

²⁶ Sommerstad, 2001.

²⁷ Madestam, 2001.

²⁸ Hindman, 2001a.

²⁹ Ahlersten, 2001a.

³⁰ Razavi and Mkandawire, 2001.

A major obstacle to development is social inequality and the discrimination of women. Many questions that are important for poor people and for women are never taken up for consideration by political and economic decision-makers and leaders.

1.8 The knowledge gap must be reduced

Underlying many important steps forward in combating poverty are technical breakthroughs and innovations³¹. Today, technical progress provides a major opportunity and entry point for hastening development in poor countries. For this to happen, however, these countries and poor people must have better access to the accumulated fund of knowledge. It would appear to be of the utmost importance that new forms of technological collaboration and technical progress are considered in collaboration with poor countries, in particular in areas of direct relevance for environment and health. The intention should be not to take over the role of the private sector but to contribute with incentives so that the investments that are made are more environmentally friendly and more focused on the needs of poor people than would otherwise have been the case.

Information and knowledge have become the most important production factors in *the new economy*. The difference from traditional production factors, such as capital, raw materials, or agricultural land is apparent. These have always been scarce resources in one sense or another. As regards knowledge and know-how, there is as a rule no physical limitations. It expands when it is applied. Among other things, this situation compels partly new rules of play for the economy.

Poor people are different from the rich not only because they lack of material assets, but also because they have limited access to knowledge and know-how. At the same time, many consider that power and control over knowledge are ending up in commercial hands at an increasingly rapid rate. Globalisation has given rise to new power structures. It is feared that an increased *privatisation of research and development* will contribute to increasing the risk that the research agenda will be mainly governed by the needs and interests of the global market, and thus the rich world's demands at the expense of the poor. In order to ensure that research does not

³¹ UNDP, 2001.

neglect the problems of the poor countries and people, increased support from public funds is required for research – often channelled through international organisations – as well as new forms of collaboration between government and industry.

Information and communication technology offers new opportunities, however, for obtaining fast, inexpensive access to information and knowledge within a number of important areas through the internet. Development and use of IT is uneven, both between and within countries. This is what is called the “digital gap”. The digital gap is to a great extent a reflection of other gaps e.g. income, social status, ethnicity, age and sex. The risk then is that an increase of the digital gap can lead to an increase in other gaps, i.e. that the greater the integration of societies in high income countries in the information society, the more marginalised the poor countries will become. When more and more people trade with goods and services, and also media, contacts between organisations and with authorities are moved to the Internet, it will be all the more costly to remain outside.

It should be noted that the developing countries as a group were never given a real chance in the industrial revolution, partly due to colonialism. Globalisation and the new economy are now on the way to directly affecting the conditions of life for several billion people in the world, perhaps more. However, as in the case of industrialisation, the transformation that the development of IT and globalisation entails is unevenly distributed throughout the world. The challenge is now to ensure that the poor countries are not once again left by the wayside of development.

New ideas are often created by novel combinations of existing ideas. This entails that new ideas are most easily created where there are already a large number of institutions and people involved in innovative activities³². This in turn means that innovative ability and know-how are difficult to re-distribute. The importance of strengthening education and research in poor countries is of crucial importance not only to reduce the knowledge gap but also to obtain new knowledge based on and adapted to the needs of the poor³³.

³² Sachs, 2000.

³³ Albaeco, 2001.

1.9 Sustainable development for the needs of the future

In order to ensure that development is sustainable and that the needs of future generations are taken into account, three different dimensions of the work to reduce poverty must be integrated – the economic, the environmental and the social, i.e. the key components of the concept of *sustainable development*. The first attempt to define the concept sustainable development was made by the Brundtland Commission in 1987. There would appear to be agreement today that sustainable development includes these three dimensions:

- The *economic* dimension means that an economically sustainable development must have the capacity to produce goods and services on a continual basis, retain central government and foreign debts at a manageable level, and avoid extreme imbalances that risk damaging agricultural or industrial production.
- The *environmental* aspect means that an environmentally sustainable system must maintain a stable resource base by avoiding overexploitation of non-renewable natural resources and that renewable resources are only used to such an extent that they can be re-created; furthermore, that the level of pollutants, waste and residual products from human society does not exceed the ability of the ecosystems to absorb them. This includes such systems and functions that are not usually classified as economic assets, such as preservation of biological diversity at three levels – ecosystems, species and genetic resources – and also stability in atmospheric systems and other ecosystem functions.
- The *social* dimensions means that a socially sustainable system must achieve an equitable distribution, sufficient and equitable access to social service including health care, education, gender equality and good governance based on democratic processes.

Criticism is often directed at the undervaluation of the needs and welfare of *future generations* in economic calculations. This is regarded as extremely serious when the calculations apply to courses of events whose effects will be seen a long time in the future. Current generations are favoured and the issue of long-term sustainability is played down.

Ecologists strive for the concept of sustainability to be defined in terms of maintenance of the ability of the restorative ability of the ecosystems. Many of the critical problems facing humanity originate from the breakdown of this ecological restorative ability.

From an *ecological point of view*, sustainability is about more than reduced population growth and restraint in consumption. It is about how we must take into consideration the integrity of ecosystems and diversity of species when selecting products and technology. From the point of view of sustainability, we cannot afford to allow short-term material thinking to dominate. The service functions of the ecosystems, such as cleansing of air by plants, pollination of plants by insects and birds and the absorption of surplus nitrogen by wetlands, contribute considerably to economic production and human welfare and represent a large part of the total economic value of the planet. However, the valuation of these service functions is not generally reflected and is not quantified in a way that is comparable with, for instance, markets for goods and supply services. Therefore, far too little importance is often accorded to the service functions of ecosystems in political decisions. Market economy, as it appears today, tends therefore to contribute to the destruction and overexploitation of natural resources, i.e. the natural capital. This neglect risks putting human welfare in jeopardy in the long run. Control systems and indicators must be created which can handle these issues. The social perspective is required to be able to integrate the economic and the ecological perspective.

While economic growth can create the prerequisites improvements in environmental management, it is not in itself sufficient to achieve environmental improvements. According to the so-called "inverted U-curve theory", with regard to the relation between pollution and economic development, economic growth should eventually lead to less pollution³⁴. Studies show that this theory applies to a range of environmental problems, however not for certain problems of a global nature, for instance, emissions of carbon dioxide. The negative environmental effects of economic growth are not negligible and the resource base of the earth cannot sustain infinite material growth from an ecological point of view. If this base is irrevocably destroyed, all economic activity is threatened. It is evident that the way in which the service functions of

³⁴ Grossmann och Kreuger, 1995.

the ecosystem and the natural capital that produces these is managed, is crucial for the future socio-economic development in all countries of the world.

1.10 New actors and protests

Today's global leadership is not restricted only to intergovernmental relations but also includes voluntary organisations, citizens' movements, the business sector, the academic institutions, and the mass media. Global leadership must therefore include a dynamic and complex process of *interactive decision-making* which is developed in response to changes in the surrounding world.

In recent decades, we have been able to see three distinct tendencies relating to actors in the international arena: increased international collaboration and decentralisation of political power to regional and local units, increased participation from civil society and increased scope for private industry.

No other phenomenon is so closely associated with the concept globalisation as the spread of multinational companies throughout the world. During the 1990s, the direct investments of multinational companies increased exponentially, not least in developing countries. Despite a reduction in conjunction with the Asian crisis in 1997, the *private net capital flows* to poor countries are many times greater today than development assistance. For many developing countries, direct investments are moreover, by far and away the most important source of private foreign capital. Flows of other type of private capital, for instance loans and portfolio investment are not nearly as large.

The operations of the *multinational companies* have been the focus for a lot of the criticism that has been levelled at globalisation in general. Appeals to boycott various companies due to their activities in poor countries have become common in western media. The problems associated with the activities of multinational companies include pollution, corruption, poverty, exploitation of labour and economic instability. However, the importance of these investments as a way of spreading knowledge and technology between countries is often overlooked³⁵.

Globalisation has contributed to changing the conditions for how crucial global issues can and should be dealt with. The fast

³⁵ Vlachos, 2001c.

spread of information technology has provided groups that have access to it with an inconceivable quantity of information at the same time as they obtain an effective new tool for their activities. The effectiveness of the actions and campaigns of *civil society* has increased dramatically. A range of political and social movements of a highly varying nature have come into existence during the past decade, based on a wide variety of mobilising features from religious, territorial, ethnic and regional identity, to specific struggles for a better environment and gender equality³⁶.

Despite their differences, they are often united by being critical of the design of current globalisation and its effects on the poor. In many cases, they are deeply-rooted in strong local conditions, and often they are in opposition to nation states which are perceived as being allied with global forces. This concern and the *protests* apply among other things to the effect of globalisation on the distribution of wealth and income in the world, in particular the effect on poor people and countries, on values and cultural distinctiveness, on the environment and democracy shifts in the balance of power. This concern and criticism must be taken seriously when a policy for global development is formulated.

In terms of economics, the protests are not just about cross-border integration but also the content of the economic and political advice given to developing countries by the World Bank and the International Monetary Fund (IMF). The *discussions* between the actors, who all want to combat poverty, have become increasingly *polarised* and irreconcilable in particular issues. At the same time, they agree about other issues, for instance, on the importance of investments in education and health³⁷. The extremes of opinion and stance can be said to be represented by two different groups and their world view: those that advocate the value of free trade, budgetary discipline, market liberalisation, and privatisation to achieve sustainable development and reduction of poverty, and those who regard these policy components as leading to further marginalisation of poor people and to a continued destruction of the environment and natural resource base.

Three possible explanations have been put forward to explain the differing conclusions³⁸; that the two groups diverge as regards the

³⁶ Lundgren, 2001.

³⁷ Kanbur, 2000.

³⁸ Kanbur, 2000.

level of social and/or economic aggregation³⁹, the time perspective and how economic power relations are viewed.

International experts working at the head offices of various organisations generally have a more *aggregated approach* than do those working closer to the field. This means, for instance that the view of the extent of poverty in a country or in a region often differs. Even though the incomes of poor households have increased, public services may have deteriorated, a phenomenon that can be difficult to express in figures and thus not be included at the aggregated level. However, poor people can perceive this as an overall deterioration in their situation. Another reason for the differing views can be that while poverty appears to be declining at the national level, it has increased in particular regions of the country or for specific population groups. A further source of misunderstanding or disagreement may be that one group thinks in terms of percentage changes, while the other bases itself on absolute figures. If, for example, the population doubles during a given period, the proportion of poor can fall, at the same time as the absolute number of poor increases rapidly.

The second explanation is that international experts tend to focus on the outcome of a measure in the medium-term, perhaps five to ten years. For the poor themselves and those who work directly with vulnerable or deprived people, a short *time perspective* is more relevant. At the same time, there are other groups, who emphasise a considerably longer time perspective than the medium-term: if one does not believe that the environment can tolerate a western level of consumption for all of the world's population, the solution to the problem of poverty looks different than if this is thought to be possible.

The third explanation concerns the view of *economic power relations*. Although modern economic research puts great emphasis on the consequences of companies having monopoly power and other market failures, international experts tend to analyse society as if there was perfect competition. Other groups think that they see a world characterised by monopoly conditions at many different levels. The probable outcome of a particular action obviously will vary between these different models of analysis. There are no general or

³⁹ The level of aggregation becomes increasingly high when the analysis moves from the individual level via local, national and regional to the global level. A low aggregation level (a disaggregated level) is often compared with the local or individual level.

uniform answers as to which interpretation is correct, rather this will differ between countries, regions and industries.

The discussion is made even more complicated by groups who are talking, but who are failing to listen and communicate with one another on the issue of growth and its importance for combating poverty. Almost no one these days would allege that *growth*, in the sense of average increase in income, is completely irrelevant for poverty reduction. It is rather the quality of growth that is at issue⁴⁰.

The concept of growth is also used, however, also to denote certain sets of ameliorative measures. Opinions differ as to how these packages affect poverty, and, for that matter, growth as well.

Responsibility for the polarisation that conceptual confusion causes can be said to be shared by all participants in the discussion. However, the international expert community contributes to polarisation by often simplifying messages, and descriptions and analyses of reality. A well-meaning attempt to try to conceal complexity only risks contributing to increased suspicion and distrust between groups that despite their differences are working for the same objectives.

A continued and *expanded dialogue* is required. The goal must be to bring the differing perspectives closer to one another. People who call into question different aspects of globalisation and global development must be able to be make their voices heard without their right to do so being abused by people, interests or governments who use violence and destruction as a method of controlling expressions of opinion.

During this inquiry, the Committee has clearly noted how attention to issues related to globalisation and poverty has grown in strength. The fast pace of change that has accompanied globalisation has created a strong *pressure for adaptation* and change in institutions in the international systems of governance. The fast pace of change favours organisations which are flexible and which are not locked in fixed forms and slow decision-making processes, for example organisations in civil society and in the business sector,

⁴⁰ Kanbur, 2000; Vlachos, 2000.

1.11 The importance of coherence⁴¹

The trade and agricultural policies of rich countries, the use and management of energy and natural resources and these countries' positions on patents and financial regulation are examples of stances that affect development worldwide, and thus also that affect the situation of poor people and poor countries. If the struggle against poverty is to be intensified, all available instruments and policy areas must be involved – not just those concerning international development cooperation policy. Trade policy, environmental policy, agricultural policy and security policy are instances of other areas that also work through important regulatory instruments for achieving an economic, social and ecologically sustainable development in a global perspective, i.e. which should be included in a Swedish policy for global development, PGD.

In this era of globalisation, it is essential to get all policy and implementing instruments to work in the same direction, but also to set clear objectives that are in alignment with one another (Chapter 2). This inquiry is focused on the situation of the developing countries at present, and on all dimensions of poverty – powerlessness, insecurity and lack of opportunities. Swedish policy for global development should include *those key parts* of all policy areas where activities and actions affect the situation of poverty in the world. Coherence between different policy areas in relation to the objectives set up for a Swedish PGD are crucial for how forcefully we can pursue and achieve changes. The development, agricultural and trade policies of the EU are clear instances of deficient coherence between different policy areas that undermine the goals that have been decided for development cooperation and reduce the effectiveness of assistance.

In this report, the Committee discusses accordingly the concept of *coherence* (Chapter 3), on the basis of the objectives for the Swedish policy for global development (PGD). This issue thus concerns the extent to which policies and instruments in the various areas are coherent, i.e. whether they contribute to or hinder the fulfilment of the objectives of Swedish policy for global development.

Important prerequisites for reducing and ultimately eliminating poverty are peace and stability, respect for democracy and human

⁴¹ Coherence, see further Chapter 3 for a detailed definition. For an overview of the concept of coherence, see also Mkandawire, 2001.

rights, as well as growth that takes place in ways that do not jeopardise the environmental and natural resource base. Sustainable development can only be achieved if conflicts are prevented and production methods and market economic instruments and rules are developed which counteract impoverishment of the soil, energy sources, fresh water and clean air. Equality and justice between generations cannot be ensured without an international system that identifies and distributes environmental costs fairly, that manages destabilising effects caused by underdeveloped financial systems, and that guarantees that all people share in the total and growing quantity of knowledge in the world today. A new form of international collaboration on the production of "global public goods" must be established (Chapter 4)⁴².

The policies and forms for governance of individual countries are crucial for how successfully poverty can be reduced (Chapter 5). An explicit and firm will to implement a policy focused on combating poverty and sound macroeconomic policy, supported by international development assistance (Chapter 6) is of decisive importance for development. Global poverty and inequality must be combated by an even sharper focus on eradicating poverty and by focusing on the ability of other policy areas to contribute to this. The ideas, energies and commitment of many different actors must be mobilised (Chapter 7).

Institutional structures both in individual countries and at the global level, must now be developed and changed to render them able to tackle the major development problems effectively. The expansion of the policy area means that the complexity of policy development increases, at the same time as new opportunities are created (Chapter 8). Demands to integrate knowledge from different areas and sectors of society increases. Sweden must communicate the same message and implement the same policy, regardless of which ministry or parliamentary committee designs a particular area-specific or thematic policy. An organisation's sub-structure needs to be developed which supports the ambition and intentions of the new policy.

Worldwide issues and problems require worldwide responses and solutions. In a world where we are all dependent on one another, global frameworks of rules, agreements and supervision are required. Sweden's relations with poorer countries in a number of

⁴² Kaul, etc. 1999.

areas are influenced by ties to and cooperation within the EU and various other international bodies, such as the UN system, the World Bank and other regional development banks and financial institutions, WTO, OECD and OSSE. The EU's common trade policy, agricultural policy, assistance and agreements with developing countries are of key importance. Sweden's ambitions in the field of development therefore require actions and foresight in EU cooperation in the same way that Sweden has worked for a long time within and through other forums. Sweden should use its membership in the EU to influence global development towards a more equitable world without poverty.

2 Approaches and objectives

- a vision for a new Swedish policy for global development

2.1 The basic components of the vision

The world has undergone major changes and is on the brink of new challenges that did not exist when the main features of the Swedish development policy were formulated several decades ago. Globalisation also makes new demands for a broadening of a development perspective that must include many new policy areas. At the same time, the post-war experiences of international cooperation can be of benefit now that the new Swedish policy for global development is being formulated. The Committee has adopted a *long-term* perspective which deliberately sets aside certain complications in today's *realpolitik* and instead formulates a long-term positive vision. This vision includes three basic recommendations for changed approaches (section 2.2.1–2.2.3) and proposals for three long-term objectives (section 2.3.2). The Committee considers that the proposed changes in approach are necessary to meet the long-term objectives.

Work on fulfilling the basic ideas of the vision will take time, and will require changes also in the ways that policy is made, as well as how it will be implemented and financed. It requires a readiness to call into question the most well-established concepts and approaches. A number of the proposals are very long-term, although with clear *short-term problems of transition*. At times, however, we set aside these problems in the interest of clearly outlining what we want to achieve, and of promoting new perspectives which the Committee considers necessary for more effective goal fulfilment. The Committee presupposes that operational strategies for implementation will be worked out subsequent to the acceptance of the proposals in this report.

2.2 Basic approach

2.2.1 A broadening of the policy area and a clarification of solidarity and enlightened self-interest

The countries of the world are today interconnected and mutually dependent as never before. The major contemporary and future issues concern people both in high-income countries and in developing ones. Widespread poverty, with its many dimensions, is not only an unacceptable situation for those living in poverty. It is to an ever-increasing degree also a threat to welfare and security in high-income countries. It is a *common global problem*. The welfare of rich countries cannot continue to increase in the long run when people in other countries suffer from conflicts, environmental degradation and increased poverty. We must find forms for development that are socially and environmentally sustainable, and that entail a more equitable distribution both within and between countries, and that involve production and consumption systems that do not threaten the ecological balance. If we fail to do so, this will have repercussions on Swedish welfare due to increased tensions, instability and risks of conflict, large-scale migration, increased health and environmental risks, etc. We share the same world and have a common interest in eradicating poverty and in not further jeopardising the physical environment and climate balance.

One of the reasons for a shift in perspective being necessary is thus the fact that we have a national enlightened self-interest in contributing to a more equitable world. These reasons do not diminish the strength of the first motive – the will to unselfishly contribute to a more equitable world for everyone in a spirit of solidarity. *There are thus two motives for action in the context of a new Policy for Global Development (PGD)* – solidarity and enlightened self-interest. By clarifying enlightened self-interest, more and more policy areas can be involved in the struggle against poverty and environmental degradation. At the same time, the base for financing initiatives can be broadened.

The number of different factors that affect the individual's living conditions and life situation have also increased considerably apace with globalisation and an increased interdependency of countries. National policy intended to promote national interests has *international effects*; there are clear instances of this in the areas of agri-

culture and trade. In discussions on the contribution of the high-income countries to combating poverty, the focus has traditionally been on development assistance. However, it is increasingly clear that development assistance alone cannot combat world poverty and its associated problems. Many other key policy areas include instruments that can have a greater impact on the extent and depth of poverty than those available solely through development assistance.

Solutions to a wide range of the urgent problems that the world is confronted with today cannot be found only within measures at the national level. They require *international collaboration* and active participation by both high-income and low-income countries. Financial instability, conflicts, pollution, climate issues and desertification, the incidence of infectious diseases, etc. have consequences that extend far beyond national borders. They are all examples of common problems for which remedial measures are sometimes called “global public goods”¹. The opportunities for global sustainable development will be determined by our common ability to handle crucial issues such as these, i.e. consideration of and equitable access to global public goods. As a nation, we have a very clear self-interest in finding a solution to these critical problems.

A great deal of work has gone into the drawing up and negotiation of international norms and regulatory frameworks in recent decades to tackle some of these issues². However, recognized global frameworks and institutions are still lacking in a number of areas. Thus, international cooperation is required to ensure an acceptable level of different global *and regional public goods*. The weak capacity of the developing countries to participate in the fora and multilateral institutions where decisions are made on prioritised global public goods, leads to two problems. First, cooperation is generally rendered less effective since many developing countries lack both the capacity for independent analysis of the various kinds of problems discussed as well as the capacity and resources to actively implement the measures decided upon. Secondly, there is a

¹ What is a global public good? “Good” in English has two senses, a “useful product” and “something good” and, with reference to this, the term “public bad” has been coined, meaning a lack of public good. If we assume that peace and health are two public goods, the corresponding public bads will be war and disease (Eldhagen 2000). In this report, reference is made hereafter to global public goods and to global public bad. A description of the characteristics of global public goods is contained in Chapter 4.

² Bezansson and Sagasti, 2001.

risk that specific public goods of crucial importance for poor people will not be given priority (e.g. protection against epidemics and diseases that are endemic to tropical areas). At the same time, people in these countries lack the opportunity to protect themselves against the negative consequences that the absence of, or deficiencies in, public goods often entail. The way in which the international system manages global public goods needs to be developed in such a way that the needs of poor people are brought to the fore.

The double motive of the commitment, solidarity and enlightened self-interest should be given more prominence to obtain support for a broadened and active policy of global development and to expand the basis for financing, responsibility and participation. Today, *development issues* are a *national concern* and not just an issue for those who traditionally have worked specifically with development assistance issues. Solidarity and self-interest should be combined in a common point of departure basis for forceful and resolute initiatives in a broad range of policy areas. The ambition shall be to use the total knowledge we have within different specialist areas and of different actors, even those who have not traditionally been consulted or been active in development assistance issues. A wide range of policy areas and policy instruments can be thus made available to the government in its work to impact on world poverty.

By way of *illustration*, one can start from the multidimensional character of poverty – i.e. the lack of opportunities, lack of power over one's own life and lack of security. In order to quickly reduce poverty in all of these dimensions, action is required at the local and national level in the developing countries in combination with vigorous international measures. A key prerequisite for increasing people's *opportunities* to escape from poverty are policies and initiatives that promote growth as well as distribution. This requires, for instance, that high-income countries open their markets to imports from developing countries, in particular for agricultural products and labour intensive goods. In order to increase the power of poor people over their lives, poor people and countries must have greater opportunities to participate in representational bodies in global and national fora – in order to formulate priorities and agreements that meet their needs, interests and requirements. To increase the *security* of poor people, measures are required that *inter alia* reduce the risks of extreme fluctuations in the world

economy as well as measures to develop global public goods such as vaccines and medicines against HIV/AIDS, tuberculosis, malaria and other infectious diseases. This may also apply to international measures in the environmental field and preventive initiatives against armed conflicts and improved preparations for disasters.

In sum, it can be noted that a policy that aims at reducing poverty in developing countries must contain a very broad spectrum of instruments than that normally included in development assistance. Development in poor countries and the living standards of individuals are affected by:

- The policies pursued in the world at large in a long range of policy areas with international distribution effects, and the formulation of the international and regional regulatory frameworks and their application. Instruments for Swedish national policy formulation are integral to the mandate and areas of responsibility of all ministries. National policies in a long range of areas should be designed in the context of and with an insight into the nature and workings of poverty. They should also reflect a *clearer awareness of poverty reduction impact in developing countries*.
- Access to *global public goods*, such as stability in financial markets, the handling of major environmental threats, disaster and conflict management and research on illnesses, seed for sowing, energy supplies, environment and access to IT. Swedish policy instruments are to be found in a range of policy areas:
- *National policy in the developing country and access to resources* (internal and external) in a broad sense, including human rights, democracy, financial resources, social capital, institutions, business sector, and knowledge. Swedish policy instruments are mainly to be found in Swedish development cooperation policy.

In order to contribute to sustainable development and poverty reduction in present-day developing countries, well-focused action is required on all these fronts. Many different actors and many different policy areas can contribute to the elimination of poverty. A policy for global development (PGD³) with a focus on living conditions in the developing countries must be broadened to include a development perspective in all concerned Swedish policy

³ This abbreviation for policy for global development will be used in future sections.

areas, an expanded collaboration and coordination at the Swedish national and at international levels centred on public goods and development cooperation. In this way, goals should be formulated for all of PGD's three sub-areas:

- The adoption of a development perspective in all policy areas
- Global public goods
- International development cooperation

2.2.2 The South perspective with increased options

A basic aim should be to create the prerequisites for international collaboration based on trust and respect for poor countries and for poor peoples' political will, competence and capacity, based on a recognition of their own responsibility for promoting development measures that affect them. Research shows that a prerequisite for the effectiveness of initiatives to combat poverty is often that they are based on the *experiences and knowledge of those concerned*. Accordingly, the challenge lies in letting the priorities and perspectives of the poor serve as the basis for the work of producing effective strategies and implementing these. To make this possible, and in order for the other dimensions in the proposed PGD, to be designed in such a way that takes into consideration the priorities and prerequisites of poor people and poor countries, greater effort is needed on what the Committee has opted to call a *South perspective*. By this, the Committee means that efforts are made to work on the basis of the local actors' perspective, whether this is a government, an organisation, an individual or a group of individuals. This requires an increased capacity to understand the recipients' realities as well as knowledge of correlations and effects not only at macro levels but also at the individual level (micro level). It also means that a number of perspectives must be applied at the same time, for instance, the gender equality perspective and the child rights perspective. This combined approach will, in the Committee's view, further enrich the analytical frameworks that have developed within these two perspectives⁴. Furthermore, an assessment is required of the extent to which a government or organisation represents the interests of poor people. If this is not

⁴ For instance, the reasons underlying a young girl's poverty are often different than the reasons underlying an old woman's poverty. Poverty is also expressed in different ways.

the case, a south perspective means that one should as far as possible listen directly to the poor instead.

In their deliberations, the Committee has tried to identify a term for a perspective that adequately captures the above dimensions and have concluded that a "South perspective" is the concept that comes closest. However, the concept should not be regarded merely as a geographical term, but as a conceptualising model or perspective. A South perspective means that one listens to and makes use of the experiences of the poor – they are the ones who are the real experts on their own struggles with poverty.

The South perspective means building on the *competence* and considerable capacity that, despite insufficient resources, *exists in developing countries*. The challenge is to create an international order where the high-income countries take a very serious view of poverty and infringement of human rights, but which is less intrusive as regards prescriptions for specific ways that developing countries should combat poverty and recognise human rights. A new form of international collaboration is therefore needed where the developing countries themselves can choose between alternative ways of pursuing the same goal.

A South perspective in the Swedish PGD entails that Sweden on formulation of national *Swedish policy in all policy* areas with international distribution effects should try to carry out impact analyses which shed light as far as possible on how the proposed policy affects individual nations and people in developing countries. Therefore, scope must be given to striking a political balance between the different objectives. A South perspective in all policy areas thus entails a need for comprehensive expertise on development issues. Knowledge is required on how long-term sustainable development and poverty reduction can best be promoted on the basis of complex correlations, local conditions and local systems of knowledge and of learning in developing countries.

A broad understanding in Sweden for the perspectives of poor people can only be achieved through long-term collaboration imbued by mutual interest and trust, and *exchange of experiences* within as many areas as possible. The possibilities for cultural exchanges, collaboration in research or between interest organisations such as e.g. trade unions and organisations of people with disabilities as well as other popular associations, must be expanded. It is in Sweden's own interest as well that many Swedes gain competence based on global awareness.

The South perspective should also permeate the multilateral collaboration and coordination of efforts aimed at managing common global problems and creating *global public goods*. This should among other things include initiatives to strengthen the active and capable participation of developing countries. Countries with weak or insufficient structures internally are also weak as regards taking part in international norm-setting and in other specialised international exchanges and negotiations. Long-term capacity building in this regard is in the interests of all parties. Capacity building creates competent counterparts for Swedish players in international collaboration. Inputs in this context should aim at strengthening the country's capacity and ability to formulate and negotiate policies and strategies concerning, among other things, economic issues, trade policy and agricultural policy issues. It could, for instance, involve enhancing countries' negotiating skills in multilateral bodies and international organisations, or facilitating the establishment of networks for regional collaboration in order to better be able to make their voices heard and their opinions known in international collaboration.

The representatives of the partner country must have the opportunity to take responsibility and at the same time receive support to develop instruments to solve their own problems. Without this perspective, basic democratic values and *democratic processes* will face severe difficulties in becoming established. Respect and support for democratic institutions require that the donor-recipient relationship be challenged and changed, the partnership concept be worked out in detail by both parties together, and the notion of what taking responsibility involves in the context of ownership be fully explored and developed.

Within Swedish *international development cooperation*, the lack of coordination of policies, efforts and measures, different demands on reporting, and varying planning and financing procedures between different donors have contributed to poor efficiency and impact. Partners have had to expend excessive and valuable time to comply with donors' directives rather than to "dialogue" with their own populations. The shift to the South perspective which the Committee considers necessary will mean that the partner countries must both be given and be supported to take increased responsibility for their own development.

It is not possible to control one's own development if *one is unable to select* policy and appropriate actors in development proc-

esses. New forms of collaboration must be created whereby the partner country can receive and take independent responsibility for desired results – a collaboration that gives the cooperation partners, both governments and NGOs genuine choices to take full responsibility for their own development. A transition to a general budget support to partner countries that comply with a number of fundamental criteria⁵ is a step in a development process by which the recipient country is given the possibility of taking its own responsibility for formulation of policy and its implementation, and thus also for the result and effects of policy.

The South perspective must then mean that more *options* for developing countries as regards; for instance, policy advice, technical assistance, research support and collaboration with and support through NGOs where applicable. If partners are given responsibility for policy design or the choice of inputs, they must also be given the opportunity to choose from whom they wish to receive advice, consultancy services, products or other types of cooperation and support.

This implies a greater demand on Swedish public authorities, organisations and other participants, to continually increase and assure the quality of inputs and services if they want Swedish cooperation partners to be selected. This means that Sweden should focus to a greater extent on services and goods in areas where we already have comparative advantages, i.e. where Swedish expertise and know-how are competitive. Special efforts should be made to recognise the opportunities offered in the area of ICT. The Committee considers that an active involvement on the part of Swedish businesses, NGOs and individuals in international cooperation is important to make use of *Swedish expertise* well as to ensure continued strong willingness to provide development cooperation support.

It should be pointed out that it will *not* be possible to achieve this cooperation with general budget support and independent responsibility for performance for the partner country *in the short-term*. For this to be possible, the majority of high-income countries must support the idea of expanded use of, for instance, budget support financing and a broadened market for goods and services. However, a number of countries have already taken steps in this direction and there is scope for Sweden to be a major advocate and

⁵ See section 6.4.2 for a discussion of these criteria.

a driving force in this process among “like-minded” EU countries and within the framework of OECD. In order to obtain popular support in Sweden for this kind of assistance, active information work is required on how development cooperation contributes to goal fulfilment including poverty impact in the recipient countries.

It is evident that the form of collaboration for development assistance that is outlined above is initially only applicable to a *few countries*. In most cases, it is to be regarded as a final phase of a process. Carefully formulated criteria must be established as to when support can be used in this form. Where it is not possible to comply with these criteria, or where governments breach agreements, support should be channelled according to other guidelines (the Committee describes this further in Chapter 6). In these countries, support to different kinds of capacity development, such as negotiation capacity, the judicial system, combating corruption, and audit, should be reinforced. The Committee makes the assessment that the major part of the Swedish country-based development assistance in the next few years will be channelled in other forms than through general budget support, such as through projects and sector support. This can gradually then go over into a new phase, general budget support with independent responsibility for performance.

A South perspective also means that a variety of forms of cooperation characterised by mutuality at all levels in many areas should be developed as a complement to traditional development assistance. Since this will be of mutual benefit to all parties, the costs for the Swedish contribution should not only be taken from the budget designated for development assistance.

2.2.3 The rights perspective and the importance of democratic processes

As a key element in the proposed approach in the formulation of Swedish policy for global development, the Committee has opted, together with the South perspective, to adopt a rights perspective. This is predicated on the recognized *common vision* and common goal for human rights (HR) and the endeavour to promote development in a broad sense as outlined in the international conventions and agreements. This involves guaranteeing freedom and human dignity for all people all over the world. Human rights and promo-

tion of development both involve guaranteeing basic freedoms. Through its foreign policy, Sweden has long endeavoured to promote respect for human rights. The goal is to work for people also in other countries to enjoy guaranteed freedoms, protection against injustice, and a satisfactory standard of living. Sweden has committed itself to work for this end by our membership in the UN. The UN Charter gives us both the opportunity and the obligation to act resolutely with regard to these issues.

At the same time as a broader view of the concept of poverty has been evolving, the most recent ten-year period has also meant an expanded common view on human rights. The focus has been on formulating and establishing basic norms and values. A common view has become accepted, – that human rights, civil, economic, cultural, political and social, are *universal, mutually interacting and make up parts of one and the same whole*. Today, there is almost unanimous agreement that it is not possible to grade rights on the basis of a general division into political or economic categories. The different categories both strengthen and are a prerequisite for one another. This is made clear *inter alia* by the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW, the convention on women's rights), the Convention on the Rights of the Child (CRC) and now most recently the EU charter of fundamental rights, where different clusters of rights are dealt with in the same document and within a single context⁶. The equal legitimacy of all rights can still mean that priorities must be made as regards actions to protect different rights in concrete situations.

With a multidimensional definition of poverty it is also difficult to identify which rights are more important than others in the overall effort to eradicate poverty. A *holistic view of humanity* and our various needs is required – regardless of whether it is the pursuit of democracy or material, income poverty reduction that is being prioritised at a specific time or in particular contexts. Economic, social and cultural circumstances can wholly determine people's genuine opportunity to participate in public discussions, in the same way as enhanced democratic process can be one of the most important methods for people to secure the most basic economic and social needs⁷. A lack of economic growth is not an excuse for not complying with civil and political rights. Neither

⁶ See Nyman-Metcalf for a more detailed discussion on EU's work for human rights.

⁷ Johnsson, C, 2001.

may economic growth be a reason for setting aside basic freedoms and human rights.

Human rights, as they are expressed in UN's different conventions, cover the key components and dimensions of the expanded definition of poverty. The view of the Committee is that these rights can be operationalised further, and thus can form a basis for priorities and goals for a Swedish global development policy. The total catalogue of rights provides a vision of a dignified life, and can be regarded as a long-term international agenda for development. There is practically global acceptance of the UN universal declaration of human rights and many of the subsequent conventions, so that these instruments can be considered to be part of international common law. It can therefore be argued with some justification that they serve as a *common basis for definitions of global fundamental values*. Human rights as a value concept are now also widely disseminated among the general public in many countries. Human rights ideas are articulated and spread globally, and today there is a clear tendency to use rights terms to give stronger expression and credibility to group demands, wishes or hopes.

However, caution should be observed so as not to undermine the *legal basis* for human rights. In order to be able to realise human rights and to incorporate appropriate frameworks and the fulfilment of rights in practical work, concrete frames of reference are required. These are provided by international law and the legally binding HR conventions. Although an excessively legalistic attitude must be avoided, in particular in practical development cooperation work, knowledge and understanding is required of international law and the UN system, of its mechanisms and the different regional instruments, and of international courts and committees. The Committee wishes again to emphasise that the application of a rights perspective is based on human rights as they are formulated in the international UN conventions.

With the multidimensional definition of poverty, poverty can thus be regarded as a situation in which human rights are not respected and indeed may be violated by those who are charged with protecting them. Conversely, protection and fulfilment of human rights must be a key element in all policies which endeavour to reduce poverty. The Committee considers that it is important to highlight and emphasise this correlation. There are a number of *fundamental principles* in the multilateral regulatory framework of human rights which should be used more clearly in the context of

the global development policy, and in our work with poverty reduction.

These principles have great potential for enhancing our policies and making our strategies to combat poverty more efficient.

- A rights perspective underlines the basic idea that all people – men, women and children alike – have the right to a life free from poverty and that initiatives that promote this are to be based on this point of departure rather than being solely dependent on ideas of solidarity or a wish or moral imperative to engage in charitable activities.
- A rights perspective focuses on the individual and stresses the individual's right to influence her or his situation.
- A rights perspective provides the basis for a demand for democracy as a form of government.
- The normative regulatory framework takes into account all components included in the broad, multidimensional definition of poverty.
- The principle of non-discrimination underlines the need to pay particular attention to vulnerable and extreme deprived groups, and strives for solutions that do not exclude anyone from access to institutions and processes that affect everyone.
- A rights perspective entails demands for a society with equal opportunities and equal rights for everyone, women and men alike as a basic tenet.
- A rights perspective establishes where the primary responsibility lies for implementation of measures, i.e. with governments. Human rights frameworks regulate the relationship between the state and the individual. The rights declarations and conventions stipulate the state's responsibility both with regard to respecting the individual's freedoms, protection against violations and ensuring the fulfilment of individual's material needs without discrimination.

A rights perspective thus puts the poor person in the centre. In order to be able to determine how the HR situation is affected by different political decisions, i.e. how different groups of people and individuals within these groups are affected, studies are required which attempt to make visible the *effects at the individual level*. Since people have different prerequisites and life conditions, differ-

ent measures will have different effects, depending upon the nature of the situation for the specific individual and the group he or she is a part of. A rights perspective means an automatic focus on discriminated, excluded and marginalised individuals and groups because of their inability to demand and receive the fulfilment of their rights. It reinforces the possibility of identifying the measures required so that men, women, children, young people, old, functionally disabled, people with various ethnic identities or with different sexual orientation, and in both urban and rural settings shall be able to assert their rights. It also is helpful in identifying where it may be necessary to design and implement special measures to make the effects of different measures as fair and equitable as possible. With a rights perspective, the individual will also become a subject with agency – i.e. the ability to think and plan and act strategically, in the sense that the point of departure is the individual as a bearer of and advocate for his or her rights, and not an object who is passively subjected to different measures conceived and imposed by others.

The rights perspective involves a shift in perspective both to developing countries and to the individual. The entire process requires a *genuine, active participation* at different levels of society in the countries involved. Local and international private organisations, political parties, trade unions and other representatives for civil society can play an important role by listening and giving a voice to weak groups, but also in strengthening these groups and individuals so that they themselves can make their voices heard. This will be part of a process of democratisation premised on the idea that people are engaged in issues that concern them and the society they live in, and whereby a democratic culture is fostered.

Overall objectives for development efforts have already been formulated in the UN convention texts. The states that have ratified the conventions have committed themselves to strive towards these objectives. As a complement to the convention text, there is an extensive material with comments and conclusions from the *various committees in the UN system* responsible for monitoring states' compliance with their undertakings under the different conventions. The committees base their work on the states' own reports and on information from researchers, NGOs, and other rapporteurs. The networks of voluntary and civil society organisations are very important sources of information. Reports from the UN's special rapporteurs can also contribute to increased know-

ledge on the content of rights and an analysis of the obligations of states to translate the realisation of rights into concrete strategies and concrete measures. This material can also be a great assistance in evaluation processes for development cooperation. The international regulatory framework for human rights, including its follow-up system and control mechanisms, is therefore a useful system with, in most cases, good indications of the extent to which states comply with their legal obligations. The system can serve as one of a number of starting points for evaluations of how the recipient state and donors have succeeded in their objectives⁸.

In this context, the regional conventions and mechanisms must also be mentioned. These basically contain a protection for the same human rights although they can sometimes be applied more effectively and forcefully since they may spell out obligations more concretely. They may also have access to courts and committees which in certain cases can make decisions that are perceived as more binding on states due to region-specific circumstances or interests.

The starting point in the international conventions also means that there is a *given allocation of responsibility*. The states that have signed the conventions are obliged to respect, defend, protect, promote and gradually implement measures that lead to fulfilment of the specified rights. The government is ultimately responsible to the individual, but in addition, the government must of course also involve and ensure the cooperation and participation of a wide range of actors. This places the focus on the need to establish which institutions share responsibility at different levels – from the government to the individual – and the tasks of the different actors, their roles and interaction.

In order for the global community to be able to hold the countries of the world responsible in practice, mechanisms are required that hold them accountable. This includes both political and legal devices, but also support for competence development, staff development as well as initiatives to strengthen management supervision and independent media. Functioning mechanisms for supervision which are accessible, transparent and effective are a prerequisite for effective implementation of human rights.

⁸ I. Frankovits, 2001, and in the Sida reports *Working Together*, part 1 and 2, report some of the experiences that exist on an applied rights perspective in development cooperation, and concrete proposals as to how the HR system can be better used in this work.

Human rights is a *universal concern* even though this concern for people in other countries has not always been self-evident. The relation between a state and its citizens has for a long time been regarded as an internal affair. This view is changing. The UN Charter provides, as mentioned above, a legitimate basis for a dialogue on these issues. Through the ESC process (European Security Conference) and the Helsinki Agreement, a political acceptance was developed which made it possible both to question the HR situation in other countries and also to work for an improvement. Another example is UN's Convention on the Rights of the Child (CRC), which places a complementary responsibility on the international community for realisation of rights that requires more resources than are available in a single country. The CRC emphasises that this applies in particular to children with disabilities and to all children's right to education and health.

Applying a rights perspective provides us with an *opportunity* to use conventions on human rights and the fact that they consist of legally binding instruments internationally, as tools to achieve objectives within different policy areas. This also means that, before political decisions are taken, an analysis should be made of the consequences of decisions in one's own policy area on the ability of other states to fulfil their commitments in the context of human rights.

One *example* of the possibility of applying a rights perspective is the Organisation for Security and Cooperation in Europe (OSCE) and its work at the High Commission for National Minorities (HCNM). The work of the High Commission can be said to have developed into a conflict prevention instrument, which strives to identify minority situations where initiatives from the High Commission have the potential to promote integration and reduce tensions. HCNM emphasises in its activities the importance of compliance with international norms. This applies to general principles such as the promotion of democracy, human rights, and the development of the rule of law and specific norms for rights for persons who belong to minorities. Work on promoting human rights is a goal per se but it is also a means of achieving increased security.

Another way of applying a rights perspective in, for instance, trade policy, could be to broaden discussion on the effects of different decisions on the HR situation in other countries, for instance, in decisions on government export credits. The question on which more light should be shed is the extent to which the

Swedish decision to subsidise a particular kind of export with state funds is compatible with the ability of the importing country to fulfil its obligations in the field of human rights. A concrete example is the Three Gorges dam project in China, where the issue of government export credits is currently being debated. A rights perspective does not mean that no such guarantee can be given but an application of the rights perspective would require decision-makers to make an impact analysis from a HR perspective, in approximately the same way as an environmental impact assessment is done today. The result of such an analysis is then one of a number of bases for the decision. In certain cases, clear goal conflicts will be apparent and it will then be the task of the democratic process to ensure that priorities are made in accordance with democratic principles. A clarification of the distribution effects of a decision as regards promotion of human rights in relation to other legitimate goals promotes a debate in which many perspectives and voices can be aired, and is a key component in the democratic society.

As regards development cooperation, a successive implementation of human rights for all people regardless of sex, age, functional disability, etc, should be introduced as a condition for Swedish support to the budget of a partner country. As a component in the promotion of greater responsibility and as a support to ongoing democratic processes, it is necessary for the countries to be able to choose more independently the means and the policy that they consider best promote the goals they have set up for their development and for compliance with human rights. This means that Sweden, as well as the rest of the donor community, must provide scope for flexibility in the choice of policy and be prepared for failures. At the same time, all support must be based on an assessment that the country in question is *fully determined* to respect human rights. In the different conventions, attention is drawn to the fact that this work sometime depends on a country's access to resources and level of development, and that introduction of measures to ensure fulfilment of a number of rights may need to be take place gradually.

In a situation with limited resources, priorities must be made. However, the rights perspective also provides *some guidance* on the rights that are to be given priority in a situation with limited resources. This also applies to *priorities* which concern the division between now living individuals and coming generations. A number of policy choices aiming to improve the prerequisites for future

generations to have their human rights met, can entail that the prerequisites for future generations are worsened and vice versa.

The rights perspective is an important tool in underlining the need for reasonable knowledge on the distribution effects of different policy choices, but it gives no *direct guidance on which means* are most effective to achieve set goals. However, the knowledge and visibility of a measure affecting different groups of individuals differently, provides a better basis on which politicians, agencies and beneficiaries can determine priorities. The importance of having a functioning *democratic process* which permits women and men to choose between combinations of priorities is a key component of a rights-based approach. From a democratic point of view, it is important that the distribution effects of different priorities and consequences are made visible and as thoroughly explored as possible. This can take place either in the public sector or with the aid of other actors in society and within the media. The use of a rights perspective must go hand in hand with support to democratic structures, NGOs, the media, etc.

In order to be able to determine the extent to which a government or another actor succeeds in their goal fulfilment, the goals must be measurable to some extent. Continued efforts should therefore be made to develop indicators and measures for goal fulfilment for human rights to facilitate and promote monitoring and evaluation in relation to the human rights objectives. Coordination with the ongoing operationalisation of the international development objectives (see section 2.3.4) should be striven for. The lack of measurability of goal fulfilment is intimately associated with the criticism common among, for instance, companies which for various reasons wish to contribute to promoting human rights. The international regulatory framework is sometimes perceived as too wide and difficult to interpret. At the same time, while work on developing better measuring instruments and indicators must continue, knowledge on already existing guidelines, aids to interpretation, and monitoring systems must be disseminated in a more active way. Likewise methods which ensure the rights of future generations must be taken into account and developed.

In summary, it can be noted that human rights frameworks *make concrete the international agenda for human development*. They draw attention to the responsibility to respect, protect and comply with human rights for all people. The human rights tradition has the legal tools and institutions that can secure freedom and human

development. The rights also give legitimacy to the goal of human development and convey the principle of social justice. The rights perspective contributes to priority being given to the most vulnerable and excluded, in particular those affected by discrimination. It also draws attention to the fact that the need for information and a political voice for all people is a development issue. Realisation of civic and human rights are then crucial components of the development process.

Poverty strategies based on normative regulatory frameworks and a rights-based perspective will according to the Committee probably be more efficient, holistic and sustainable, since they include a consideration of social justice and are thus meaningful for those living in deprivation and poverty. In order to realise this, consideration must be taken to human rights in all processes and choices that make up global development policy.

For fifty years, negotiations have taken place on conventions, declarations and general principles on human rights in the multi-lateral system. A long range of monitoring bodies have been formed. The Committee considers that it is now high time to concentrate efforts on coordinating efforts and implementing human rights in all dimensions, and bringing these into alignment with poverty reduction initiatives.

2.3 Objectives

2.3.1 The development policy objectives⁹

Ever since Government Bill no. 100 was adopted by the Parliament in 1962, the overriding goal for Sweden's development assistance has been to "raise the standard of living of poorer groups of people in the world".

There has been a broad party political consensus around this central purpose. This goal was confirmed, for instance, in the Development Assistance Report in 1977 whose recommendations on the continued approach to Swedish international development policy and cooperation were subsequently adopted by the Parliament. This report also formulated *four specific objectives* for development assistance, which were later adopted by the Parlia-

⁹ A more detailed description and an account of the interpretation of the poverty goals is contained in Chapter 6.

ment. These specific objectives were not ranked in importance, but considered essential to attaining the overriding goal of poverty reduction:

1. Economic growth
2. Economic and social equality
3. Economic and political independence
4. Democratic development in society

These were complemented by a further two specific objectives in 1988 and 1996 respectively:

5. Sustainable development
6. Promotion of equality between women and men

The reduction of poverty has thus been the official and uncontested lodestar for Swedish development cooperation for nearly 40 years. Despite this, the *reduction of poverty* has only seldom been an explicit strategic *focus* in country strategies or a clearly defined main objective in particular interventions¹⁰. In cases where poverty reduction has been stated as the main objective (at project level), there appears usually to be no clear link between this objective and the actual activities of the projects. It is thus scarcely surprising that studies on the poverty perspective in follow-up reports and evaluations of Sida-financed projects note that these documents only seldom include any analysis of the effects of activities for target groups with regard to poverty reduction¹¹. The lack of poverty reduction as a strategic focus in particular projects and programmes is also pointed out in DAC's newly produced review of Swedish development assistance¹².

One reason for this is that overall guidelines for poverty reduction work are lacking, and that the four key government policy documents that have been produced, discussed, decided upon and reported by the Parliament in recent years have only partly focused on poverty reduction¹³.

The *Gender Equality Bill*¹⁴ does not take up the correlation and links between equal opportunities of women and men and impact

¹⁰ Peck and Widmark, 2000. Booth, etc. 2001; Fruhling, 2001.

¹¹ Fruhling 2000; Peck and Widmark, 2000.

¹² OECD-DAC, 2000.

¹³ Fruhling, 2001.

¹⁴ Equal Opportunities as a new objective for Swedish international cooperation Government Bill 1995/96:153.

on poverty in any detailed way. Equal opportunities work with respect to gender equality is mentioned as one of four priority areas within Sida (alongside poverty reduction, environmentally sustainable development, and democracy and human rights). Links between gender and poverty or between gender equality and poverty reduction are not made clear or discussed in any detail in the Action Programme on this priority area.

In the *Environmental Document*¹⁵ it is noted that the environmental initiatives which should be given priority must be related to the concrete situation in each country, but at the same time focus on the problems of poverty and the effects of modernisation. A concrete reasoning on how environmental inputs and inputs for sustainable development is to be linked to poverty reduction is not included.

The *Poverty Document*¹⁶ aimed at showing how Sweden's international development cooperation can be reinforced to contribute to the overall goal, i.e. combating poverty. The document stresses that poverty should be regarded as *deficiency* in three different respects: lack of security, lack of capability and lack of opportunities. It is further noted that an integrated approach is needed, where the links between democratic, economic and social development are crucial. Inputs must be designed so that they address the specific causes of poverty for each group and enhance people's ability to affect and change their situation. The document also contains proposals for what a poverty perspective should mean within the different specific areas environment, equal opportunities, democracy and human rights, conflicts and disasters, and economic growth.

In the *Democracy Document*¹⁷, it is initially established that combating poverty is the main objective of Swedish development assistance, although a more detailed reasoning on the links between democratic and economic development or on how democratic and HR issues are to be integrated concretely into the poverty perspective is lacking. It is noted, however, that if the point is to carry out a consistent policy for human rights, development cooperation should as far as possible be explained in rights terms and derived from human rights frameworks.

¹⁵ Skr 1996/97:2.

¹⁶ Skr 1996/97:169.

¹⁷ Skr 1997/98:76.

Altogether, the analysis of the content of the various documents means that combating poverty is not fully affirmed as a strategic focus and overall goal for development assistance activities¹⁸.

2.3.2 The objectives for a broadened policy area

The Committee's task has included a review of the development policy objectives, and a consideration of whether or not these should be replaced by new objectives. In this context, it should be borne in mind that the work of the inquiry and the Committee has focused on development in developing countries. The fact that the Committee in this report is proposing a broadening of the policy area entails that the discussion on objectives within the expanded policy areas cannot only be based on development assistance policy considerations, but must be broadened. The *objectives* that the Committee proposes are intended to include the entirety of the *new expanded policy area in the PGD*.

The long-term aim of development assistance is to render itself obsolete. When the poverty eradication objectives of development assistance in a distant future have hopefully been fulfilled, development assistance can thus cease. A Swedish PGD endeavours to go beyond the abolition of poverty, however. If development assistance is no longer needed in a particular country, or in general, Swedish PGD will continue to be carried out within the framework of the first two specific areas, i.e. development consideration in all Swedish policy areas and Swedish contributions to promotion of global public goods. These endeavours should in the view of the Committee be manifested in two separate *objectives for PGD* which are also to apply when the *objective for development assistance has been met*.

As regards development assistance, the *lack of clarity* in the relation between the overall goal and the six specific objectives seems to have diminished the possibility of designing initiatives on the basis of a goal-performance concept in relation to the overall poverty objective¹⁹. At the same time, it should be noted that a major proportion of the inputs which have been carried out in development assistance have probably had some direct or indirect effect on one dimension of poverty or another. The lack of clear

¹⁸ Fruhling, 2001.

¹⁹ Fruhling, 2001; OECD-DAC, 2000.

guidelines in support of the centrality of the poverty reduction objective has, however, made evaluation of results more difficult. The objective of eradicating poverty has been obscured by a number of other more specific objectives and new demands for further specific objectives appear to be in the offing²⁰.

The Committee wishes to reassert the starting point that poverty is multi-dimensional²¹ and that can be manifested differently in the lives of different people. In addition, inputs will be required in a variety of areas, i.e. inputs that aim at resource growth, economic and social equality, democratic development in society, sustainable development, gender equality, conflict management, promotion of HR and explicitly humanitarian initiatives. These must be designed so that they reinforce one another and attack the specific causes of poverty for each group on the basis of local conditions, and in such a way as to strengthen people's capacity to affect and change their situation.

The fact that poverty and the causes of poverty are manifested differently in different countries and contexts, and that the prerequisites also vary mean that a policy for combating poverty must be designed in way that allows attention to context-specificity in different countries. There is no single model which will be the same or that can be applied uniformly in all instances, but rather each country must design its policy on the basis of its own unique prerequisites. In the light of this, the Committee considers that a focus on precisely combating poverty is required that affirms the differences. This would also compel a clear *goal-means discussion* at all levels in development cooperation, an analysis which is often patently lacking today. The present development assistance policy objectives will be important means in these goal-means chains. Initiatives that contribute to a reduction of poverty by economic growth and the promotion of economic and social equality, a democratic development of society, sustainable development, and increased equality between women and men will be important means to achieve the main goal: the reduction and ultimate eradication of poverty. The extent of initiatives in the respective areas will be determined by local conditions and local priorities. The Committee considers that what it calls the South perspective is a further development of the objective of political and economic

²⁰ Cristoplos, 2001.

²¹ Skr 1996/97:169 World Bank 2000b. OECD-DAC, 2001b, Bigsten and Levin, 2000. A short discussion on this is contained in Chapter 1.

independence. The ambition of the present development policy objectives is well covered by the committee's proposals for new goal formulations.

Alongside the unclear relation between the poverty goal and the six development cooperation policy objectives, there has also been an often tacit expectation that development assistance should contribute to fulfilling goals in other policy areas.

For the above reasons, and based on of the more detailed account in Chapter one on the interpretation of poverty, the Committee considers that the time is now at hand to replace the earlier development policy objectives with three new objectives – one for each part of the broadened area of PGD.

2.3.3 The objectives for a Swedish policy for global development

Three overall objectives for a Swedish policy for global development are proposed:

1. As an objective for all relevant *Swedish policy areas*:

- *A more equitable global development*

The aim is to achieve a more equitable and more sustainable, growth-based global development and a more equitable distribution of global resources based on the understanding that world poverty shall be reduced. By proposing this objective, the Committee wishes to underline the need for greater knowledge and an awareness of the effects that different policy options and choices have on the international distribution of resources and wealth. A balance will sometimes have to be struck between weighing a desire to increase our own living standard against refraining from this for the benefit of poor people in other parts of the world and/or for future generations. The objective, a more equitable global development, clarifies the need to make policy choices which at the same time meet Swedish national interests and poor people's needs and interests in developing countries.

2. As an objective for the policy areas that aim at promoting production of *global public goods*.

- *A preventive and sustainable management of common global concerns*

The Committee wishes to emphasise the twofold motivation for development cooperation, i.e. the motive of solidarity and enlightened self-interest as regards promoting a more forward-looking and sustainable management of common global problems, i.e. reduction of greenhouse gases, conservation of biological diversity, safe water supply, protection of the ozone layer, financial stability and prevention of the spread of infectious diseases – issues that are nowadays included in the concept of global public goods. The explicit element of self-interest with respect to global risks and problems being managed efficiently should affect positively the will of national governments to take responsibility for and to finance required measures. The Committee also underlines that preventive measures are often considerably more cost-effective than initiatives which are taken after a crisis has occurred – thus the emphasis on the need for farsightedness.

3. As an objective for *development assistance*:

- *An improvement of the conditions of life of poor people*

Poverty means a lack of opportunities, power and security. By focusing on the individual, the Committee wishes to emphasise the need to base analysis and initiatives on the conditions and needs of individuals in all dimensions of poverty. Good conditions of life include a democratic society in which human rights are respected and where there is a recognition of equal opportunities and rights for women and men alike. They also include an environmentally sustainable development strategy that also guarantees the social requirements and welfare of future generations. Improved knowledge about the effects of different policy choices on individuals can also improve efficiency of goal fulfilment. The Committee emphasises that the citizens of future generation are also part of the target group for and stakeholders in today's development efforts and decisions.

These objectives demonstrate that development is not just about eradicating poverty in the long run. It is also about achieving a more equitable world. The three overall objectives are visionary and

long-term. This means that they will be difficult to measure in some respects, and should therefore be supplemented with time-bound and specific operational objectives. The Committee proposes that work on developing such objectives should be based on the operational development objectives that have been negotiated internationally, the Millennium Development Goals and Targets (MDGs and MDTs)²².

At the same time, it is important to draw attention to the fact that several aspects of poverty are difficult to quantify, and that these are not clearly expressed in MDTs, such as the lack of democracy, deficiencies in the rule of law, and human rights, which are important aspects of the power and security aspects of poverty. It will be necessary for development work to identify suitable, time-bound measures of all dimensions of poverty. Insights from different specialist areas are required for operationalisation.

The basis for goal formulation is thus the multi-dimensional poverty concept. A multi-dimensional objective makes it more difficult to determine when development objectives can be considered to have been fulfilled, and to strike balances between the specific objectives that are to be given priority. This should, however not lead to the ambition to eradicate all aspects of poverty being abandoned.

2.3.4 The international development goals

The international development goals, which are based on the results of the major UN conferences during the 1990s were introduced by the OECD in 1996. The original seven overall development goals have been expanded in collaboration between the UN, the OECD, the World Bank and the IMF, and now include eight development goals (Millennium Development Goals, MDG). These are combined with 18 operational targets (Millennium Development Targets) and over 40 indicators to measure development. It is intended to offer a framework for measuring effectiveness and to guide policy development. The UN has been given the task from 2002 of annually following up these targets at global and national level. The *eight overall development goals MDG*, and their operational goals, MDT, in the following within brackets²³:

²² A description of MDT is continued in the following section 2.3.4.

²³ The base year is 1990.

- *To eradicate extreme poverty and hunger* (to halve, by 2015, the proportion of the world's people whose income is less than one dollar a day and who suffer from hunger).
- *To achieve universal primary education* (to narrow the gender gap in primary and secondary education by 2005; and to ensure that, by 2015, all children everywhere – girls and boys alike – will be able to complete a full course of primary education).
- *To promote gender equality and empower women* (to eliminate gender disparities in primary and secondary education, preferably by 2005, and to all levels of education no later than by 2015).
- *To reduce child mortality* (to reduce by two-thirds, between 1990 and 2015, the under-five mortality rate).
- *To combat HIV/AIDS, malaria and other diseases* (to have halted, by 2015, and begun to reverse the spread of HIV/AIDS, and the incidence of malaria and other major diseases).
- *To ensure environmental sustainability* (to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources; to halve, by 2015, the proportion of people without sustainable access to safe drinking water; and to have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers).
- *To develop a global partnership for development* (to develop further an open, rule-based predictable non-discriminatory trading and financial system (which includes a commitment to good governance, development and poverty reduction – both nationally and internationally; to address the special needs of the least developed countries, the landlocked countries and small island developing states; to deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long-term; to develop and implement strategies for decent and productive work for young people; in cooperation with pharmaceutical companies, to provide access for developing countries to affordable essential drugs; in cooperation with the private sector, to make available to developing countries the benefits of new technologies especially information and communications technology).

Increasing attention has been drawn recently to the appropriateness of clearly incorporating MDGs and MDTs into Swedish country strategies and other key policy documents. Clear references to the international goals are made in e.g. the revised manual for producing country strategies, which is common for the MFA and Sida. As for the other policy areas, the international development goals seem so far to have had only a very slight effect on the design of Swedish policy in the respective areas.

The Committee considers that the time is now ripe for all policy areas to base the design of policy in their own areas in a much more comprehensive way on Sweden's international undertakings with regard to international development objectives. The responsibility for complying with these must be borne by all policy areas that control instruments that can make a contribution to these processes.

2.3.5 Objectives for cooperation with Central and Eastern Europe

The Committee has been asked in the directive to make a comparison with the objectives for Swedish cooperation with Central and Eastern Europe.

The main areas of the cooperation are as follows:

1. *Common security* with the aim of promoting common security in the region in both the military and civil sectors.
2. *Deepen the culture of democracy* with the aim of intensifying the promotion of democracy by enhancing democratic structures institutions and processes; promote a democratic culture and active participation by citizens.
3. *Economic transformation* with the aim of strengthening processes of economic reform and creating efficient market mechanisms for economies in transition.
4. *Social security* with the aim of creating social security by the creation of sustainable social services and social insurance systems, and by improvement of popular health and reforms of health care systems and the social services sector.
5. *The environment* with the objective of preserving, protecting and enhancing the environment, in particular in and around the Baltic Sea, and to support sustainable development.

6. *Education and research* with the objective of reinforcing research and development capacity in partner countries and of creating long-term networks primarily with universities and institutions of higher education in Sweden and in the priority areas in Sweden's vicinity.

Development cooperation shall also be governed by three guidelines: (a) to promote adaptation processes to EU standards and requirements, (b) to promote relations with Sweden and (c) to mainstream a gender equality perspective in the development cooperation work.

The Committee considers that all of the above objectives can be included in the three objectives proposed for Swedish PGD. The objectives concerning the deepening of democracy, economic transition, social security and education and research and the guidelines for imbuing work with a gender equality perspective, are important specific objectives to contribute to PGD's third goal, "an improvement in the conditions of life of poor people" on the basis of a multidimensional poverty concept which includes lack of power, security and opportunities. The objectives of common security and environmental sustainability, as well as that of promoting EU adaptation are important specific objectives to contribute to PGD's second objective "a preventive and sustainable management of global concerns". The relation to PGD's first objective, a "more equitable global development" is above all about how support is to be financed – via development assistance or by grants that aim to fulfil Swedish national goals in other policy areas. The conclusion, according to the Committee, is that there is nothing to prevent the development cooperation with Central and Eastern Europe being incorporated in the PGD framework, while retaining the objectives as they are outlined above.

3 Taking development into account in all policy areas

3.1 Consideration to development – striking a balance between different objectives

There is now greater knowledge and awareness that other policy areas besides development assistance can have the most profound effects on economic and social processes in developing countries, and on the conditions of life of poor people. Apace with globalisation, the importance of acting within a range of different policy areas, appears increasingly crucial if the struggle against poverty is to be conducted effectively. Globalisation creates both winners and losers, and to create a more equitable distribution of its effects, consideration must be given to the development aspects and effects in all relevant policy areas. This has been a recurrent message in all the presentations, journeys, meetings, and conferences that the Committee has participated in during its inquiry.

It is thus becoming increasingly evident how national and international perspectives are interwoven in political and economic decision-making. *National public policy*, increasingly concerns transnational problems, and decisions on national issues have to an increasing extent *international effects*. This mutual interdependence increases the need to define Swedish points of view and positions in a growing number of international. An increasing number of policy areas have been affected by this development, and international issues are no longer issues that primarily concern the Ministry for Foreign Affairs (MFA) or the international sections of other ministries. The issues are therefore often complex, complicated, and *interministerial*, such as bio-security; the policy on gene-based research, technologies and their application; trade policy; security; migration policy; international finance policy; and agricultural policy.

The concepts concordance, convergence and coherence are used in international discussion to describe a range of different objec-

tives and efforts¹. There is therefore a need to clarify what is meant in this report by a convergent and *coherent policy*. The Committee bases itself on its mandate to identify and establish the extent of the policy area “a policy for global development”, PGD, and to formulate the objectives for this policy area. Policy coherence for global development must be seen in the overall context of globalisation processes. Put simply, a coherent policy is a policy that most effectively contributes to achieving the set objectives for, in this case, development and poverty reduction, in the context of the specific policy area. This means that the Committee only to a limited extent deals with the issue of how traditional development assistance can contribute to meeting objectives within other policy areas. However, when this aspect is discussed, we do so primarily in connection with the issue of how financing should be distributed when development assistance projects are used as vehicles for meeting objectives in other policy areas. Lack of coherence with this starting point can be expressed in *two different ways*.

First, lack of coherence exists when development is not taken into consideration when formulating policy in areas that have national goals, but which at the same time have international effects. The *poverty-reducing potential* that may exist in the policy area concerned is not recognised or made use of. It may also be the case that policy makers disregard or may be unaware of the fact that policy options that benefit national objectives can impact negatively (or positively) on the life situations of poor people. This can sometimes be due to a lack of knowledge on *international distribution effects*. It may also be the case that guidelines are lacking on the fact that a balance must be struck between national objectives and international development goals. An illustrative international example is the OECD tariffs and subsidies on agricultural products and industrial goods, which each year cause developing countries losses as great as the total amount of development assistance. If the non-tariff trade barriers, protection for services and measures that aim at increasing transport and transaction costs are included, the costs of this protection can be three times higher than the annual development assistance transfers².

Secondly, lack of coherence exists when development assistance funds are used to meet objectives that belong to *other policy areas* without any *compensation* being provided, for instance in the form

¹ Mkandawire, 2001; OECD-DAC, 2001b.

² OECD-DAC, 2001b.

of partial financing from the funds of another policy area. There are many international examples of how development funds are distributed on the basis of objectives for e.g. foreign policy, trade policy or security policy areas and not on the assessment of the extent to which collaboration will lead to development and a reduction in poverty. According to Sida, tendencies to such confusion and lack of clarity also exist in Swedish development assistance, a situation that has contributed to the lack of clarity. Sida considers that there are instances when this double message has had a negative effect on goal fulfilment within development assistance.

The Committee wishes to underline that the existence of *goal conflicts* is inevitable. If a conflict exists between a policy that promotes national or EU objectives and a policy that promotes the objectives for PGD, this should be made clear. A political assessment must then provide a basis for the final choice of policy and what is to be regarded as a fair distribution of the effects. It is this fundamental ambition that is reflected in the first objective for PGD as formulated in this report.

The Committee also wishes to emphasise that the role of development assistance as a *catalyst* for goal fulfilment in other policy areas should naturally be made full use of. Several examples have emerged during the work of this inquiry as to how other policy areas benefit from the expertise and instruments available in development assistance. Activities should be part-financed, however, under the budget headings that are responsible for goal fulfilment within the respective policy area, on the basis of a principle that reflects how the inputs contribute to the respective objective.

Awareness and *knowledge* in the different ministries of how their own policy areas can contribute to poverty reduction and a more equitable world can be further enhanced. The discussions on coherence have to date largely focused on the occurrence of goal conflicts between different policy areas. The inventory of how other policy areas can contribute to poverty reduction without relinquishing the ambition of achieving other objectives, is in its initial stages. A continual inventory would probably lead to a range of potential policy adjustments being identified, which would not necessarily entail a lower degree of goal attainment for the policy area concerned. Instead, one would be in a "win-win" situation, i.e. where goal fulfilment for several policy areas could be enhanced simultaneously.

Development consideration within all affected policy areas should thus be based on a clear *South perspective*, i.e. be based on an analysis of how the effects of different policy options affect development and impact on poverty and the living conditions for poor peoples in developing countries. The lack of knowledge on cause and effect, lack of statistics and data, can limit the scope of the analysis, particularly if there are also inadequate resources for policy analysis.

The *rights-based perspective* can include an opportunity to use human rights rationales and the fact that they are supported by legally-binding instruments to achieve objectives in other policy areas. A rights-based perspective can also mean that an impact analysis is made of different policy decisions from an HR point of view, in the same way that environmental impact analyses are done today.

The Committee has opted to show through a number of examples how coherence in Swedish policy for global development could be improved. This can be used as an illustration of how demands for taking development into consideration in all policy areas concerned could affect policy in a number of areas being discussed today. There are also a number of additional areas which are not taken up in detail here. There must therefore be a preparedness for new areas to be included and others to be removed in future. The aim must be to apply a flexible view and approach.

The recommendations made by the Committee to strengthen coherence aim at finding institutional solutions that can ensure coherence. The Committee does *not want to specify in detail* what a coherent policy in the respective specialist field might entail. The complexity of the issues requires more detailed analysis and broad consultation, not only within the government offices and administration but also with other actors from civil society, the business sector, and, above all, representatives from the South. In the different sections, however, the Committee highlights key issues and, in some cases, proposals, which the Committee considers dealt with in the system to enhance coherence that the Committee is proposing in this and subsequent sections.

The areas that the Committee has opted to highlight are foreign policy, trade policy, agricultural policy, industrial policy, migration and repatriation policy, educational and research policy and an example of an important interministerial issue, gene-based research and technologies policy.

3.1.1 Foreign policy

The prerequisites for Swedish development assistance have changed radically during its 40-year history – from the first decades of development assistance with concrete, small-scale projects to a cooperation where dialogue on objectives and priorities has come to be a natural component in the relationship with the partner country. Forty years ago, it would have been inconceivable to take up issues relating to macroeconomics and governance with a clear demand for a democratic approach. Today, this is part of the normal policy dialogue. Swedish support to the development efforts of poor countries has brought about increased opportunities to influence these countries' policies. To be able to promote democracy, human rights, and humane values and the development of a market economy is in alignment with Swedish foreign policy interests and is, of course, desirable both from the point of view of both foreign policy and development.

According to Sida, however, in certain cases, this can be accompanied by conflicts with the partner country when Swedish foreign policy enters the domestic arena through development assistance. Through development assistance, Sweden becomes an active participant in a number of internal processes, sometimes of a very sensitive nature, where sharp domestic political conflicts may exist. The assessments of and positions taken in the context of development assistance are based on effectiveness in implementation of projects and programmes in the country. There are occasions when these are counterposed to other considerations related to the overall Swedish relations with the country. A variant of this conflict, according to Sida is when there is a request for activities to be supported for more political reasons that are moreover not clearly or explicitly expressed.

Development assistance often creates a positive attitude to Sweden in the partner country. It opens and facilitates other links. It is for this reason that our foreign policy actors in the diplomatic corps often want to have an opportunity to use development assistance as one of several components in work involving strengthening political connections with a country through diplomatic relations. Increase in the *number* of countries that receive development assistance from Sweden has sometimes stemmed from a desire to establish diplomatic ties with a large number of countries. However, this has sometimes meant a conflict with the develop-

ment assistance administration's need of geographical concentration to be able to achieve set objectives in an effective manner.

3.1.2 Trade policy

Participation in international commerce is extremely important for achieving development and reducing poverty. Free trade and free movement of capital have greatly contributed to increased welfare not only in rich countries but also in poor ones. The Asiatic expansion was based on a gradual opening and expansion of the markets. Despite the financial crisis in 1997, less than 15 per cent of the people of East Asia today live in poverty compared with almost 50 per cent in 1960. Studies show that increased openness towards the surrounding world, with an increased flow of information and knowledge, also strengthens awareness of and the demands for democracy and human rights³. At the same time, this development has created both winners and losers.

While the world's exports of goods and services have grown immensely in the past decades, the proportion of trade of developing countries is only 18 per cent while 80 per cent of the world's population live in these countries. 11 per cent of the world's population live in the least developed countries. These countries' share of world exports was only 0.5 per cent in 1999 despite these countries being granted preferential conditions or the use of special measures in a number of instances⁴.

It is evident that today's international trade system contains a range of barriers for export by developing countries to the markets of high-income countries, i.e. barriers for their access to the market. The economies of many developing countries are still largely based on agriculture, livestock husbandry, fishing, forestry, and crafts or small-scale manufacture of leather goods, textiles, etc. Under different trade and agricultural policy conditions, these areas should be able to provide increased export earnings in addition to the important task of supplying the food needs of their own population. The high-income countries' often protectionist policy in relation to developing countries is often within exactly those sectors where these countries have good prerequisites for being successful in the world market. This is particularly noticeable in the

³ Altenberg and Kleen, 2001.

⁴ OECD-DAC, 2001b.

areas of agricultural and textile production. Even anti-dumping tariffs, tariff escalation, i.e. tariffs that increase with the degree of refinement of the goods produced, and tariff peaks are trade policy instruments that illustrate unfair trading arrangements.

A coherent trade policy should be able to see beyond national interests and mercantilist negotiations to include consideration to development, and thereby become part of a broader agenda for global development. Free trade, based on a fair system of regulations, can be made to correspond both to self-interest and to our solidarity goals in the context of PGD. The main issue should be how the international trade system can best contribute to development in the short and long-term. The overall public interest of an efficient economy, cheap import goods and the possibility to make use of export income is the same for Sweden as for the world community as a whole. However, there are always individuals and production sectors that lose out in adjustment processes. Here, as well as in developing countries, a social security network is needed which facilitates structural adjustment and flexibility in the economy. Coherence must start at home. Methods must be found to compensate those who lose out or pay for public goods (such as an open landscape and biological diversity) in a way that does not constrain the surrounding world's opportunities for economic development or cause unnecessary expenditure in the form of, for instance, expensive imports.

In Sweden there is broad agreement on these issues. In the EU as a whole, there are strong interests, however, which wish to maintain a high level of protectionism in particular sectors. To be able to influence the EU Member States which most vigorously pursue a different line, Sweden needs to put more effort into building strategic alliances. Conflicts of interest must be clarified, such as the need of particular sectors for protection, as against consumer interests and development impact considerations. It is also important to clarify the costs for Sweden that such a policy would entail.

The principle of free trade has been a cornerstone of Swedish policy for over 100 years. Experience shows that countries that have opted for protection and regulatory tariffs have fallen behind. Isolation is no longer a viable alternative. However, this observation does not imply that free trade should be regarded as an end in itself, superordinate to all other goals. Free trade is an important means to achieve the overall goal of sustainable development. The

discussions in recent years on trade and development have sometimes given the impression that free trade is synonymous with development. A close examination of e.g. the so-called “tiger economies” of South-east Asia shows that they have all invested in export-led growth but they have done this gradually and with considerable protection for various sectors in the initial phases. According to some analysts, there can be a need to “protect” domestic production during a build-up phase in countries where capacity and expertise are weak.

There is currently a discussion among leading economists on whether the WTO’s regulatory framework in its present form promotes development in poor countries in an effective way or whether it should be changed. Some analysts⁵ consider that WTO’s *regulatory framework* reflects a political compromise between special interests, and that the ambition to create the greatest possible market access does not automatically entail rules that are favourable for development. A key problem, according to this view, is that the WTO rules do not provide sufficient flexibility with regard to the opportunities for developing countries to design strategies for economic development that are adapted to the specific conditions in the respective countries. Opening up economies for trade and collaboration is important, although the way and speed at which this takes place must vary. Other analysts consider that today’s developing countries would have a higher growth if they had not had the opportunities for slower implementation of different trade liberalisations provided by the present WTO rules⁶. The majority of analysts agree, however, that a country that lacks basic institutional prerequisites – political stability, the rule of law, a sound macro economy, education, *infrastructure* – finds it difficult to benefit from the gains associated with trade liberalisation⁷.

It is moreover important to point out that an implementation of free trade must take place within frameworks that guarantee a good protection for the environment and natural resources, and that take into consideration the need for special rules for the poorest countries, not least in the agricultural sector. Free trade must be regarded as a tool for the achievement of sustainable development – not an end in itself.

⁵ Rodrik, 2001.

⁶ Nordström, 2000.

⁷ Mkandawire, 2001.

As regards the environment, most interest has been focused on the relationship between the WTO rules and the agreements that have been reached within the framework of various international environmental conventions. Which type of rules are to take priority in the final analysis? This issue was investigated within the framework of the decisions made at the WTO meeting in Doha, Qatar in November 2001. The aim must of course be to avoid weakening or undermining the various regulatory frameworks in the environmental sphere as a result of WTO agreements.

Another potential conflict between trade and the environment is in cases where trade opens up with countries that lack requisite environmental legislation or where that legislation is not complied with. The destruction of forests in many tropical countries, but also in a country such as Russia, is an instance of environmentally damaging concessions to companies that log for export. Destruction of the mangrove swamp along different stretches of coast in Asia and Africa – to provide space for shrimp cultivation for export is another example where trade flows provide a financial surplus for investors, as a rule foreigners, while the ecological damage is considerable both for the countries concerned and for the local populations.

Many developing countries largely are not able to protect themselves against mass import of cheap foodstuffs when they liberalise their markets. During the past decades, the group of least developed countries has gone from being relatively self-supporting to being net importers of foodstuffs. This often leads to under-nourishment, since the countries lack foreign currency for necessary food imports. In addition to this, the purchasing power of the poor population is generally weak. The internal subsidies of high-income countries for export of agricultural products, naturally play a substantial role in this connection. These subsidies facilitate what amounts to dumping of food products on other markets. In 1999, the OECD countries paid a total of 362 billion US dollars to the agricultural sector, i.e. almost ten times as much as their assistance to developing countries the same year. Tariff escalation is another problem – the WTO rules do not prevent rich countries from retaining considerably higher import tariffs on processed products than on raw materials. This contributes to preventing developing countries from diversifying their exports towards more processed goods, and instead continue to export raw materials, which are wholly dependent on greatly fluctuating world market prices.

Another phenomenon which also contributes to reducing food security is the investments in "cash crops" which are often made in developing countries. These lead to the best arable land being used for export cultivation, while production of crops for domestic consumption takes place on poorer quality or marginal soils.

There are also issues where Sweden has another view than the group of developing countries as a whole or constellations of countries within this group. Endeavouring to get WTO to even discuss the issue working conditions has been a priority for Sweden, but this is extremely controversial for most developing countries. The environment is another such issue. There is widespread suspicion on the part of developing countries with regard to the true motives of the high-income countries. To some extent, this conflict can probably be resolved by clearly demonstrating that Sweden does not desire the imposition of trade policy sanctions in order to force through decisions in these policy areas. However, there are different opinions on the role that the WTO should play. The majority of developing countries, and also some OECD countries, think that WTO should not concern itself with issues outside the scope of the traditional trade policy spheres.

This argument has been used by opponents to the TRIPS agreement. Certain developing countries have also declared that this agreement consumes far too great a proportion of the countries' limited institutional resources. In addition, there have also been more specific objections relating, for instance, to TRIPS position with relation to the convention on biological diversity and the possibilities of ensuring access to cheap medicines. Furthermore, there have been expressions of a desire for changes in the agreement, such as extended transitional periods and more efficient implementation of the support the agreement promises to developing countries. Sweden has considered that the wishes of the developing countries to a large extent can be accommodated with regard to many of these issues. Proposals have been introduced to shorten the patent time in certain areas, such as medicines, and to introduce a system of licensing charges where these are linked to GDP/capita in the country where the licence is issued. At the same time, Sweden has a strong interest in maintaining the basic principles of the TRIPS agreement in order to protect research-intensive activities.

The group of developing countries is not homogenous where trade policy is concerned. While some countries are eager for

negotiations to take place on investments and competition-related issues in WTO, others feel that they are fully occupied with the more traditional areas and with the implementation of earlier decisions. The right to subsidise is also controversial. While some countries consider this to be an important instrument for the promotion of development, others regard it as unfair competition that primarily affects development countries negatively. Tariff barriers between developing countries are generally three times higher than the average level of tariffs between developing countries and high-income countries, a circumstance that hinders development of important regional commerce between developing countries. Consequently, these countries cannot benefit from the development opportunities that such trade could provide.

Sweden and the EU are therefore many times likely to find themselves in negotiative and other situations in which the interests of developing countries are not altogether easy to define. Sweden will also encounter situations where different solidarity interests will be in conflict with one another. The desire to protect the environment and human rights in working life or our wish to facilitate transparency in public procurement transactions, can be counterposed to our readiness to listen to the priorities of the developing countries. The more developed countries will of course also have an interest in making faster progress than those which are less well-resourced. An alternative which is not necessarily in the interests of developing countries is that the richer countries enter into bilateral and other agreements without participation by the poor countries under the auspices of WTO ("plurilateral agreements"). Such agreements between a limited group of countries generally develop in such a way that they eventually become multilateralised. It is then a disadvantage not to have been active in negotiations from the start. To some extent, development assistance funds provide a solution to this dilemma.

It is also important that the opportunities of developing countries to participate in trade negotiations are reinforced when the multilateral system of rules in the commercial sectors is formulated. A strong international regulatory framework benefits economic development. Safeguarding stability, non-discrimination and transparency serves as a protection for small and weaker states. The large economic actors – businesses as well as countries – always manage to protect themselves somehow. The multilateral regulatory framework in the trade sphere is therefore a good example of a

global public good – concerns that will be discussed in the following section.

At the same time, there is every reason to work for an improvement of the multilateral trade system as it functions today. The present system of rules does not adequately consider the interests and special needs of developing countries. This is partly due to the rich countries having a greater influence than the poor one in the Uruguay round of trade negotiations, i.e. they did not sufficiently take into account the interests of poor countries, nor that the developing countries had insufficient capacity to even take part in these negotiations. The majority of developing countries still do not have representation in Geneva, where the WTO's head office is located, and they have extremely limited national resources to monitor the work from their respective countries.

New decisions on more equitable regulations in relation to the needs of developing countries are required, whereby the interests of all are taken into account, and conditions adapted better to the needs of different countries. In the new round of negotiations, the present imbalances must be dealt with and no new imbalances allowed to arise. The way that WTO is perceived depends on how member states together through concrete actions can take decisions that can contribute to fair solutions to difficult global problems.

The Committee thus wishes to underline that it is important that future trade policy agreements are designed in such way that the needs of developing countries are in focus. The high-income countries must make commitments in areas of interest for developing countries, special measures for developing countries at WTO must serve their purpose better, and efforts to reform WTO's working methods must continue. In the declaration from WTO's ministerial meeting in Doha, the needs and interests of developing countries play a prominent role. It is important that Sweden and the EU in the coming negotiations show that they take the formulations in the declaration and the intentions they express seriously. The declaration also underlines the importance of developing countries receiving support in the form of technical assistance and capacity-building measures which are required in order to benefit from world trade and to be able to participate in new negotiations. The best way to ensure that the regulatory framework is reformed in a direction favourable to developing countries is to ensure that these countries are able to take part in the negotiations.

3.1.3 Agricultural policy

A number of different issues in agricultural policy illustrate the need for coherence with development policy and the linkages between this policy area and the development of poverty in the world. The most obvious areas are trade policy for agricultural products, general agricultural policy, policy for food security and food assistance, as well as agricultural research.

Agriculture accounts for a considerable part of total production and employment in most developing countries. It constitutes a central driving force for economic development. There is a large potential for economic development in and through the agricultural sector in these countries. In many of the poorest countries, the favourable development of agriculture is a prerequisite for a positive development of the economy as a whole. Agricultural development is also very important for food security. Large parts of the population and of poor people in the populations of these countries depend on employment and income opportunities in the rural areas for their livelihood. Prices of agricultural products are important for these groups, both in the short-term for income and in the longer-term as a driving force to increase production and employment.

Agriculture thus comprises the single most important productive sector and industry for the world's poorest people, and their most important asset is often their own labour power. Therefore, development assistance often includes initiatives which aim at promoting agricultural and rural development. At the same time, the high-income countries pursue an agricultural policy that works against the expansion of agriculture in developing countries.

Farmers in developing countries, who make up 96 per cent of the world's farmers, receive insignificant domestic support, and they are disadvantaged in many cases by the agricultural policy carried out by high-income countries⁸. The total subsidies to agriculture in high-income countries amounted to over SEK 2 300 billion in the year 2000. The major part of this support is related to production volume and thus has a major impact on the rest of the world.

It is clear that if the agricultural policy of the rich countries is to be aligned with a development cooperation policy that endeavours to increase long-term sustainable production, incomes and

⁸ Norell and Fahlbeck, 2001. A discussion of EU's agricultural policy is contained in section 7.3.

employment in the rural areas of developing countries, this policy must not force down prices and hinder an expansion of developing countries' agricultural production. The EU and OECD countries justify to an increasingly lesser extent their agricultural policy by emphasising the importance of the volume of production. In Swedish policy, the emphasis is placed on the importance of a broad, varied and secure food supply and a sustainable agricultural sector. In addition, the policy is formulated in terms of biological diversity, cultural values, varied agricultural landscape, consideration to the environment, consideration to animal life, regional balance, rural development, and international competitiveness within the framework of the EU. At the same time as production volume does not constitute the main objective of agricultural policy, the OECD countries still have a support policy, however, that is mainly linked to production volume.

There is thus a great opportunity to reduce the negative impact of the rich countries on the agriculture of developing countries, since agricultural support, despite reforms, still mainly consists of production support. This has an important effect on the international agricultural markets and depresses prices. A desirable development would be for tariffs, export subsidies, and other border-regulating measures and production-related support to be reduced and replaced by support that would be more precisely focused on the current objectives for policy (environmental consideration, biological diversity, etc.).

Certain groups of stakeholders in the developing countries may be disadvantaged by higher prices for agricultural products as a consequence of future reforms of the agricultural policy of high-income countries. There will be vulnerable groups which have higher food costs and net-importing developing countries which will have higher import expenditures. However, it would not be effective for the high-income countries to retain the present trade-distorting agricultural policy instruments with the argument that it provides cheaper food for poor people. Poor people who do not have sufficient income to purchase food must be assisted, regardless of the agricultural policy carried out by the rich countries.

The extensive starvation in the world should be rectified with effective, targeted measures which do not deteriorate the basis for the livelihoods of poor farmers who depend on agriculture for their sustenance. It is also important to help debt-burdened, net importing, developing countries which have problems in financing

their food imports. This must take place regardless of the agricultural policy pursued by the rich countries and with funds that do not disrupt domestic production in developing countries.

A number of other regulatory frameworks must be reviewed, which at present counteract the growth of income-generating production in developing countries. By way of illustration may be mentioned the fast-growing demand in the EU for ecologically produced foodstuffs, which are a large potential market for many developing countries. Ecologically produced goods fetch higher prices and can therefore increase export incomes in developing countries. Many growers, in particular small farmers, who otherwise have difficulties in reaching export markets, have never been able to afford insecticides and pesticides and other modern input goods. They can therefore relatively easily apply ecological methods of cultivation.

Today, Sida provides support to a successful programme for certification of ecological products above all in Uganda. The products are mainly exported to the EU market. At the same time, the EU has adopted rules for import of ecological products that exporters from developing countries find almost impossible to comply with. This is one instance where Sweden can actively work for changes so that imports from developing countries are facilitated, without lowering requirements for quality of actual cultivation.

3.1.4 Industrial policy

One result of globalisation is that interests that were previously regarded as conflicting now often overlap. The value of different initiatives in international development cooperation, which ultimately aim at favouring the recipient, also often promotes Swedish national interests. Inputs in, for instance the legal sphere in a recipient country can contribute indirectly to the development of trade and investments by improving commercial predictability for potential investors. A *favourable business climate* is a prerequisite for investments, which in turn promotes economic development. By obtaining access to more stable markets with greater purchasing power for their products, such initiatives in the field of development also favour Swedish industry. The objectives for the two separate policy areas – development cooperation and promotion of

Swedish business – interact to some degree and can to a great extent benefit both areas at the same time. Many inputs in these areas therefore promote self-interest without being at the expense of the goals of promoting development and combating poverty, and the adoption of a South perspective.

The distinction between *promotion* of one's own interest and development assistance in the recipient's interest is, however, sometimes difficult to make. In development cooperation, a desire is sometimes expressed for a more equal relationship with "normal" "commercial" relations where both parties gain from the commitment rather than a traditional donor-recipient relationship. The interests of the donor and the recipient are intertwined.

The implementation of development assistance often creates commercial opportunities for Swedish undertakings. Sida considers that development cooperation per se often entails a considerable measure of promotion of Swedish interests. Further demands for promotion would not be appropriate for a development cooperation that aims at change and development in poor countries. Promotion of Swedish business in development cooperation should focus on initiatives that stimulate the growth of a competent Swedish resource base, where financing should be provided by other budgetary areas than development assistance.

The question of how industrial policy can promote the objectives for PGD should be discussed further. In Chapter 7, a number of recommendations are made that aim at promoting the contribution of the business sector to social and sustainable development. Furthermore, the need is emphasised to make use of the knowledge that the business sector possesses in development-related issues and the synergy effects that can be created. New project concepts should be tested and new organisational models developed. In a large number of programmes and projects, development policy objectives can be combined with other objectives including the promotion of industry. An interesting example is the so-called "Petmol project" near St Petersburg which contains both development and health policy aspects and agricultural development objectives as important components of Swedish technology and expertise, both with regard to institutional build-up and equipment. Financing has taken place through Swedish government funds, commercial funds and the Russian counterpart with a project structure that produces a good commercial yield that in turn provides an assurance of long-term sustainability.

A considerable improvement in coordination between the different instruments available to the state would enhance the conditions necessary for creating synergies in the form of greater synchronic development effects, as well as greater benefits for Swedish industry and compliance with other national Swedish objectives. Even if Swedish government instruments have different conditions and are regulated by different regulatory frameworks, and taking into account that coordination costs time and money, the Swedish actors should to an increasing extent be made responsible for regularly investigating opportunities to create added value by collaboration. In order to achieve "coordination for synergy" greater flexibility is required between the different programmes available to the Swedish government and an organisational superstructure that promotes such integration. The development of common, demand-governed projects based on a principle of co-financing between different Swedish appropriations is desirable.

3.1.5 Migration and repatriation policy

People who are forced to pull up their roots and flee from their native country are concrete manifestation of the failure to create a world with security and protection of human rights. In the general discussion, it is often said that it would be better to try to use development assistance to remove the causes of flight. This is, of course, true in general terms and in the long-term, but in the short-term the importance of development assistance in this respect should not be overestimated. Most people who come to Sweden and who are designated as refugees come from more or less closed countries with political oppression where the possibilities of improving the situation with the aid of development assistance are extremely limited or non-existent. It is instead political solutions in the form of democratic openings that are required.

This does not mean that there are no policy coherence aspects of refugee and migration policy. One example of such an aspect is *repatriation*. This usually refers to refugees living in Sweden with a permanent residence permit, who wish to return to their native country or country of origin. These measures can concern facilitating return, for instance, by building housing in the native country, provision of vocational training, or other measures to facilitate employment on return. Development assistance to countries that

have been ravaged by violent conflicts and subsequent streams of refugees are very important for long-term, permanent repatriation.

Interventions for returning refugees can create goal conflicts. This is the case, for instance, when there is a Swedish interest in creating opportunities for repatriation of refugees, for instance, by providing those returning from Sweden with special financial benefits. The development assistance perspective must instead be to contribute to the sustainable development of an entire region, regardless of where the refugees return from.

Another example is the return of refugees with temporary residence permits. In the Balkans, it was requested that Swedish development assistance be directed to areas with a Swedish presence in the form of peace-keeping forces, something that does not always comply with the needs of the returning refugees. It has been possible to strike a balance between these differing interests by collaboration between the Swedish Migration Board and Sida on the one hand and the Supreme Commander of the Armed Forces and Sida on the other. Collaboration has been based on benefiting from the knowledge that Sweden possesses due to the Swedish military presence. Certain funds have been made available for small projects that have both a development effect, and that also have created trust in the Swedish battalion. Moreover, Sida has, with regard to repatriation from Sweden, in some cases been able to use information from the Migration Board when selecting integrated area programmes which have, however, been open to all.

A further example of lack of policy coherence is the fact that while the rich countries encourage poorer countries to open their markets for goods and services, they have at the same time retained a restrictive immigration policy that closes the borders to practically all jobseekers.

However, there is a growing insight that the overall action of the rich countries in this field can have extensive consequences for many poor people and for development in a number of developing countries, directly and indirectly. Discussions are taking place at the Government Offices and in the EU on how a more active policy to promote labour immigration could be designed. There is an evident need to include the effects on the countries from which emigration takes place. At the same time, increasing attention is drawn to the growing migration pressure – 97 per cent of the predicted population increase of 2 billion in the next 20 years will take place in developing countries – as well as the difference that exists

with regard to opportunities to emigrate from poorer conditions today in comparison with the situation 100 years ago in the present high-income countries⁹.

Knowledge of the effects of migration flows is limited by the lack of research on these issues. However, there is a common vision that emigration from developing countries to high-income countries favours developing countries, in particular if the discrimination that today takes place to the benefit of well-educated immigrants to high-income countries ceases. Emigration is generally assumed to contribute to higher wage levels for those who stay, at the same time as remittances¹⁰ benefit the home country. The global remittances are comparable to the flow of development assistance and can for individual countries be more important than the sum of development assistance and the commercial foreign investments in the country.

In the countries that received this type of immigration wages for the poorly-educated tend to be kept low, which is one explanation for why these issues are politically sensitive in the countries concerned. The demographic trends in today's high-income countries indicate, however, a shortage of labour in future so that the potential for an increased immigration would seem to exist without the wage level in recipient countries being affected to any significant extent¹¹.

A coherent policy in this area should thus include measures that both favour Swedish labour market policy considerations and poorer people in developing countries.

3.1.6 Education and research policy

Research on issues that are of key importance for poor people only occurs to a very limited extent in high-income countries, at the same time as the major part of the total research resources are in these countries. By way of example, it can be mentioned that only 10 per cent of the global resources used for medical research are used for research on diseases that affect 90 per cent of the world's population.

⁹ Stalker, 2000.

¹⁰ The transfer of funds by those living in exile to their native country.

¹¹ World Bank, 2001a.

In the *health sector*, goal conflicts can be identified both with regard to *research and product development*. Support through development assistance to international health research is often focused on tropical and other serious diseases that primarily affect the population of poor countries on which research is relatively less well developed. In certain cases, this publicly financed research may result in "candidate products" of interest to the pharmaceutical industry for further development into useful as well as profitable products. This last phase of development is cost-intensive and patent-protected. The pricing of the final products is adapted to demand and payment ability in the developed countries. The costs are often too high for individuals and health systems in developing countries. A current example is antiretroviral medicines for HIV/AIDS.

In other cases, where demand mainly comes from poor people and countries, there is a complete lack of interest on the part of the pharmaceutical industry for investing in product development even when excellent "candidates" have been developed. Discussions on how incentives to such product development can be created are taking place in various international contexts.

Sweden also acts internationally with considerable development assistance funds to support international *agricultural research*. This has been successful, for instance, as regards cultivation of the wheat and rice varieties that lay behind the so-called green revolution. The issues that need to be clarified in future are how Swedish research resources should be allocated between research on crops and soils that is relevant for poor people in poor countries, and research that has a more direct importance for Swedish or European agriculture.

According to Sida, there is generally a latent conflict within *research collaboration* between Sida and universities and other research institutions as regards the desire of the latter to have all contacts with developing countries financed by development assistance funds. Sida considers that it should be part of the responsibility of all agencies, including universities and research institutions, to have a broad network of international contacts. Development assistance can stimulate these and, of course finance special projects but basic financing should be available at these institutions for international work which should also include contacts with institutions in developing countries. This stems from the

fact that Sweden has a clear national interest in securing a broad knowledge and research base on global issues.

As regards *Swedish institutions of higher education*, there is a great interest in collaboration through “twinning” and other institutional cooperation projects to develop capacity and strengthen institutions in developing countries. At the same time, there is a great and expanding interest in receiving students and research students from other countries. These interests may seem to coincide, but this according to Sida, sometimes entails a goal conflict. It is important for the institution in the developing country to build up its own courses and examination systems, and also that a large part of this cooperation takes place within its own institution. In this way, the risk of the “brain drain” is also reduced. For the Swedish institution, it is on the other hand both simpler and more profitable if the course and examination take place in Sweden. Foreign students also broaden the base for research recruitment and desirable academic immigration. In this context, however, it is important to stress the importance of increasing the abilities of the developing country to participate in internationally prominent research environments, for instance, by scholarships or through new possibilities for communication provided by new technologies.

According to Sida, the Swedish educational and research collaboration’s different components contribute in a number of ways to broadening Swedish education and research. This also has long-term effects for the Swedish labour market and the business sector. Support to Swedish researchers, collaboration between universities in developing countries and the Swedish universities and support to international thematic research programmes call contribute to strengthening Swedish research’s international contacts – not least with environments that the institutions would not otherwise come into contact with through the national “research market”. This exchange provides a broadened perspective and contact areas for teachers and students, which is a quality dimension that is increasingly given attention in institutions of higher education. A coherent policy in this area should then entail a domestic co-financing of this type of initiative, with budget appropriations intended for promotion of internationalisation of Swedish higher education.

3.1.7 Policy for gene-based research and technologies, and other multisectorial issues

The Committee has decided to shed light on the problematics of multisectorial issues by an important example – the policy for gene-based research, technologies and their application. A number of other issues also constitute so-called cross-cutting or multisectorial issues in a policy for global development, with varying degrees of complexity and inherent goal conflicts, for instance, food security, technological development and the social and environmental responsibility of businesses.

The growth, increasing strong position and importance of biotechnology in the entire biological R&D area¹² in the past two decades has created a need for new instruments in terms of regulatory frameworks, security assessments, and public investments. Globalisation creates new power relations between the public and the private sectors, and also affects and can enhance the ability of the public sector to safeguard public interests. Forecasts indicate that 40 per cent of world trade in a few years will consist of products and processes related to biotechnology¹³. Since the early 1990s, a number of international agreements and conventions have been negotiated which regulate access to and exchange of genetic information and material and technical transfer. Examples are the Convention on Biodiversity (CBD) and its provisions on states' sovereign rights to their genetic resources. Negotiations are in progress concerning an international commitment through FAO to facilitate multilateral access to genetic resources for food and agriculture, and the World Trade Organisation's annex on intangible rights, TRIPS. An additional number of international negotiation processes and agreements deal with gene policy issues.

Genetic material for food production is very unevenly distributed throughout the world with its richest variation and biological diversity located in tropical and sub-tropical areas. These gene pools are nowadays under national sovereignty since the CBD was adopted and entered into force. At the same time, the world's food security still depends on continued access to a great variation and multilocal origin of genetic material to obtain new species of plants. Biotechnological basic and applied research is extremely costly and the increasingly strong entry of intangible rights to the

¹² Research and development.

¹³ Thornström, 2001.

biological field has been permitted primarily to give the private sector the opportunity to protect and obtain a yield from its major R&D investments. Approximately 85–90 per cent of the strategically important patents in biotechnology are in the USA, Japan and within the EU. A rapidly growing privatisation of research and scientific knowledge is a fact and many developing countries consider that this governs the positions taken by the high-income countries to far too great an extent. Moreover, international collaboration is characterised by an increasingly complex international framework, where specialist expertise has a crucial importance for the formulation of negotiating positions and for success in concrete negotiations. Many claim that it also leads to an increasing dependence on multinational undertakings through a commercialisation of seed markets, in *inter alia* developing countries.

This is an area where Sweden and the EU's positions differ from those of developing countries, and clarification is required on how authorities and agencies responsible for development assistance are to relate to this in their work. At the same time, the Government Chancellery and Ministries and the various authorities concerned must improve their internal competence for analysis and monitoring in a long-term and proactive way, the complicated global processes with regard to genetic resources and use of biotechnology and intangible rights as crucial instruments. In the field of gene technology, a number of initiatives have been taken in the form of common position papers and collective political statements from the concerned ministries, but routines for more systematic monitoring are required. In this context, it is important to bring to the fore cautionary principles and the need for guidelines for export of research characterized by exceptional risk.

3.2 Considerations and recommendations

3.2.1 Considerations

Most questions discussed above have interministerial aspects. Certain topics are clear examples of multi sectorial issues that affect a number of ministries and the trend seems to be that the number of such issues is increasing. At the same time, there is a tendency for multisectorial issues to be dealt with relatively far down in the organisations, particularly if the field of responsibility or mandate

is unclear¹⁴. Within the Government Chancellery, an effective coordination mechanism is lacking for these types of issues, which in itself can lead to a lack of policy coherence between different parts of the government administration working more or less on the same issue. Sometimes, different ministries and government branches may even work against one another, and certain issues then risk falling between the cracks, as it were, and becoming the responsibility of no one. Thus, it is essential that the issue of clear allocation of responsibility is resolved. The risk would appear to be particularly great if the issue is complex, knowledge-intensive and “new”.

During the Committee’s inquiry, it has emerged that awareness of the need for coherence varies greatly between ministries. Sometimes there is uncertainty with regard to if, how and, according to what guidelines or principles, the various policy areas are to work together, and which objectives are to be considered superordinate in providing guidance for operationalisation. In some cases, third-country analyses are carried out consistently as well as an inventory of the developing country positions, in other cases not. In cases where impact assessments are carried out, there is often still uncertainty as to how balances are to be struck between different objectives and which objectives are to be given priority. On occasions when obvious goal conflicts are noted between a policy choice that promotes the overall goal for development assistance and a policy goal based on national objectives, adequate mechanisms and guidelines are often lacking for how and where *the balance is to be struck* between different objectives, and that define who is to be responsible for conducting an analysis and for making a formal decision. Furthermore, there are issues that, due to their interministerial character, either lack an organisational “home” or are dealt with within a number of different policy areas, but without effective coordination.

It sometimes seems to be implicitly understood that development assistance is to contribute to promotion of the objectives of other policy areas, while analyses are very seldom carried out of *how other policy areas can contribute* to development and poverty reduction. It is not a coincidence that Sida among the parties that the Committee has been in contact with has been more detailed in its description of goal conflicts. The need for clear objectives and

¹⁴ Thornström, 2001.

“hierarchies of objectives” is evident. In Sida’s experience, lack of clarity about the interrelation of different objectives creates uncertainty in practical work. This applies both between policy areas in general, as well as within the policy area of development assistance.

It is evident that a coordination function in the Government Chancellery needs to be clarified, reinforced and complemented as regards issues within the policy for global development. As more and more issues becoming internationalised and an increasing number of national issues come to have manifest international effects, the need for balances to be struck between national objectives and objectives for policy for global development will also increase. The Committee recommends that some form of *coordination function* be created (Chapter 8). This body could also be used to deal with the growing number of interministerial issues that today do not have a natural home or ministerial ‘seat’, or that are now focus of responsibility dispersed across several ministries, but without effective coordination.

A first step is to clearly draw attention to the fact that policy intended for national objectives often has effects on conditions in other countries. Therefore, all policy areas are urged to concretise their knowledge of links through policy to development and poverty reduction, by carrying out an inventory and analysis of possible and probable effects as far as possible. Naturally, this cannot be done in detail initially, and it is evident that this work must be preceded by methodology development work, and by attention to the allocation of adequate resources for policy analysis. The work requires knowledge of the mechanisms that link together different policy choices to the nature, different dimensions and development of poverty. This means that impact assessments where possible should contain analyses of expected distribution effects in countries, i.e. on different groups with different kind of characteristics, as well as on future generations. In order to carry out this type of analysis, considerable additional policy analytical capacity is required. The Committee makes a number of recommendations in this regard in Chapter 8.

Furthermore, active work is required to *identify* potential measures in the respective policy area that will promote objectives for the policy for global development. Moreover, action plans for implementation of measures must be formulated. It is important to underline that such an analysis does not necessarily lead to a re-

evaluation of the basic formulations of objectives within the respective policy area. Instead, the analyses aim at creating a transparent and clear basis for decision making for the political balances that need to be struck in the next phase. In these assessments of pros and cons, national objectives will receive the weight that political assessments assign to give them.

A review of this kind will likely probably indicate areas where objectives from different policy areas can be met simultaneously and in some cases reinforce one another – so-called win-win situations, and others where the objectives are neutral in relation to one another, and finally, in yet others, situations where there is a clear *conflict in fulfilling objectives*. It is above all in the latter situations that policy choice requires a transparent and clear description of probable development effect and of policy impact. The result of this type of considerations can be a deliberate selection of policy, where we both provide development assistance financed support to build up the negotiating capacity of developing countries in various international organisations, and also formulate a Swedish position which in parts differs from the anticipated positions of developing countries. Clarity that this parallel action is wholly in accord with PGD would facilitate discussions among those who are responsible for special issues from different perspectives.

The importance of taking development considerations in all affected policy areas can according to the Committee be exemplified by the needs of such considerations in trade policy. Sweden must ensure that future trade policy agreements are designed in such a way as to focus on the needs of developing countries. In the new round of negotiations, action must be taken on the existing imbalances and no new imbalances permitted to arise.

To handle *interministerial issues*, an inventory is required of the issues that concern different ministries and how current consultations take place, the allocation of responsibility and the governing objectives. Responsibility for this taking place could be placed on the coordination function mentioned above. It is important that the function has close links with the highest political level, and has access to a comprehensive and competent policy analysis function as well. If this is lacking, coherence can be undermined and the ability to exercise political and parliamentary control made difficult, as well as the ability to make relevant priorities.

The Committee has decided to exemplify coherence issues by a number of policy areas and issues where objectives for PGD should

be attended to in more detail in the preparatory work and, where appropriate, in policy design. The main recommendation of this report consists, however, of a new approach which aims at securing that consideration to development is taken in all the policy areas that have repercussions for distribution and poverty in the world.

With a policy that underlines the need of coherence in all relevant policy areas, in a common endeavour towards the objectives formulated for PGD, the Committee believes that the prospects increase for obtaining support from all those who are critical of globalisation today.

3.2.2 Recommendations

- The first objective for PGD, “a more equitable global development” is to apply to all policy areas that deal with issues that have international effects.
- Responsibility for contributing to achievement of the international development goals rests with the government as a whole. Relevant operational international development targets, MDTs, are to be included in the operational planning of specialist ministries and in the government document allocating appropriations to the ministries concerned, with requirements for regular reporting as to how they intend to contribute to goal fulfilment and the consequent report on performance and results.
- A continual inventory is to be made in the respective policy area for how different instruments in the policy area can contribute to meeting the first objective for PGD and the operational development targets. Knowledge of the positions of developing countries is to be kept up to date when this is deemed to be relevant.
- When formulating a new policy, impact analyses should be carried out where international distribution effects in terms of impact on poor people and poor countries are weighed in as far as possible. An estimate of the effects in the short, medium and long-term should be striven for. Whenever possible, the effects should be broken down taking into consideration the particular needs of different poor groups.

- The Committee underlines the importance of future trade policy agreements so that the focus is on the needs of developing countries. New decisions are required where the interests of developing countries are taken into account and prerequisites better adapted to the needs of different countries.
- The Committee considers that the affected policy areas to an increased extent should avail themselves of the active commitment and involvement from Swedish companies, NGOs, and individuals in international development cooperation, to make use of and benefit from their considerable competence in development issues.
- The Committee recommends that new project ideas and new organisational models be developed to improve coordination between the different forms of support at the government's disposal. The actors should to an increased extent be made responsible for regularly investigating the possibilities of "win-win" solutions based on a principle of co-financing from different budget items. It shall be endeavoured to create synergies in the form of greater development effect and reinforce compliance with other national Swedish objectives. Full use is to be made of the role of development assistance as a catalyst.
- Sweden is to demand that the EU also carry out impact analyses within all policy areas with regard to development and poverty reduction effects. Work on coherence issues should also be further enhanced OECD/DAC.

4 Global public goods

4.1 Global public goods – striving for common goals

In a rapidly globalising world, governments must increase their *international* collaboration to gain control over common global concerns whose effects are transnational and have consequences extending beyond national borders. This applies both to high-income and developing countries. New forms of collaboration and coalitions both at national and international level are thus required. In many cases, active participation of the developing countries is a prerequisite for achieving the intended results.

There has been a rapid development of ideas on these problems, centring on a discussion of *global public goods*¹. It has been noted that an increasing number of public goods necessary for development and to combat poverty – are today characterised by being global in nature, scope and effect. The externalities² are borne to an increasing extent by people in other countries.

A range of initiatives have been taken on the basis of the fundamental ideas underlying the concept of global public goods, at the same time as the theoretical discussion on its interpretation has continued in many other fora³. These discussions have at times focused on issues of definition and led critics to call into question the usefulness of the concept. Briefly, there would seem to be agreement that the *approach* referred to tangibly *contributes* to our understanding of a number of phenomena that follow in the wake of globalisation in the form of so-called externalities or “spillovers”. This approach also contributes to focusing on the need for

¹ The concepts “global public goods” and “global public bads” are explained in footnote 1 in Chapter 2. In this chapter the terms “global public good” and “national public good” are used even if other terms are used in economic literature.

² An externality arises when an actor does not need to bear all the costs of a given action or correspondingly cannot enjoy all the benefits produced by their action. The two different cases are consequently called positive and negative externalities.

³ Bezanson and Sagasti, 2001.

international collaboration and partnerships to obtain increased access to global public goods. If development policy is too one-sidedly focused on specific country projects and national public goods in developing countries, there is a great risk that regional and global public goods will not be produced in sufficient quantities.

In an attempt to classify the type of issues that can be designated as global public goods, the following categorisation can be used⁴.

Global public goods which are related to international or global common assets

- Reduction of greenhouse gases
- Biodiversity
- Protection of the ozone layer
- Reduction of air pollution
- Waste management
- Control of soil erosion
- Conservation of natural areas and resources
- Safe water supply
- Conservation of fish stocks
- Access to waterways and transport networks
- Ensuring peaceful use of outer space
- Preservation of cultural heritage

Public goods which are related to international or global policy choices

- Financial stability and avoidance of economic shocks
- Conflict prevention
- Prevention of the spread of infectious diseases
- Care of HIV/AIDS sufferers
- Safeguarding of food security
- Combating international crime and terrorism
- Combating corruption

⁴ A selection from a list included in Bezanson and Sagasti, 2001.

Public goods which are related to international or global knowledge

- Production of statistical information
- Research
- Creation of vaccines
- Generation and spreading of knowledge and techniques which are relevant for developing countries

There is a tendency in discussions to classify an increasing number of shared, life-supporting functions and products as global public goods. In order for the concept to retain its analytical rigour, it is therefore important that it is exclusively used for the issues that are clearly characterised by the qualities that typify a global public good. This use should be concentrated to the public goods whose utility can be spread across borders, between people and ethnic groups.

A national public good is typified in its purest form by *two features*. In the first place, the public good is not used up when it is consumed. The consumption of a public good by an individual thus does not affect the ability of others to consume the same good⁵. Knowledge and air that is free from pollution are examples of such public goods. Secondly, a public good benefits everyone⁶; peace is a clear example. Public goods are due to these characteristics difficult to value in terms of a set price, and it is thus difficult to answer questions on who is to pay for production of the public good and how much is to be produced. These unclear points lead to what is usually called a supply problem. Public goods are often produced in insufficient small quantities, since it is unclear who is to produce and pay for them and what their correct price should be.

The causes of too low production of public goods are usually explained by a “free-rider” mentality of the different actors, i.e. that an actor is happy to enjoy the benefits of a public good – for instance, a metro system or clean air, an important objective in environmental policy – at the same time as relying on others to pay for the production of the public good. At best, this leads to an unfair cost burden, but at worst, it leads to such utilities not being produced in sufficiently large quantities, a situation that signals an evident market failure. Such *failures of the market* are particularly

⁵“Non-rivalry”, see Eldhagen, 2000 and Mkandawire, 2001.

⁶ “Non-exclusiveness”, see Eldhagen, 2000 and Mkandawire, 2001.

common in areas such as health, environment and peace⁷. For individual actors, it is then often the most rational strategy to let others provide and manage the public good and then enjoy it free of charge. This problem is intensified when it applies to collective actions at global level.

There is then also a rational *argument for intervention* in the market mechanism, i.e. to ensure that these public goods are produced and that markets are created. Legislation that often stipulates mandatory compliance exists at the national level, as well as access to public financing. In an international context, the same coercive supranational power is often lacking, as well as systems for monitoring and sanctions, and financial resources to cover the costs of production of the global public goods. The problem of underproduction of many important global public goods must thus be addressed by creating strong global regulatory frameworks and forging partnerships that increase the supply of funds for the production of global public goods.

In order for sustainable production of a specific global public good to take place, two fundamental conditions must be met⁸:

- All countries that are affected by the lack of a public good must be willing to contribute to production of the public good. The extent to which a country is willing to contribute depends on a number of factors, such as cultural differences, regional considerations, willingness to contribute to international cooperation and the level of development of the country. For poor people, the trade-offs associated with choices to be made are often quite different from those for people in prosperous countries, partly due to differences in the ability to pay, and to priorities that will vary according to the level of development⁹.
- All countries concerned must have the capacity to contribute. The distribution of the resources of the world community on research and development can be cited as an illustrative example. Developing countries are responsible today for only 4 per cent of these. This leads to a distortion with regard to the research issues that are prioritised. The driving force to provide funds for problems specific to developing countries is often weak due to an expected low yield on invested capital. The distorted distribution of

⁷ Kaul et al., 1999.

⁸ World Bank, 2000b.

⁹ Mkandawire, 2001.

resources – combined with the developing countries' acute lack of resources – thus affects the supply of global public goods, both in terms of quantity and content.

Since *priorities* can differ markedly from one country to another, and for people at different development levels, an international democratic process must be ensured, as regards decisions on the public goods that are to be given priority. It is thus extremely important that the choice of priorities is made in accordance with the conditions for basic *democratic processes* at national, regional and global level. At the same time, an investment in increased production of global and regional public goods requires strong states and resolute governments that are able to take action.

It is still largely states that enter into treaties, and that are charged with the responsibility of monitoring and implementing these.

The choice of which global public goods are to be given priority and how financing of their production is to be secured, is separate from the issue of how the global public good is actually to be produced in practice. Certain public goods can be produced in collaboration with developing countries, and others can be produced in collaboration with private actors or with civil society¹⁰. The geographical *location of production* of global public goods will vary depending on their nature. In many cases, a reliable supply of public goods assumes local initiatives in developing countries, bilaterally financed inputs in these countries or regional collaboration.

Within many specialist areas, it can be noted that the *participation of developing countries* in the implementation of agreements is crucial for the intended result to be achieved, and in order to achieve sustainable access to a global public good.

Demands are sometimes put forward that initiatives that contribute to the donors' own benefit should be *part financed* by other budget appropriations than those for development assistance alone.

¹⁰ Kanbur and Jayaraman distinguish three different types of global public goods (Kaul, et al., 1999):

Additive. A global public good that assumes that several nations work together – for instance, to reduce emissions of carbon dioxide.

The weakest link. Sometimes the supply of a global public good is limited by the weakest link in a chain of participants. This may for instance be the case in combating the spread of an infectious disease or combating international terrorism. If a country refuses to participate, this makes more difficult the creation of the global public good, i.e. a world free of particular disease or a world free of terrorism.

Best Shot. The opposite of a situation with a "weak link" is when creation of the global public good largely depends on the actor most suited to produce the public good, for instance, in the case of the creation of a vaccine.

If this were done, the number of national actors in the international arena would increase, at the same time as the basis for financing was broadened. Broader cooperation within national governments, by, for instance, co-financing would also broaden the basis of knowledge and strengthen the ability to create synergy effects across policy areas.

In sum, it can be noted that an investment in production of global or regional public goods benefits many countries. Sometimes, it will, in principle, benefit all countries, for instance, initiatives against pollution and environmental degradation. In other cases, investment benefits a more limited group of countries, for instance, in the case of initiatives that aim at ending a bounded regional conflict. In most cases, however, it can be noted that initiatives lead to welfare being increased both in Sweden and for people in a number of other countries, and for future generations as well. This fact should serve as a starting point for how we as a nation deal with and finance inputs to manage common global problems. The Committee provides a number of more general recommendations at the end of this chapter.

Three *weaknesses* can be identified in the present system for the provision of global goods¹¹:

- Deficient regulatory framework. Tools exist primarily at national level, while the problems are transnational and need collaborative solutions;
- Insufficiently democratic decision-making. The voices of the poor and the weak, civil society and the private sector find it difficult to make themselves heard;
- Lack of incentives. The operational implementation of many agreements, i.e. production of the global public good is deficient and relies to far too great an extent on development assistance funds.

The Committee has opted to highlight the areas that today are among the most burning problem areas and where the approach has already been applied. The Committee has also highlighted areas where the approach can and should be applied in future. Through these examples, the Committee wishes to shed light on areas on which the Committee's general proposals can be applied.

¹¹ Kaul et al., 1999.

4.1.1 Conflict prevention, conflict management and humanitarian initiatives

Humanitarian development assistance operates in two different kinds of settings: in conjunction with armed conflicts, which are dealt with in this section, and in cases where natural disasters have struck (see section 4.1.2). The distinction between these is not always wholly clear. Natural disasters can have political dimensions and cause political tensions, in particular if the affected population considers that the political leadership bears responsibility for poor physical planning or for government-sanctioned overexploitation of natural resources. Peace-promoting foreign policy, environmental policy, refugee policy and development assistance policy all converge in a clear point of common contact in the sector of humanitarian issues and assistance¹². Despite some overlap, there are, however, different norm systems that apply. Also, different actors are involved and different activities are required in the various policy areas. The Committee has therefore decided to deal with humanitarian issues into two separate sections, 4.1.1 and 4.1.2.

People's inability to resolve conflicts is probably one of the greatest threats to the welfare of present and future generations, in particular and above all, in a time of fast technical development of weapons¹³. During the 1990s, in a period of great political changes after the end of the Cold War and the emergence of new globalisation processes, *new patterns* for armed conflicts have developed. The armed conflicts that formerly mainly took place within countries have proven difficult to resolve, and have led to transnational effects. They threaten regional stability and thus international peace and security, i.e. our security. Many of them are low-intensive and long-term conflicts. The use of violence has affected the civil population particularly severely, and the degree of brutality has led the UN to make human security a key concern for the UN Security Council. The entire *concept of security* has taken on a broader meaning linked to fundamental human rights and respect for humanitarian law.

An *illegal economy* has been emerged as part of many of today's armed conflicts. This includes the narcotics trade, uncontrolled exploitation of natural resources such as timber and minerals, as well as the spread of hand-held and other light weapons and wide-

¹² The Ministry for Foreign Affairs, Humanitärpolitiska perspektiv.

¹³ North, 2001.

spread corruption. New ways of procuring finance for acts of war have developed, that are outside of state control. Despite the often evident ethnic and/or religious hostilities that feature so strongly in today's conflicts, it is important not to simplify the analysis of these conflicts to primarily concern ethnic clashes.

The war in Bosnia alone resulted in 200 000 fatalities. Two million people were forced to leave their homes. A million have fled to different countries in Europe, including 95 000 to Sweden. The costs to the international community for military and civilian interventions in former Yugoslavia calculated up to the start of the Kosovo war total approximately SEK 70 billion per year¹⁴. To this can be added *costs* in the form of lost development potential, both for those who are directly affected by a conflict and also for international actors in the form of loss of trade and investments. Better use must be made of our collective economic and human resources to prevent conflicts.

Besides the changing nature of conflicts, the level of ambition of the international community has also increased tremendously in conflict management. Above all, it is the demand on the international organisations to administer the areas of conflict that have led to a need for this change. *Multifunctional initiatives* require a holistic view where many factors – military, civilian, humanitarian, political etc. – must be combined in order to achieve stability and an enduring solution to the conflict¹⁵. This also requires greater awareness of how different forms of development assistance and other support measures can affect and/or be used by the parties in a conflict situation¹⁶. In the view of the Committee, Sweden should not provide bilateral development assistance to governments involved in waging wars of aggression.

The involvement of the world community has led the UN, EU, OSCE, Nato and other international and regional bodies to give priority to measures to prevent and manage conflicts. *Deficiencies* in the *preparedness* of the international community have become evident, however, and it is necessary to improve the effectiveness of peace promotion and peace-keeping initiatives, since it is deemed likely that there will continue to be a great need of peace promotion and conflict prevention measures in future¹⁷. Present-

¹⁴ DS 1999:24.

¹⁵ Christoplos and Melin, 2001.

¹⁶ Anderson, Mary, B, 2000.

¹⁷ SOU 2000:74, Ds 1999:24.

day challenges to security policy require methods based on cooperation both to prevent armed conflicts and to counter new threats against security, such as environmental problems, organised crime, terrorism and economic collapse.

Coordination and the division of roles between different organisations and actors in an initiative have become increasingly important. The same applies to the need for collaboration between military and civil units in crisis areas¹⁸. A number of the peace operations of the 1990s have been very complicated since there has in many cases been involvement in wars or conflicts that have not led to a clear victor. Subsequent peace agreements were instead forced through by international pressure, while the leadership and/or parts of the population have not always been sincere in their efforts to solve the conflicts without violence. The *international peace-keeping initiatives* cannot therefore be said to have worked in post-conflict situations but they have instead had the task of *creating* a post-conflict situation. This requires, of course, another competence on the part of the international forces, which must affect both the mandate and personnel recruitment, in order for them to be capable of carrying out their task, as well as be able to protect themselves, others who are a part of the mission, and the mandate of the mission¹⁹.

In this type of multifunctional peace operations, a better “gender balance” is also generally required. After a war, women often make up a majority in the population. It is therefore extremely important to reach out to the women in the population in order to ensure a future without armed conflict. In many situations, depending upon the nature of gender relations in an affected area, and whether gender-based violence has been a feature of the conflict, it may be easier for women to listen to other women, so that it is a great asset if women are included in the personnel of the peace operation.

We can anticipate continued demands on the world community to contribute resources for crisis and conflict management, both material and personnel resources. This in turn makes demands on increased knowledge, better coordination, clearer mandates for *military* and *civilian inputs* and the need for a long-term approach in planning and action. In order for Sweden to be able to better comply with these demands, one step can be to improve coordination as regards recruitment, training and follow-up of Swedish

¹⁸ Almén and Eriksson, 2001.

¹⁹ SOU 2000:74.

personnel in various types of international initiatives – as has been pointed out in many previous commission reports²⁰.

Our basic values of democracy, respect for human rights and the rule of law, entail an endeavour to maintain international and humanitarian law even in highly politicised conflicts. This also means an endeavour to shift our focus to early stages of conflicts and to preventive measures, when diplomatic initiatives and support to economic and social development perhaps still can be used. This requires better *coordination* between different policy areas, clearer goal formulation, a more long-term approach in planning as well as increased knowledge and closer collaboration with different categories of actors.

In *structural conflict prevention work*, it is particularly important among other things to strive for democratisation and economic diversification. An economy that is based on the production of one or more raw materials – for instance, oil, diamonds or timber – tends to lead to corruption, authoritarian control or a power struggle over the control of this resource, which can lead to an armed conflict. After a conflict, it is important to support peace agreements, disarmament and the demobilisation of soldiers, long-term reconstruction and the integration of refugees, as well as to promote the involvement of women in the peace process²¹.

Many studies show that there is a connection between *economic development* and a reduction in the number of conflicts. Poor countries appear to have more armed conflicts, although opinions differ as to the exact nature of the correlation between poverty and conflict. Some refer to the uneven distribution of income and capital, others to inequality between different ethnic groups – horizontal rather than vertical inequality. However, there is no evidence of a direct link between social inequality and the incidence of violence. On the contrary, it can be difficult for underprivileged groups to start and maintain an armed revolt. Other analysts consider that many organised armed conflicts have their origin in a struggle for resources between already privileged groups²². In particular after the Cold War, armed conflicts have been forced to resort to new and often unlawful strategies for financing both war and their own welfare. The struggle to control the diamond mines in Sierra Leone is one example, the narcotics trade in Afghanistan

²⁰ SOU 1999:29, SOU 2000:74, SOU 2001:104.

²¹ Wallenstein, 2001.

²² Collier and Hoeffler, 2000.

another. This means that society is split from top to bottom rather than the opposite. A distinction is made in this context between a "grievance", a legitimate uprising against injustice and inequality, and "greed" where strong, already powerful groups accumulate more. It is therefore an oversimplification to allege that economic growth in itself automatically leads to a more peaceful society. Measures to reduce unemployment can be more effective. Unemployed people, in particular young men, serve as a pool for recruitment of armed units and groups. Creating employment opportunities and reintegrating former soldiers after an armed conflict are therefore in the long run effective conflict prevention measures.

It is also a challenge to identify regional conflict prevention measures. Limited access to fresh water can lead to a *regional* conflict, although if correctly dealt with, it can also lead to enhanced regional collaboration. Promoting regional or sub-regional integration in specific issues can facilitate the emergence of institutions for conflict resolution. Sweden has a long tradition and considerable competence in the field of conflict prevention. East Timor, which parts of the Committee visited in the process of the inquiry, is an example where Sweden has made a positive contribution. The Committee considers that Sweden should use the knowledge we have and undertake more conflict-prevention work, in particular in Africa. We should also pursue conflict-prevention issues in the EU in a clearer way together with other EU Member States to be better able to support regional initiatives, such as NEPAD²³. NGOs can also play an important role in this context.

The right for refugees to return to their homes should be regarded as a part of the reconciliation process and at the same time as part of an integration of all inhabitants after a war or a conflict. *Reintegration* requires considerable coordination between political and humanitarian actors and includes *inter alia* issues of a legal nature, financial compensation and long-term reconciliation work. The infiltration of refugee camps by armed groups is a violation of the refugee administration's civil and humanitarian nature. Such deeds also constitute a serious threat both to refugees' own security and to the security of the country where the refugees have sought asylum in mass flight situations.

As regards support to *peace agreements*, it is important to distinguish between mutual agreements and those that have been

²³ African plan for social, economic and political development of the African continent.

imposed on the combatants. Peace agreements should be assessed on the basis of meeting international demands for conflict resolution. They should protect with human rights, contain regulatory frameworks for dealing with war crimes, and should promote regional stability and normalised international relations such as trade. Research shows unequivocally that the difficulties of reaching a new agreement are considerably greater if a peace agreement fails and fresh conflicts break out²⁴. The implementation of a peace agreement therefore needs support from the international community by means of actions throughout a wide range of policy areas.

4.1.2 Disaster management and humanitarian initiatives

People all over the world are affected by disasters. The number of weather-related disasters is increasing, and greater numbers of people live with increased risks for flooding, hurricanes, etc.

Although high-income countries also experience natural disasters, it is the *poorest people* in the poorest countries that *suffer most* because of their already vulnerable situation.

During 2000, more disasters were reported – both natural disasters and other disasters – than during any year in the 1990s, but with fewer fatalities than previously. Approximately 20,000 people were estimated to have died in disasters throughout the world during 2000 compared with an annual average of approximately 75,000 in the previous decades. However, the number of people who have been injured or affected by disasters in other ways has increased. From 210 million annually in the 1990s to 256 million people in 2000²⁵.

It is difficult to estimate the *costs* of disasters and the calculations that are made are often based solely on the direct physical losses of buildings, infrastructure, harvests, material, etc. At the same time, secondary effects on economic activities such as, for instance, lower yield from damaged or destroyed resources, the economic effect on a country's monetary and financial policy in the longer or shorter term, entail considerably higher costs which are not reported.

Common to many disasters is that they do not stay within national borders. Often entire regions or even larger areas are

²⁴ Wallensteen, 2001.

²⁵ World Disaster Report, 2001.

affected. The work of *preventing disasters*, work in a disaster situation and reconstruction work after a disaster has occurred, requires collaboration and solidarity over national borders. Certain disasters also depend on global problems which require collaborative work over national borders in order to address the underlying causes, such as climatic changes or overuse of certain national resources.

Linking symptoms such as human distress to cause and *effect connections* relating to political, economic, environmental, social and other underlying factors in a clearer way, has led to a closer alignment of humanitarian development assistance and longer-term development cooperation issues, human rights and political conflict resolution. It has expanded the "humanitarian culture" and reduced barriers between a short-term humanitarian way of thinking and a more long-term development-focused approach²⁶. In a policy for global development, the challenge is to identify and try to address *the causes of the vulnerability* that have their origins in poverty and injustices. Lack of security lies at the very core of poverty.

In poor countries, people who are affected by disasters all too often rebuild their homes and communities in the same place and in the same way as before the disaster. The risk of being affected again remains the same, and they are therefore just as vulnerable to future disasters as they were to earlier ones. The work of minimising future risks can start at an early stage if aid organisations and other actors more actively plan for this. Previously, *reconstruction work* after disasters of various kinds has been almost entirely focused on building up the physical infrastructure again, which is of course important. However, reconstruction work must also involve rebuilding and strengthening the local economy and local institutions. Sustainable reconstruction requires an investment in the social capital of the communities hit by disaster²⁷. This may concern support to local communities and local organisations to survey risks, draw up local hazard maps and contingency plans, and to find methods to improve the ability of the society to recover after a disaster. It requires better coordination between disaster work and development assistance work. Development assistance can contribute to *increased capacity building* to reduce vulnerability in future.

The underlying causes of disasters naturally differ as do opportunities to be able to affect these factors. Many natural disasters

²⁶ Ministry for Foreign Affairs, Humanitarpolitiska perspektiv.

²⁷ World Disaster Report, 2001.

have other causes besides the purely natural, and identifying these underlying factors and working for structural and political changes is a necessary but difficult undertaking that requires common efforts and common financial inputs. Today, there is great interest among different actors, from NGOs as well as from the business sector to take part in the work with humanitarian crises. It requires a clear *coordination of different inputs*. How it is to concretely take place, what influence companies are to have, how control of the multilateral organisations is to be exercised, are examples of the issues that need to be examined in greater detail.

The strength of the UN organisations lies in playing a strategic, coordinating role – not in rapidly mobilising resources or execution modalities. NGOs such as the Red Cross, can, however, play an operational/implementing role in different areas. Work which is carried out to standardise norms for equipment and working methods and develop ethical rules in the work, *Codes of Conduct*, need to be more widely spread and are a prerequisite for more efficient, coordinated work in disasters.

With regard to *EU collaboration* in connection with natural disasters and major humanitarian emergencies, clearer coordination is required between the instruments that are subject to the commissioner for development assistance issues and the responsible commissioner for foreign affairs. In the view of the Committee, it is neither reasonable nor desirable for the fifteen member states and more in future, to engage in each its own set of separate initiatives in an acute disaster situation. However, effective coordination seems unrealistic at the present time, since ECHO²⁸ presently neither functions sufficiently well, nor has the appropriate mandate. A great challenge for the future in the humanitarian sphere for the EU will thus be to take main responsibility for the Member States' contributions in disaster situations. However, already today ECHO must become better at coordination with other major actors such as the World Bank and various UN bodies such as UNHCR, UNDP, WFP, UNICEF and OCHA.

Sweden should also work for the adoption of a new strategy by the EU to strengthen the afflicted countries' own capacity to better handle both disaster prevention and disaster management.

The need for research, evaluation and learning about disasters is pressing. It is especially important to increase our knowledge about

²⁸ European Community Humanitarian Office.

the complex links between environmental issues and potential disasters.

4.1.3 Stability in the international financial system

The events in Mexico in 1994 and in South-east Asia in 1997–1998 showed that *bank and currency crises* often occur in pairs, and that their effects can rapidly affect a large number of countries in the world. Numerous studies have shown that poor people in poor countries are not isolated from events in the international financial markets²⁹. It is evident that globalisation entails increased systemic risks and that exposure in some situations can be damaging unless the necessary institutions exist.

Crises in the financial markets in recent years caused the world community *substantial losses* which affected people very unevenly. No overall assessment of the total cost of these crises exists, although the sums are in all probability considerable. *Preventive measures* in the form of inputs in developing countries and countries with growth as well as at the international level should be able to contribute to more cost-effective inputs and contribute to lower levels of risk for all people, including those who live at or close to subsistence levels.

Inputs at the national level in developing countries should focus on institution-building and strengthening and *development of the financial sector*. This includes measures that create a robust and diversified bank system with private banks and a functioning financial supervisory authority. It is also important that there are laws for bankruptcy and liquidation as well as a swift and impartial legal process. Moreover, application of *internationally agreed standards*, including for accounting and auditing, are prerequisites for effective capital markets. Establishment of foreign banks can also play an important role by making available competent bank staff and increasing competition in the banking sector. It is important to bear in mind that building up these kinds of institutions takes time. It is also important to underline the importance of a stable economic policy, including a credible fiscal and monetary policy to avoid crises and turbulence in the financial system.

Extensive initiatives have been taken to *reform the international financial system* and the international financial institutions (IFIs) to

²⁹ Levinsohn, et al., 2002.

increase stability. Various organisations and a large number of countries are participating in this work, and measures to increase openness and transparency on the part of agencies, market agents and international organisations have been undertaken with a view to making possible a more informed decision-making and a better risk assessment, for instance in the private sector.

Norms and regulatory frameworks have been created to shed light on the fiscal, monetary and tax policies of particular countries as well as on national and international payment systems, accounting and auditing, competition legislation, stock exchange, and supervision of insurance system. Furthermore, work is in process to produce rules for improved, accurate national and international statistics, etc. The International Monetary Fund (IMF) and other international organisations support and assist with export help to countries that wish to adapt their legislation to norms and regulatory frameworks. The activities of the international organisations have been reformed with a view to better being able to handle and prevent financial crises. Collaboration between different organisations has increased considerably. Efforts have been made to induce the *private sector* to assume increased responsibility and to participate more in crisis prevention and crisis management. There is a high level of preparedness within, for instance, IMF, to assist member states that wish to abolish their capital restrictions and to accomplish this in a correct manner. Work on increasing stability in the financial system should be continually developed and intensified.

In order to increase the stability of the financial system, it has been proposed that a transaction tax on international currency trading be introduced, the so-called Tobin tax. A tax of this kind would aim to reduce short-term speculative capital movements in favour of more long-term considerations, and it would also give governments more scope in fiscal and monetary policy. The proposal has been criticised both with regard to suitability and the possibility of introducing the tax. It can be noted that the tax requires international approval and support³⁰, which at present can be regarded as impossible to achieve. Furthermore, it is doubtful whether the tax would have the desired effects even if it were possible to introduce. The misgivings that have been expressed are that it would lead to negative consequences for the financial system and

³⁰ Jordahl, 2001.

the functioning of financial markets, and thus not benefit the countries it was intended to protect.

In 2001, the Parliament took up the issue of the Tobin tax and requested the Government to produce a “globalisation strategy where both the Tobin tax and other proposals to increase the stability of the international financial system and to handle or finance growing global challenges would be evaluated and prioritised”. The EU has also taken initiatives to a discussion on the ideas underlying the Tobin tax.

It is important that the work of finding new ways to stabilise the international financial markets and the *democratic influence on and supervision of these* continues. In the Carlsson-Ramphal report and its background reports³¹, in addition to the proposal for a tax on international currency trading, a number of other proposals are presented that can contribute to dealing with these problems. These reviews and other efforts, as well as experiences from countries that have sought alternative routes, such as Chile, should be carefully examined in this process.

4.1.4 Environmental work on the basis of global, regional and local collaboration

Almost ten years have passed since the *UNCED Conference in Rio*. Among the positive results are the work on local Agenda 21 programmes, integration of environmental concepts in many undertakings’ production systems and a number of important international agreements on reduction of emissions. Despite this, many analysts consider that environmental developments are continuing to move in the wrong direction in an alarming way. Clear examples are the climate issue, the deterioration of biological diversity, overfishing, the ongoing devastation of forests, the continued spread of many toxic chemicals and fresh water crises in an increasing number of regions.

A number of the global environmental conventions such as the *Climate Change Convention*, the *Convention on Biological Diversity* and the *Convention to Combat Desertification* have clear links to one another but also have important points of contact with for instance water supply and marine issues. It is important that coordination between different conventions is improved and comple-

³¹ Maneschold, 2001.

mented with different bilateral inputs in developing countries. Development assistance interventions must also be coordinated, for instance, measures designed to support adaptation to climate changes should be coordinated with inputs within the framework of other international agreements relating to water supply, food security, etc. It is also important that the World Trade Organisation (WTO) and the global environmental agreements operate in such a way that they provide mutual support for one another.

The *Montreal Protocol* from 1987 which limits emissions of substances that damage the ozone layer shows that global environmental problems can be solved by international collaboration. The attempts that so far have been made in other areas, for instance, reducing emissions of greenhouse gases have, however, been considerably less successful. This is in part due to the expensiveness of the technology required to change over to cleaner production methods. An important explanation is also that, while developing countries have more to lose from global warming, it is above all high-income countries that would have to meet the largest share of costs for reducing emissions of carbon dioxide. The participation of developing countries in the climate convention is of key importance, however, if the goal of stabilising overall quantities of greenhouse gases in the atmosphere is to be met.

In the *Climate Change Convention* all participating parties, rich and poor, undertake to take measures to limit the impact on the climate and to facilitate adaptation to a changed climate. This is to take place in accordance with the principle of common but differentiated responsibility. This means that consideration must be taken to national and regional development levels, and to prerequisites and priorities. The industrialised countries have moreover undertaken to support developing countries financially in their efforts to limit emission of greenhouse gases and promote adaptation to a changed climate. It has also been established that the effectiveness of the implementation of their undertakings by the developing countries is dependent on the support of the industrialised countries in the form of financial resources and technology transfer. According to the convention and the protocol, the high-income countries shall in their work to achieve their emission targets take into consideration any damaging effects in developing countries. In the light of the fact that the industrialised countries, in accordance with the convention, are to take the first steps to reduce human effect on the climate, the developing countries have

no obligations on quantitative reductions in emissions in the Kyoto protocol.

During the work on the climate convention, four special financing mechanisms have been created:

- The Clean Development Mechanism (CDM), the purpose of which is to stimulate investments in developing countries and to contribute to a relative reduction in the production of greenhouse gases. Current areas for such investments are primarily energy production, transport, forestry, and agriculture. CDM was estimated in conjunction with the Kyoto conference to be able to generate investments in environmentally compatible technology equivalent to several billion dollars annually. After USA's departure and the compromises made in conjunction with the meeting of parties in Bonn and Marrakech, optimism is more subdued, however.
- The Special Climatic Change Fund is as complement to the Global Environmental Fund (GEF) to finance initiatives in the fields of adaptation, technology transfer, energy, transport, industry, agriculture, forestry, waste management and economic diversification in countries whose economies are particularly dependent on income from production, export and use of fossil fuels.
- The Least Developed Countries Fund was also created during the convention to finance a special work programme for the least developed countries.
- The Kyoto Protocol Adaptation Fund is to finance initiatives in developing countries which are parties to the protocol with the focus on adaptation to climatic changes and the damage resulting from implementation of measures by the industrialised countries to achieve their undertakings. One of the funds sources of finance is a charge on the mechanism for clean development, CDM.

The situation is also critical with regard to abundance and variety of species, and to genetic diversity. The countries that have the greatest *biological diversity* are concentrated in the southern hemisphere, where many ecosystems and species are threatened due to inadequate protection and short-term thinking. An ecosystem with genetic material is a valuable economic resource. By applying and developing traditional knowledge and use of natural resources, and by establishing and safeguarding ownership rights to lakes and

land, the present situation could be improved considerably. Functioning ecosystems are now indirectly an extremely valuable economic resource and knowledge of these must be compiled and managed.

The quantity of *waste and pollution* in the poorer countries is increasing at a rapid rate. Action needs therefore to be taken immediately if environmental considerations are to feature into economic development in the developing countries. This applies not least to the rapidly growing and populous countries such as India, China, Brazil, Mexico, Nigeria, etc. An adaptation to stringent environmental demands can only take place through financial support from the rich countries and the application of improved and new technology. Increased environment-friendly production could also be included in the international terms of trade. Other measures include support for the introduction of a system of environmental labelling and other initiatives for sustainable development. Support for increased consideration to the environment in developing countries is not only a moral concern but also a question of self-interest. Environmental disasters in various places in the world would inexorably have consequences for Europe as well.

People's access to and use of *fresh water* is one of the major global environmental and development issues which will increase greatly in importance³². Already today we know that within a few decades, a large part of the earth's population will live in areas with a shortage of water or with water not fit for human consumption. The biological diversity in the world will have reduced. In all a thousand species of fish are threatened today. The same applies to access to fish as one of the more important sources of protein for many people in developing countries. Conflicts within and between countries over shared water resources will increase. Access to good quality water and proper sanitary arrangements is a prerequisite for effectively and successfully being able to combat poverty. As most often it is women and children who are hardest hit by the present situation in large parts of the world. For a long time, Sweden has given priority to water issues in multilateral work internationally and within bilateral development cooperation. Special importance has been given to integrated water resource management.

Today, Sweden gives support to the convention secretariat, to GEF and through various UN bodies. Swedish policy aims at

³² Gordon, 2001.

strengthening the UN's environmental programme, UNEP, and increasing the impact of the *international environmental collaboration*. Support is also provided to developing countries to participate in the international work under the various environmental agreements. In preparation for major global environmental negotiations, support has also been provided from Sida to, e.g., African countries for preparatory meetings and seminars. The developing countries must also receive support to implement the conventions. The dilemma is that responsibility with regard to the conventions is not a high priority in the development agenda of many developing countries.

It is often considered that the international environmental conventions are the concern of the high-income countries. In other words, competence and institutional development is required to raise awareness of environmental issues and to keep them on the agenda.

It is evident that *capacity-building measures* are required for the developing countries to be able to comply with new commitments. Support for the developing countries' implementation of many international agreements should be diversified and improved, in particular as regards transfer of technology. Within the environmental sector, there are accordingly a range of examples of how support to developing countries' environmental efforts becomes by extension a logical part of Swedish regional and international environmental policy. The benefits of this are marked in both directions. In the view of the Committee, this fact should be reflected in the financing of these types of initiatives.

More attention should also be directed towards the rich countries taking increased *responsibility for their own emissions* and for a sustainable use of natural resources. The greatest proportion of the causes of global environmental problems can be found today in the rich countries which should therefore pay the major part of the bill for the protective measures undertaken. A broad spectrum of policy options affects the living conditions of future generations not only here in Sweden but also in the rest of the world. There are clear links between, for instance, the policy we choose to pursue in the sector of trade on the one hand, and the environment and development for poor people in developing countries on the other hand. Choice of technology and direct investments are important environmental options as well as management of renewable natural resources, such as fisheries and forests.

The Committee wishes to draw special attention to the fact that many developing countries are confronted by the major challenge of choosing energy solutions and infrastructure that should preferably be compatible with an economically and ecologically sustainable development. While non-environment-friendly technology is often cheaper than new *environment-friendly technology* in the short term, the latter provides a double return by both reducing production costs in the long-term and being environmentally friendly. However, the difficulties lie in ascribing a monetary value on environmental friendliness, and in coping with the large initial investment costs that technology often involves. The new technology requires capital markets where very long-term financing can be obtained.

What is crucial for the spread of new technology is that the respective country's government works actively for long-term sustainable development. Furthermore, *knowledge* and *regulatory frameworks* in the developing countries play an important role. The establishment of authorities and institutions in the environmental and energy sphere can have the double effect of retaining competence within the country and paving the way for the new technology. Today, the general trend is towards privatisation, within the fields of energy, transport, water and waste management. The development of technology and changes in the environmental sphere thus make great demands on legislation. It is important that development assistance bodies, donor countries and financial institutions have a sound knowledge of new environmentally friendly technology and the needs for institutional frameworks to be able to facilitate the implementation of the new technology in developing countries. Since many developing countries are beginning to develop their transport and energy supply systems, these systemic choices will have considerable environmental effects for the entire world. Thus, it is in everyone's interests to find financial and technical solutions which make it possible for developing countries to adopt environment-friendly technology without too great an expense.

Development assistance has not sufficiently given priority to support to environmentally sound investments in energy, transport, water, waste, etc. There are a number of reasons for this. This type of investments requires considerable inputs which presently are primarily regarded as the responsibility of the private sector. The mechanism that exists today at international level, GEF, has a

relatively limited scope. In addition, it is designed so that it can only finance the additional costs involved in reducing the global environmental impact of a specific planned investment. Support to reducing environmental disruptions at local level is therefore outside of GEF's mandate.

Success in global environmental work can only be achieved if political decisions are translated into concrete action. The outcomes of the *2002 World Summit on Sustainable Development (WSSD) in Johannesburg* will therefore be crucial for how these issues will be dealt with internationally in future.

4.1.5 The struggle against infectious diseases

The *threat to* health in developing countries does not only affect poor people in these countries but also people in high-income countries. New threats include HIV/AIDS and rapidly increasing tuberculosis at the same time as old problems remain in the form of *inter alia* malaria and other infectious diseases. Resources in the poorest countries are insufficient for a decent level of health and medical care and to prevent the spread of diseases.

There is a strong common interest for people in high-income countries and in developing countries to find new effective approaches.

Development of *new knowledge and new products* is a prerequisite to be able to improve people's health. This above all concerns new, more effective pharmaceutical preparations, vaccines and treatment methods but also knowledge in areas such as the economics of health and organisational development. Within the health sector, these public goods are best developed globally, based on local needs and experiences.

The most *important actors* for production of these global public goods in the health sector are the research-based pharmaceutical and vaccine companies with an interest in the health situation in the poor parts of the world, and last but not least the World Health Organisation (WHO). Private actors can also have important roles, although at the same time this would be evidence that the international community has failed in its responsibilities³³. It is essential to

³³ On average, the public health development assistance, according to the calculations made by DAC and WHO totalled USD 6.7 billion per year in 1997-1999. As examples may be mentioned that Bill and Melinda Gates Foundation donated the same year the following sums to the health sector: 1997 USD 2.9 billion, 1998 USD 132.2 billion, and 1999 USD

find suitable forms for such a willingness to contribute to new inputs being used in the best way,

Unfortunately, developing countries' health problems are not prioritised for *research* and development. An extremely small part of the pharmaceutical companies' budgets are allocated for the development of new medicines and vaccines to meet the needs in the world's poorest countries. The same applies to research in general.

WHO is an important actor in the field of research, with the responsibility of carrying out normative technical work. This involves stimulation and facilitation with regard to the production of new knowledge and new products. This is done by a combination of research collaboration, preparation of guidelines and technical support in the use of these guidelines at country level. During the past few years, WHO has markedly resumed the role of "centre of excellence", and both donors and experts now have renewed confidence in the organisation, even if a lot of work remains to be done, particularly the strengthening of WHO's work at country level.

Linked to WHO are two important *research programmes* the Human Reproduction Programme (HRP) and Tropical Disease Research Programme (TDR). These can serve as examples of effective mechanisms for the development of new global public goods. These programmes have resulted in new preventive methods being developed as well as new medicines and methods of treatment for, for instance, malaria and other tropical diseases. The programmes have led to close collaboration between researchers, the UN, partner countries and the pharmaceutical industry.

The coming into existence of new global *mechanisms for resource transfer* such as the Global Alliance for Vaccine and Immunization (GAVI) and The Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund) are important for the development of global public goods by guaranteeing or indicating a market and purchasing power for special products such as new medicines, malaria medicines, mosquito nets, condoms, etc. They are at the same time a departure from the traditional way of carrying out development assistance and need to be carefully monitored and evaluated to avoid resources being fragmented. A common

1,219 billion. Its contribution fell in 2000 to USD 685.6 million. (Information from WHO, Commission on Macroeconomics and Health).

denominator for the new initiatives is a stronger emphasis on results and systems to measure and verify these, and that greater and clearer responsibility is placed on governments and affected ministries in the recipient countries. In the case of GAVI³⁴, continued support to recipient countries is based on results achieved, where the reported number of immunisations is verified by independent auditors. Many countries have according to GAVI demonstrated a marked ability to make priorities on the basis of their resources³⁵.

A further example of how international actors can contribute to development of new products and to making these products available to partner countries is UNAIDS/WHO's negotiations with the *pharmaceutical industry* on prices for antiviral therapy to treat those suffering from AIDS. These negotiations have to date led to prices being reduced by up to 95 per cent, to an agreement that companies will supply pharmaceuticals on a non-profit basis in certain countries, and to the initiation of discussions on patent rights and local production. At the same time, issues on *patent rights*, the TRIPS agreement and terms of trade are particularly and crucially important for the development of new pharmaceuticals and vaccines. In conjunction with the WHO negotiations in Doha in November 2001, the member states agreed on a special declaration on TRIPS and health. It is confirmed here that intangible rights protection is important for development of new medicines at the same time as the problems relating to price effects are noted.

It is also emphasised that the TRIPS agreement is not intended to hinder member states from taking steps to protect health in the country. Attention is drawn in particular to the flexibility the agreement allows for countries to issue mandatory licences in a national emergency, such as, for instance, during epidemics of HIV/AIDS, tuberculosis and malaria. Moreover, LDCs were given a further extension of ten years (until 2016) before the TRIPS agreement is to be implemented in the pharmaceuticals sector.

It is important that Sweden increases both its *financial contribution* to development of new global public goods in the health sector

³⁴ The initiative to GAVI was taken by the head of the World Bank which in 1999 together with colleagues from WHO and UNICEF decided to combine the organisations' forces to counteract falling immunisation coverage. Governments in high-income countries, the vaccine-producing pharmaceutical industry and interested organisations and foundations joined the alliance at an early stage. See Stenson, 2001 for a description of the alliance's methods of work.

³⁵ Stenson, 2001.

(this is cost-effective development cooperation) and its commitment and support to collaboration between the public and private sector and the applicable trade and patent rules. A prerequisite for ensuring that sufficient research resources are set aside to develop vaccines and medicines against illnesses such as HIV/AIDS, malaria and tuberculosis could be specific agreements between the international community and the pharmaceutical industry, where companies are guaranteed sales if and when they succeed in producing effective medications. As regards the direction of future investments in the struggle against infectious diseases, it is necessary to combine structural reforms in developing countries with medical-technical interventions. It will further be necessary to coordinate the global health initiatives and facilitate for countries to have the benefit of increased international development assistance without undermining their own responsibility.

4.1.6 Combating organised international crime and corruption

Transnational criminality is estimated to turn over approximately 1 000 billion dollars annually with an estimated profit of 500 billion dollars per year. Criminal organisations have to an ever-increasing degree started to become involved in increasingly sophisticated areas, including new technology and the finance sector. At the same time, other, wholly unacceptable forms such as commerce in human beings have grown in extent as has the weapons trade. The illegal narcotics trade is estimated to generate between 150 and 250 billion dollars annually, which is money that is laundered or reused in illegal activities and to finance armed conflicts and terrorism³⁶.

Support to developing countries in the work of hindering this activity would not only favour people in these countries but all people everywhere. The events that took place on 11th September 2001 underline the need for energetic international collaboration on the goal of freeing the world from transnational criminality and terrorism. It is clear that *collaboration is required*, with participation both from high-income countries and developing countries. All countries must carry out the action plans which have already been adopted and which are in the process of being worked out within the framework of the UN. Examples of initiatives in devel-

³⁶ UN 2001.

opment assistance can be to create alternative sources of income for the people who today earn their living from criminal activities, such as giving opium producing farmers support to start cultivation of other income-earning crops.

Corruption undermines democracy, the protection of human rights and economic development. It distorts competition in the business sector and leads to incorrect use of resources. Corruption affects the poor in today's developing countries disproportionately severely. Resources which should be used to meet their basic needs disappear as bribes or pay-offs. Effective combating of corruption is therefore of crucial importance in both developing countries and in developed ones. This assumes measures both against those who bribe and those who accept bribes.

Sweden participates actively in the *international efforts* against corruption, and this work is now carried out on many different fronts. The European Union, the Council of Europe, OECD, OAS and the Stability Pact for South-eastern Europe are some of the bodies that are involved. The fight against corruption is an important task for the World Bank and the International Monetary Fund. In the United States, negotiations are being prepared on a world-wide anti-corruption convention.

4.2 Considerations and recommendations

4.2.1 Considerations

The Committee considers that the basic ideas on global public goods are a useful starting point for the analysis of common global problems, i.e. problems where Sweden shares objectives with a large number of other countries. At the same time, the Committee wishes to underline the need for a continued international discussion of the concept and its areas of application.

It is clear that increased production of global public goods is in many cases an effective way of combating poverty. Support for such initiatives should constitute a key instrument in PGD. In many cases there is also a *national self-interest* in an increased supply of a particular global good. The old instruments to safeguard national interests – such as traditional diplomacy, national legislation and military power – are inadequate to solve common global problems, and must be supplemented with new ones. The solution for these

lies in global collaboration. An ever-increasing number of actors want to minimise the global risks, and to share in the production of global public goods. In certain cases, there is also considerable financial support available from private sector sources.

Attention has already been drawn to the importance of promoting an increased supply of global and regional public goods alongside the country-focused work with regard to, for instance, conflict-related issues, HIV/AIDS and the environment, including the *Government documents* on collaboration with Africa and Asia. Sida has been requested to prepare a strategy for Swedish support for regional collaboration in Africa. This will also deal with aspects that are related to regional public goods. Without anticipating the result of this work, it can be mentioned that the strategy probably will include attention to such obvious areas as conflict management, environmental collaboration, trade policy and other economic cooperation, research and HIV/AIDS. Concrete measures and follow-up of the Asia strategy's recommendations have been made, for instance, by increased inputs in the environmental field, in particular by transfer of knowledge. Sustainable development is today a key element in all country strategies for partner countries in Asia.

In this context, it is important to emphasise that global public goods *can never replace national public goods* such as education, a functioning legal system, infrastructure and a functioning health system. Global public goods are to be dealt with and regarded as necessary strategic components in the struggle against poverty, in situations where the measures at national level are not sufficient to handle the problem at hand.

An open dialogue about the size of and distribution of the costs and benefit of global public goods, between countries and between groups within countries, must take place. This discussion must be based on research and preferably take place in a multilateral context. Furthermore, a readiness is required to use a long range of different instruments, *sources of finance* where development assistance in certain contexts can be one source³⁷.

Different countries often prioritise different public goods, partly depending on variations in development level and payment capacity. The most appropriate institutional frameworks, and financing forms will vary depending upon the global public good being dis-

³⁷ For a survey of possible sources of finance and their different comparative advantages, see Bezanson and Sagasti, 2001.

cussed. They will also be affected by the driving forces and the ability to participate that exists in the countries that are to work together for a particular global public good. Three different types of situations can be distinguished³⁸:

A situation where all concerned high-income and developing countries have an interest in producing the public good. This may concern production of a vaccine against a disease that is rife in both high-income countries and developing countries. The chance of finding a vaccine quickly can be greater if all resources are concentrated to the most well-reputed and best-equipped research institute. The Committee considers that effectiveness must be the guiding concept for how funds are allocated in this type of situation.

A situation where the interest in producing the public good lies primarily in the high-income countries but not in the developing countries. This situation can arise when developing countries are obliged to make other priorities due to the fact of the country's being poor. Mechanisms must then be created to compensate the developing country for its inputs and thereby creating an interest in participating in the production of particular public goods, for example, in the environmental sector. Developing countries often need support to fulfil their commitments in accordance with international agreements for sustainable development.

A situation where driving forces only exist for developing countries but not for high-income countries. These public goods should be given high priority by the multilateral organisations. Examples of these types of inputs are support to research on medicines against diseases that primarily occur in developing countries.

For effective participation on the part of developing countries in international and regional collaboration, it is often necessary to implement reforms in the national management of the issue in question be reformed. In many countries, responsibility for the different environmental conventions is, for instance, divided among a number of ministries, which makes coordination difficult, and which also jeopardises the status of the conventions in national priorities.

The geographical distribution of the current global public goods should be an important basis for decisions on which countries should take part in this cooperation. Since many utilities are of a regional character, the regional institutions may have to be rein-

³⁸ World Bank, 2000b.

forced to be able to handle *regional public goods*. The geographical distribution of benefit should be guiding for distribution of financing of the required inputs.

Mechanisms and institutions to deal with and solve common global problems continue to be undeveloped 50 years after the formation of the UN. For small countries and developing countries, however, the most effective way of influencing handling of common global problems, is to *participate in international for a and contexts*. To ensure sustainable participation by developing countries, institutional solutions are required that promote ownership. There are a number of successful examples and experiences of these should serve as a starting point for discussion on suitable institutional solutions for other issues³⁹. Genuine possibilities for active participation by developing countries is today many times greatly reduced due to limited capacity. Forms to support increased participation from developing countries must be identified. A number of recommendations are made in Chapter 8.

Participation should not be restricted to representatives for governments but also extended to other actors in society. *The circle of initiated and informed participants should also be expanded* to include the business sector and representatives for civil society. The forms for their participation should be developed within the institutional framework that already exists, and included as an integral building block in the institutions that are to be built up for issues that currently lack organisational and operational frameworks.

The Committee finds that the working methods that have been developed within the framework, for instance, of GAVI, the new global health fund and civil-military collaboration, are interesting experiments that can be applied to many other areas – partly as regards organisation, and also performance concepts and allocation of roles. The Committee wishes to draw attention to the unique expertise possessed by the Swedish resource base in many areas at the same time as Sweden enjoys great confidence and is thus in demand as an actor in development of global public goods.

It is important that the funds allocated to combat poverty both at the national and at international levels, are used to finance inputs with this end. Therefore, a thorough clarification is required of the distribution of costs and benefits of different programmes/initia-

³⁹ See Bezanson and Sagasti 2001 for an overview..

tives whose aim is to promote production of global public goods. UNDP estimates that one of four development assistance dollars today *finances production of global public goods*⁴⁰. Certain developing countries consider that development assistance funds have been “hijacked” to handle and finance these public goods, which in certain cases clearly satisfy primarily the needs of high-income countries. The Committee considers that Sweden should aim for a higher degree of self-investment on the part of the high-income countries. The Committee assumes that initiatives that aim at increasing production of global public goods which also serve Swedish interests will be partly financed from the respective specialist ministry’s budget.

Through active *co-financing* and interministerial *collaboration*, expanded responsibility is ensured, as is stronger commitment and an increase of available expertise and clarity that initiatives promote both national objectives and the objectives of Swedish global development policy. Furthermore, it will be clarified that there is no risk for development funds being re-directed to finance inputs that are mainly in the interests of the high-income countries. At the same time, co-financing with *inter alia* development assistance funds can act as a catalyst in contributing to the realisation of an initiative.

The importance of preventive measures cannot be sufficiently stressed. The costly economic, military, security and social crises in our world show that the international system is often reactive when damage has occurred and is not sufficiently focused on preventive measures. Insight, vision and imagination are also required in order to conceive the inconceivable and to carry out pro-active actions.

4.2.2 Recommendations

The Committee makes the following recommendations:

- The goal for the policy areas dealing with global public goods should be “A preventive and sustainable management of common global concerns”.
- The Swedish national management of global public goods should be initiated by the coordination function proposed in Chapter 8,

⁴⁰ Kaul et al., 1999.

that should have the task of requesting from all ministries a careful inventory of global public goods dealt with in the respective policy areas.

- At the same time, Sida should be urged to carry out a careful inventory of the global public goods they consider the most prioritised for the goal of combating poverty. At partner-country level, problems that require regional or global collaboration should be identified as well as the need of support to fulfil the agreements entered into for global public goods.
- A limited number of issues should be selected from this combined list, on which the Swedish inputs should initially be concentrated. The selection should be based on set criteria, for instance, that inputs are considered to be able to lead to clear results, that they have priority both from a poverty perspective and from a national point of view, and that effectiveness can be reinforced by collaboration across the boundaries of policy areas. The selection should also be governed by the existence and effectiveness of the global institutional frameworks that exist for each issue, the actions of other countries, as well as the need to create new or changed institutions.
- The Committee anticipates that the following public goods will be included: the struggle against infectious diseases, the struggle against corruption and money laundering, conflict-prevention measures, and securing of safe water supply and a sustainable management of the world's climate and forests.
- The Committee considers that increased resources should be devoted to the financing of global public goods which are of greatest importance for the elimination of poverty. The Committee expects that the appropriate ministries in the presentation of their activities and their budgets make explicit their plans, prioritisations and extent of their global collaboration and partnerships concerning global public goods.
- Cooperation and co-financing between different policy areas and expenditure allocations should take place to support global public goods which at the same time contribute to reduced poverty in developing countries, and which also promote Swedish national interests.

- Task forces should be created for the selected public goods with the participation of NGOs, the business sector, academic and research institutions, experts and other interested parties as well as representatives of developing countries. Their task includes compiling an action plan for the respective utility with proposals as to how the utility should be handled internationally and nationally.
- The private business sector and publicly financed research should be stimulated to carry out research and product development on global public goods which are important for developing countries and poor people.
- Special attention should be given to preventive measures. A forward-looking approach should be aimed at, with systems for proactive action for the respective special area. The popular movements and other civil society organisations can play an important role here.
- The issue of financing of global public goods is extremely complex. The Committee has found that Sweden has already taken commendable initiatives to international studies⁴¹ on this problem, and wishes to strongly emphasise the importance of continued initiatives with a view to achieving innovative solutions.

⁴¹ www.utrikesregeringen.se/inenglish/policy/devcoop/financing.htm

5 Key starting points for development and combating poverty in developing countries

Experience shows that *the policies* of individual countries are crucial for how successfully poverty can be reduced.

Although there is no single or uniform model for how poverty can be reduced, there are some basic prerequisites which seem to be generally valid to achieve long-term sustainable results.

These prerequisites include a democratic society with broad popular participation, respect for and promotion of human rights, an economic policy focused on combating poverty, consideration to future generations and acceptable institutional conditions. This chapter describes a number of key elements for sustainable development and combating poverty in a country. These starting points have been arrived at as a result of the Committee's meetings with representatives of various organisations and authorities in developing countries and high-income countries, as well as of a review of the written contributions to the Committee's work and in other literature. The next chapter contains a discussion of the role of development assistance and the prospects for supporting national development on the basis of these starting points.

5.1 National assumption of responsibility

Effective poverty reduction can only be pursued if the individual country bears *full responsibility* for the design and implementation of development policy. Development of policies and institutions cannot be forced on a country from outside if long-term sustainable results are to be achieved. The country itself through its government and parliament in a dialogue with civil society, the private sector and other domestic actors such as public administration and the judicial system, must "own" its policy, i.e. itself design the country's development strategies and development policy. Developing genuine local responsibility requires a political will and a

domestic process of public participation in the design of policy within the framework of a democratic form of governance. Governments should first and foremost mainly be responsible for policy in relation to their own population and not to outside actors such as various donors and creditors. National and local responsibility and “ownership” are characterised by a readiness and willingness to allocate resources to ensure the implementation of policy, to solve problems that arise during implementation and to continue the activities after development assistance has ceased¹.

5.1.1 Institutional capacity and the rule of law

Weak *institutional capacity* is a major obstacle to development. Institutional capacity includes both knowledge in various areas and the actual institutions – ministries, agencies, etc. as well as the appurtenant regulatory frameworks and their application. Many low-income countries have institutional structures that are legacies from the colonial era. Political and social conflicts have also prevented further development of these institutions. For instance, many existing state market and sales organisations in the agricultural sector in Africa have not succeeded in functioning within the framework of a market economy. They have failed to balance different purposes and objectives such as providing farmers with credits, being responsible for tax collection, guaranteeing food supplies and at the same time maintaining a stable price level for agricultural products².

It is the poor in particular who suffer when the institutional framework does not work³. Countries which systematically come to grips with complex legislation, corrupt courts, unfair credit systems, and major obstacles to entrepreneurial activities, and that instead create new institutions better adapted to local prerequisites, have better chances of reducing poverty.

Competent ministries and institutions are required to achieve activities based on human needs and demand. The purpose must be to establish functioning organisations and markets for various public goods which can strengthen opportunities for the poor. The system will only function if there are regulatory frameworks and

¹ van de Walle and Johnston, 1996.

² World Bank 2001b.

³ Vlachos, 2001b.

mechanisms for application of the rules, and organisations that can ensure compliance. The purpose of the institutions is to provide information, supervise issues relating to ownership rights and contracts, as well as to ensure that competition is maintained in individual sectors. The institutions will necessarily vary greatly as to form depending on local conditions in each sector and country⁴.

The primary driving force for development of institutions will be the demand from the people and actors affected in a sector. Increased and *more open information* increases the demand for more effective institutions. Moreover, improved insights into and participation in the budget processes and evaluation of the quality of public services contributes to increasing people's ability to assess and thereby mould authorities. By such means, the risk of corruption should also decrease. According to recent research⁵, in order to create effective institutions, countries should first of all build upon already existing institutions, human knowledge and available technology. It is often better to modify and develop existing institutions than to create entirely new ones. In general, competition strengthens the effectiveness of existing institutions, changes people's motivation and behaviour, and creates the necessary demand for new and improved institutions.

5.2 Democracy and human rights

According to the UN Universal Declaration of Human Rights, everyone has the right to take part in the governance of their country directly or through freely chosen representatives. The authority of the state and government shall be based on the will of the people. Only democratic forms of government can adequately guarantee the protection of all human rights. Therefore, a will to promote democratic development is a prerequisite for a sustainable reduction of poverty.

During the past century, democracy has become established as the standard form for governance in all parts of the world. *Democracy* should, like human rights, be regarded as a *universal value*. As Amartya Sen has stated, a country does not need to be assessed on the basis of the issue of whether it is ready for democracy, it is rather a matter of developing through or by means of

⁴ World Bank, 2001b.

⁵ World Bank, 2001b.

democracy. In his research, Sen has also noted that in the terrible history of famine disasters in the world, there are no instances of such a major disaster having taken place in an independent, democratic country with a relatively free press⁶.

Sen has described three ways in which democracy enriches citizens' lives.

1. Political freedoms are part of universal human freedom. Civil and political rights are important for a good life for people as individuals and as social beings. Political and social participation has a profound value for human life and well-being.
2. Democracy has an important instrumental value as a tool for listening to peoples' opinions and supporting their demands for political attention, including demands to have their economic needs met.
3. The practice of democracy gives people the opportunity to learn from one another and to shape their values and priorities for society. In this respect, democracy has a constructive significance. Political and civil rights, in particular those that guarantee freedom of expression, open discussion, debate, criticism and diversity of thought are key for processes that create informed and well-considered choices.

The great importance of widespread political participation and freedom in human society is emphasised in democracy. This includes the instrumental importance of political opportunities to make *governments responsible* and accountable, and the constructive role that democracy plays to mould common values and to understand and manage different needs, rights and obligations.

Democracy must be designed on the basis of each country's specific conditions, and it must be based on common fundamental values about all people's equal dignity, rights and worth, as well as on the universal and equal right to vote in free elections.

A developed democracy requires *institutions* in the form of public administration, which abides by the rule of law, and that guarantees that power is exercised according to established jurisprudence. It also requires independence and a well-functioning judicial system, free elections to decision-making bodies, and a constitution that guarantees basic human rights and that apportions powers between the legislative, judicial and executive branches and bodies

⁶ See, inter alia, Sen, 1999.

of the state and government. Other important building blocks in a democratic society consist, for instance, of independent media and the organisations of civil society. An interaction takes place between all these actors in a democracy.

Democracy is about *distributing power* as fairly as possible. A political system should take into consideration all parties within its areas of responsibility. This entails the exercise of *tolerance*, *consensus-building*, and respect for minorities. The role and responsibility of policy is to weigh different interests together, and to strike balances between them. It is therefore important that policy and political systems are both representative and legitimate. There is an in-built tension between majority rule, individualism and the limitations on democratic decision-making that protection of human rights may call for.

Free and *fair multi-party elections* are a prerequisite for democracy. All contemporary democracies are based on political parties. In established present-day democracies, parties have as a rule an ideological basis or represent opinions and interests of certain groups in society. In many places in the world, however, parties can be more of a platform for a person, ethnic group or clan. Few elements in democratic culture are so key for democracy but also so sensitive as party work. The parties in newer democracies often lack a proper membership base, women have a very low profile and many parties are unused to and unclear about their role. It is therefore an important task in Swedish development assistance to support the establishment of functioning, multi-party systems.

The Parliament has a key role in a democracy, although the process of developing a functioning parliament truly able to exercise the requisite legislative, scrutinising and controlling power is long and complicated. The relationship between the opposition and the majority can also exhibit clear weaknesses. There are a lot of examples of how the opposition are excluded or boycott the normal round of parliamentary work. Despite a lot of problems, it is essential to find elements to build on to create and support a functioning parliamentary tradition.

However, the basic institutions alone are insufficient for a functioning democracy. It also requires that they are able to fulfil their functions i.e. operate in a *democratic culture*. Citizens should be aware of their rights and be able to exercise them. Citizens should be able to become involved and organise to champion and defend their interests in civil society. In practice, citizens should be able to

create parties and stand for election to decision-making bodies and have a genuine choice when they vote, i.e. be able to demand responsibility and accountability by removing a bad government from office and replacing it with a new one.

Within the framework of OECD/DAC, the concept "democratic governance" has been launched. This concept is still being developed although the idea is that a *democratic control of society* is an umbrella concept based on the rule of law and identifying four components on that basis – democracy, human rights, popular participation and good governance.

In many countries, democratic forms of government are better developed at the *local* than at the national level. These experiences should be made use of in societies that are undergoing a more general democratic development. International collaboration and development assistance between municipalities at local level can support both the development of local democracy and democratic development in the country as a whole.

States and governments that respect citizens rights and encourage popular participation in different decision-making processes also have better prospects for making use of *people's creativity* and inventiveness, thus creating the prerequisites for an economic and social environment that promotes investments, etc. Democracy does not develop automatically. It does not suddenly arise following the abolishment of a military regime, a one-party state or by declaring the independence of a new state⁷.

Democratisation is a *process*. If we wish to contribute to a democratic societal structure, we will have to learn to understand how democracies develop. Transition to democracy often takes place gradually. Viewing democracy as a process places demands on continuous analysis and the ability to assess the actual situation. Certain states start their process after a revolution, others after a war or armed conflicts. Development towards a democratic society often coincides with economic transformation.

Countries with democratic systems are not involved in as many conflicts neither internal or international as countries with other forms of governance. This may be related to the ability of democracy to live with and *be able to manage competing and conflicting interests* in society. The reason can also be an open decision-making process or that the population as a whole has the ability to articu-

⁷ See, inter alia, Sen, 1999.

late opinion and pursue it through parties or other organisations. The promotion of democracy is important as a long-term conflict-prevention strategy.

Human rights, democracy and good governance have a lot of common dimensions. They are partly comprised of processes that mutually reinforce one another and are at the same time prerequisites for one another. The challenge is to identify the links that exist between these three central fields. Correctly used, they can support one another in order to more effectively develop and enhance a political system that is democratic and that also promotes and maintains *human rights* with a view to achieving a dignified life for all.

Human rights are based on the principle of equal rights for all and the equal dignity of all, and are also based on the rights of the individual and the obligation of the state. In this way, they concern a very uneven power relation to the benefit of the weaker party, which states a minimum level as to what should apply in a society that is to comply with the vision of a dignified life for all. The increasing understanding that poverty also entails a lack of opportunities and security has put the focus on respect for human rights as a fundamental point of departure for a country's development.

The economic, cultural, civil, political and social rights cover all aspects of a person's life and everyday existence. Through commitments in the international HR conventions, every state has undertaken to respect and guarantee these rights, and thus to let them serve as the foundation and measure of a country's development efforts as well.

Regimes that violate human rights have sometimes tried to defend their actions by referring to local traditions, religious decrees or low educational levels. All such arguments must be rejected. Human rights are universal and apply to all people throughout the world without distinction, and irrespective of country, culture or specific situation. Human rights are also indivisible, i.e. the presentation of rights in categories does not entail any gradation. A number of UN decisions have underlined the importance of the various rights being viewed as mutually interacting parts of the same whole.

5.2.1 The role of civil society

An *active civil society* is key for a country's development and for combating poverty⁸. It can be described as that multifaceted part of society that exists between the state and the private sphere. It consists of many different kinds of groups and associations within which people act together. The organisations and groups of civil society thus represent a diversity of different interests, ambitions and priorities which can both work together and be in conflict with one another. It includes a mixture of formal and informal organisations, groups and networks. It also includes political parties, religious congregations and trade unions, as well as charitable organisations, savings associations, women's groups, professional organisations, sports associations, and others⁹.

Anti-democratic and criminal groups such as terrorist organisations and networks are also among the actors in civil society. In this report, however, the Committee considers only groups and organisations of a *democratic nature* that wish to promote a global development and in some way become involved in work to reduce poverty. This can take place through lobbying focused on political processes, social mobilisation, and change of attitude, as well as through practical work.

Civil society organisations are important for a functioning democracy, but it is nonetheless the directly political institutions that are crucial for the consolidation of democracy. Political responsibility and accountability can be demanded of these. We note that many of the organisations of civil society represent women, which make them particularly important in countries where the political institutions are completely dominated by men.

Civil society can never be understood in isolation from the surrounding *social and political structures*. If corruption is widespread, there is naturally a risk that civil society will not be any different. If there is a strong belief in authority in a nation, it is probable that this will be reflected in its civil society organisations as well, which in these cases tend to be controlled by persons whose leadership is not called into question by the rank and file of the membership. A strong legitimate state with democratic traditions is often sensitive to civil society. An authoritarian state that lacks legitimacy can, on

⁸ The concept of civil society started to be used in international development contexts during the 1990s..

⁹ Lindblom, 2001.

the other hand, attempt to control, repress and manipulate these popular forces. In the same way, undemocratic organisations can affect the state in a negative direction.

Since the 1980s, the *number of civil society organisations has grown enormously* both in high-income and in developing countries. Many new organisations have been created in developing countries which resemble non-profit making enterprises. This is not infrequently the result of their being able to tap into development assistance funds¹⁰. This can easily lead to competition between organisations in situations where coordination should be the goal instead. This is particularly noticeable in the case of major disasters, for example. This can, of course, have negative consequences for traditional indigenous voluntary organisations as well¹¹.

With deeply-rooted organisations, civil society can contribute to popular participation in different ways in processes of change, and thus promote a sustainable long-term development among other ways by:

- Promoting democracy and developing democratic culture. Democratisation is an important tool to combat poverty. Civil society organisations can in their internal work serve as a school in democracy and contribute to a democratic culture in society by their outward-directed activities. Organisations can conduct a dialogue with power holders, check the abuse of political power and thus contribute to good political accountability and control.
- Contributing to desired pluralism in society. By channelling people's opinions and experiences, the organisations of civil society contribute to enrich both the breadth and the diversity in public discussion.
- Being bearers of a democratic future in non-democratic states. In such societies, an incipient civil society can be an expression for commitment and counterforces which still do not have formal frameworks within which to operate.
- Giving voice to vulnerable people. In extremely vulnerable situations, when people cannot make their voices heard, the organisations of civil society can act as an intermediary and articulate important experiences and knowledge.

¹⁰ Economist, 2000.

¹¹ Rydsmo, 2001.

- Demonstrating local and global development alternatives. Through their diversity and flexibility, the organisations of civil society can produce alternative solutions to create development.
- Creating the prerequisites for structured collaboration for common needs and economic growth. Cooperation between people makes maximum use of their innovative power and creativity and reinforces trust and the establishment of norms. They create social structures and informal bodies of rules. This in turn creates the conditions for economic growth.
- Building bridges between local and global work. The organisations of civil society, which, on the one hand, have local experience and on the other work together at a global level have significant opportunities to make the linkages between local experience and global policy that globalisation requires.
- Complementing the state's responsibility for education, health care and other basic services. The state is obliged to take all necessary steps to fulfil people's economic and social rights. It also bears the main responsibility for the social welfare of its citizens. However, the organisations of civil society can, when required, complement this work and also indicate models and new solutions for empowering citizens and groups to make claims on the state.

5.2.2 The role of the media

Free and *independent media* which are regulated by the constitution and that work in actual practice, are an essential prerequisite for *democratic development*. Strong independent media can contribute to improving the transparency that should characterise public activities and thus contribute to the taking of responsibility for such activities. In practice, however, opportunities to get their message across are often limited both for the opposition as well as for other civil society organisations, particularly in the broadcasting media. The media are often associated with government power or to commercial interests without an explicit commitment to the community. The publications of NGOs and similar media can play some role in the development process although their position in this regard is often weak.

The role of the media to *scrutinise those in power* and as representatives of the most vulnerable people is a role that is not generally given much scope in most developing countries. However, individual journalists or writers not infrequently play an important role in efforts to promote democracy and for development.

For the general public in many societies, the media, especially radio and TV, are the most important *sources of information* for the general public for knowledge and awareness of the outside world. This has resulted in almost all communication being dependent on the picture that journalists and other media employees have and communicate. The news and information that can be obtained via new electronic media and the Internet is still relatively limited. However, if the currently very restricted access is expanded, change can be anticipated in the direction of more diversified information.

5.2.3 Gender equality

In the reduction of poverty, equality between women and men is both an indispensable means and a goal in itself. Poverty reduction – as well as striving for equal opportunities and rights for females and males alike – are to a great extent issues that *challenge existing power structures* and self-interest. The participation and ability to affect their lives of both women and men is a key issue in poverty reduction as a whole. Expanding the freedom of action of women and girls is a key issue in gender equality work¹². Differences in conditions between the sexes are often greatest among the poorest population groups.

The lack of equality between women and men leads to major social problems and to considerable losses in terms of social, political and economic development. Women's low level of education and poor access to health care affects not only them but also future generations. Studies show that a woman with more education has greater opportunities to affect her life situation.

She can care for her children better and she more easily realises the importance of education for the best interests of her children.

In the international discussion on strategies against poverty, issues of power have increasingly come into focus. Analyses of poverty usually show how local holders of power try to appropriate

¹² Johansson-Latham, 2000.

resources and influence at the expense of poor people. It is frequently pointed out that the pattern often repeats itself at the *level of the family* – where the men by virtue of tradition and the existing values make all key decisions and control resources. Many women lack power over their own bodies, their sexuality and their fertility. When men own and control the home, women have few opportunities for protecting themselves against violence and exploitation.

Gender-based discrimination has an economic price and increases poverty, for instance, as regards the right for women to possess property and inherit land on the same terms as men. This in turn puts constraints on women's productive potential by making it difficult for them to obtain loans to produce, thereby reducing food availability, incomes and adequate subsistence for the family. In certain countries, it has been proven that the few women householders prioritise investments for the welfare of the family and for income-earning activities higher than male householders do. However, only a limited portion of the world's assets are owned and managed by women.

The lack of gender equality has consequences for the welfare of local communities, as well as *macroeconomic consequences* for a country's productivity and economic growth. Studies show that the greater the number of women who receive education, the higher will growth become¹³. Better education is associated with reduced childbearing which in turn provides women with better opportunities for education. The lack of women in politics and in the labour force seems, according to research, also to affect the incidence of corruption in a country.

Social norms, laws and policy contribute to creating differences between men and women as regards health care, participation in the labour force and education. These structures must be influenced and changed to achieve equality of opportunity and treatment between women and men, girls and boys. It is important to make *legislative changes* to give women and men the same legal rights and opportunities. At the same time, however, work must be carried out to change social norms and attitudes. Important instruments in this work are laws that protect women from violence and assault, and which give women the right to own land and housing and to take part in the labour and credit markets on equal terms.

¹³ World Bank, 2001a.

Discrimination also has a *political price*. Women's, and, in particular, poor women's lack of economic and political power is a serious development problem, since this means that women's interests, which are indirectly also important for sustainable development, are not reflected in or taken into account in decision-making.

The *UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)* and the action programme from the 1995 UN women's conference in Beijing has received extensive support and a review committee is monitoring how states implement their undertakings.

Many development actors, including the World Bank and OECD/DAC, now highlight education of women as an important means for promoting gender equality and reducing poverty. Every girl has the right to a good, relevant basic education, but this alone is insufficient. There are studies that show that even when girls and women are better educated, they do not obtain better and more well-paid work than men. Girls more seldom complete their education than boys, however, and are often the first to be taken out of school when families cannot afford education or need their labour at home.

Many women risk their lives and health by frequent *pregnancies*. Half a million women die every year in conjunction with pregnancy, because they lack access to family planning, adequate pre-natal care and other reproductive health care services. The men in the family are often against the use of contraceptives or that women avail themselves of the maternity, pre-natal and obstetric services that are available.

Women are often subjected to *violence and abuse* just because they are women. In many countries, violence against women is not punished, even though such behaviour breaches both international and national legislation. That millions of women continue to be genitally mutilated reflects the fact that patriarchal traditions are socially sanctioned in many areas, and that women also continue to uphold them. This involves great risks and health complications. The trade in young women and girls for sexual exploitation is another example. A further example is the vicious rapes that occur in war and armed conflict situations.

It is important that *men also take part* in the work against gender discrimination. Experience shows that positive advances can take place if men are involved. If men democratically share power, then

everyone – men, women and children – has a lot to gain. Broadening and deepening the analysis of boy's and men's conditions and behaviours as well, is an important contribution to a more effective policy for gender equality, as well as for poverty reduction and for combating the spread of HIV and AIDS.

It is very difficult for individuals to *change social norms* and institutions by themselves. A deep awareness of the need for gender analyses in the design of policy, as well as a conscious endeavour to promote gender equality, are key elements for a government to be able to combat poverty and promote development effectively. Gender awareness leads to a more effective implementation of programmes and projects. It is important to note that men must also be included in the target groups for many initiatives that seek to promote gender equality.

A number of *areas* seem to be particularly *important*: equal access to representation in decision-making fora and equal access to resources and rights. A number of initiatives are required to achieve this. These include reforming institutions so that men and women have the same legal rights and opportunities. Active work is also required to ensure that customary rights are adapted to these. Collective and private services, for instance, location of schools and health stations should be designed in such a way as to promote gender equality. Moreover, economic development should be promoted to strengthen motivation for a more gender-sensitive and equitable distribution of resources.

Equality between women and men is also required when it comes to access to the means of production and opportunities to earn an income, in adapting the social insurance systems so as to meet both women's and men's needs, and with respect to strengthening of women's political influence and participation, by reinforcing their legal rights as well as by active measures.

5.2.4 Children's rights

In many developing countries, half of the population is under 18. The *situation of children* is a clear *indicator* of the development of a society and how these resources are managed and distributed¹⁴. The attitude to and treatment of children reflect a society's values and view of humanity in general. To a great extent, it is children who

¹⁴ Rindefjäll, 2001.

have to bear the consequences of the poverty of their parents and the society. The lack of resources, influence, security and education affects negatively the outlook for children's physical, mental and social development, while it increases the risk for violations, unfair treatment, exploitation, physical and sexual abuse. To combat poverty, it is therefore essential to define measures that aim at radically improving the life conditions of children.

Childhood is the period in life when people are most vulnerable and dependent on others for their survival and development. It is also the most intensively formative time of our lives. The human rights of children are therefore enhanced through the UN Convention on the Rights on the Child (CRC). Children are the most important resource for the future in every society. An increasing number of studies show that initiatives to implement the CRC are an essential *investment* in the development and *future* of society. Each state is responsible for promoting the child's best interests through legislation as well as measures and plans for the care and protection all children in the country.

The *Convention on the Rights of the Child* which came into force in 1990, and which almost every country has ratified has contributed greatly to putting the issue of children's rights on the political agenda. Mechanisms for following up the application of the Convention are in place internationally, and in most countries also at national level. A lot of work remains to be done, however, before the convention and its implementation can impact fully on children's conditions.

Some overall *principles in the Convention* serve as guidelines for how the Convention is to be interpreted and implemented. They can also serve as guidance in conflicts of interest and striking a balance between different rights. No child may be discriminated against. Children have the right to develop their potential. Furthermore, all decisions that affect children – not only those taken by public institutions but also by private actors – must be based on the best interests of the child. The Convention further safeguards children's freedom and self-determination and demands an emphasis on children's rights to make their voices heard on issues concerning them.

It is stressed in the Convention that parents have the *primary responsibility* for caring for, protecting and guiding their children, while the state needs to create adequate conditions for parents and other guardians to take care of their children. The state must also

be prepared to protect and support children when parents do not or cannot take their responsibility.

To implement the CRC, a *long-term national strategy* is required in each country that focuses on outcomes, processes and evaluation. This needs to be based on collaboration between different actors such as agencies, NGOs, and the media, not least at local levels, and in the context of children's daily surroundings. Schools can play a major role. Children's rights should permeate both the curriculum and educational methods as well as the school environment. Raising the issue of children's rights is a first important political stance. Reviewing existing legislation so that it is aligned with the CRC is the next step. The priority of the issue can be emphasised by introducing *impact analyses* for political and economic decision-making to assess the probable effects for children.

Governments and local boards should therefore develop forms for *listening to children* in connection with issues that affect them and take their points of view into consideration. Children also need to be aware of their rights, as do their parents, other guardians, teachers and other adults they encounter.

5.2.5 People with functional disabilities and their rights

People with disabilities are often among the *poorest of the poor*. The connection between deprivation and functional disability becomes clearer with the broader content and dimensions of the poverty concept; besides the lack of money and food, there is isolation, heightened risk, stigmatisation, vulnerability, and discrimination. People with disabilities often live isolated lives in an institution or more or less hidden away at home. They are often powerless, since they lack opportunities to attend school or to exercise political influence. They are also vulnerable due to their extreme dependence on care and rehabilitation services. An insecure income or none at all due to stigmatisation and discrimination in working life, naturally also results in financial poverty. The life situation for a person with a disability therefore includes a number of factors which in various ways increase the risk of impoverishment. Minimising these risks is therefore an essential part of combating poverty.

Women with disabilities in developing countries often encounter a triple discrimination. They are discriminated due to their low

economic status, their sex per se, and their disability as well. In many cultures, women are judged on the basis of their roles as daughter, wife and mother. When women with disabilities seldom can or are allowed to marry, and also cannot become mothers, their status is very low. They are discriminated against in most areas of society, such as education, vocational training, and the labour market. The same applies in the health sector. Correct care and rehabilitation is however, a basic prerequisite for other conditions and opportunities for people with disabilities.

Traditionally, functional disability is not infrequently associated with punishment, sin, and is therefore something that causes fear, shame and uncertainty. This often leads to *children with functional disabilities* being hidden away, receiving discriminatory treatment within the family or even being completely denied and neglected. In certain places, it is common for children to be put out on the street to beg, and they are deprived of both respect and the possibility of living a dignified life and of developing like other children. These children are often neglected by schools, authorities, culture and the media as well. The physical environment prevents children with disabilities from moving about freely, playing and meeting friends. According to the Swedish Organisation of Disabled Persons International Aid Association, only a couple of per cent of children with disabilities in developing countries have access to educational opportunities¹⁵.

People with disabilities are *not a homogenous group* but can be found in all parts of society, with different backgrounds and conditions. However, estimates indicate that the proportion of people with disabilities living in poverty is much higher than their numbers in the general population. With a rights perspective, the point of departure is the individual person with his or her needs and individual situation. Human rights are universal and apply to all people without exception. Since there are a lot of social, economic, normative, cultural and purely physical barriers that restrict the abilities of the functionally disabled to participate in and contribute to their own development, not all people are able to demand and fully benefit from their rights. To be able to speak of *everyone's* equal worth, dignity and rights, these obstacles must be taken into account and an attempt made to find solutions on the basis of how individual people perceive their situation.

¹⁵ SHIA, 2000.

5.3 Policies for economic development

An *economic policy to combat poverty* is a crucial prerequisite for a country's ability to reduce poverty. Economic growth, based on macroeconomic stability, an active redistribution policy and appropriate institutions are important parts of the design of policy. A policy that promotes growth is necessary in order to establish the favourable investment conditions in developing countries, which are in turn necessary for the generation of capital, growth and employment¹⁶.

In order to reduce poverty, both economic growth and better income distribution are required. In order to achieve the international development objective of halving poverty by 2015, Africa would, for instance, need growth of at least 7 per cent per year and a more even distribution of income. Merely preventing an increase in the number of poor people would require growth of 5 per cent¹⁷. In countries where there is great inequality, an active *distribution policy* including not only income but also the content of an integrated social policy, is thus important to speed up the reduction of poverty¹⁸. In many countries, targeted measures are needed to counteract socially based differences and inequalities in access to resources for example, through land reforms, by means of measures that increase the proportion of girls in school, and through microcredits for poor women. Individuals need support from society to escape from poverty. Increased prosperity requires improved access to work, credit, roads, electricity, markets for sales of products as well as access to education, sanitation and health services. Economic reforms that create conditions for these are crucial, but they must be adapted to local conditions.

As a consequence of the extensive economic problems in a number of developing countries during the 1980s, with severe balance of trade deficits, growing debt burdens, weak financial systems and rampant inflation, economic policy measures were prescribed towards the end of the decade that came to be described as "*the Washington consensus*". These measures, which were launched by the IMF, the World Bank and the American administration, included macroeconomic stability through low inflation, small budget and trade balance deficits, deregulation of capital markets,

¹⁶ World Bank, 2000b; Stern 2001.

¹⁷ World Bank, 2000a.

¹⁸ Razavi and Mkandawire, 2001.

and abolition of barriers to trade. In later years, the narrow focus of this policy towards economic stability has been called into question. Policy has been broadened to include other measures aimed at the creation of functioning markets, such as sound financial policies, institution building, the promotion of competition, educational initiatives, and technology transfers, etc¹⁹. The central and local government administrations which were impoverished and generally weakened under the policy of structural adjustment must also be reinforced so as to be able to control and coordinate the construction of the necessary infrastructure and services.

The *financial* sector, which comprises the central circulatory system of the economy as it were, is not up to standard in many developing countries. Poor people have been hit disproportionately hard by the consequences of national and international crises in the system. The crisis in South-east Asia in 1997–98 led, for instance, about 25 million people in Indonesia, according to the World Bank's calculations to fall back under the threshold for extreme poverty (one US dollar per day). To come to grips with the problems in individual countries, increased competition *inter alia* in the banking sector is required, as is the establishment of a financial supervisory authority and a stable currency.

Financial crises and various *economic shocks* hit poor people the hardest. To counteract this, a sustainable economic policy and a robust financial system are required in combination with measures to limit the damaging effects of swift, short-term capital flows when the economic system is opened up to the surrounding world. Financing of measures targeted at the poor must be ensured during a recession. Social safety nets that protect individuals in the event of sudden changes and cyclical downturns in the economy must be available or be created. A combination of measures can also be required for risk management at local community and household levels, for instance, micro insurance programmes, expansion of public works, food programmes, and funds for local projects.

5.3.1 The business sector and the labour market

Development of the local *business sector*, the public and private sectors, is fundamental for the economic growth of the country and thus for reducing poverty. The majority of the world's poor

¹⁹ Stiglitz, 1998.

must earn their livelihood in the private sector. With a view to stimulating the business sector and private investments, the state should strive for a stable, macroeconomic policy, favourable investment conditions, a sustainable financial system and a distinct and open business climate²⁰. Furthermore, a determination to fight corruption is required, as is assurance of access to loans. Moreover, transaction costs to reach domestic and foreign markets must be reduced by, for example, investment in well-functioning infrastructure, whereby access to energy, transport and telecommunications (for instance, the Internet) is secured.

In order to achieve economic growth, the necessary private investments must be complemented by *public investments* in, above all infrastructure, communications, health care, and education. In order to reduce poverty, investments should to a greater extent be targeted directly at the poor. It is of great importance to reinforce quality of service provision and in this context, the influence of poor people over key functions in society such as health care and education.

A well-functioning *labour market* is also an important prerequisite for the development and effective operation of a country's business sector. Understanding and agreement between parties in the labour market is very important for the development of production and commerce, as well as for distribution of the results of production. Competent employee and employer organisations are moreover required to ensure the rights of employees in working life, and to ensure that respect for human rights is maintained. An active labour market policy should also be a priority and should include vocational training, employment agency activities, and development of the infrastructure of the labour market.

The informal sector, i.e. production outside of the formally registered entrepreneurial activities, accounts for a significant portion of production and employment in many developing countries. Local small-scale entrepreneurs often find it difficult to obtain ordinary bank loans at the same time as the microcredit schemes introduced recently are primarily targeted at smaller projects and not intended for small-scale industrial operations. The introduction of so-called *minicredits* as a complement to microcredits for encouraging the development of small-scale entrepreneurship can be an extremely effective instrument.

²⁰ Vlachos, 2001a.

To achieve growth, local economies also need to be expanded so as to link into *regional and international markets*. In order for a nation to be able to benefit from export income in terms of poverty reduction effects, well-functioning institutions are also required that promote growth and that also share in the responsibility for distribution policies in the society.

It is generally accepted that developing countries derive great benefit from foreign *direct investments*. Besides providing the scarce commodity capital, these investments are accompanied by access to new markets and to new production technologies, and also provide domestic workers with new opportunities for training and education. The assessment of foreign portfolio investments is a more controversial issue. Rapid capital movements not only increase access to capital in a country, but also increase the risk for a fast outflow of capital. In order for developing countries to be able to benefit from financial globalisation, without being exposed to enormous risks, cautious deregulation at a carefully considered point in time is nowadays advised²¹.

5.3.2 Information and communication technology (ICT)

Well-functioning infrastructure and access to telephonic and data services are increasingly held to be decisive factors for economic, social and cultural development. Those who lack electricity and connection to the Internet are marginalised already from the start. The rights of citizens to search for, receive and spread information must be ensured. Great potential lies in increasing the knowledge of poor people, as well as the efficiency of a wide range of activities through *information and communication technology* (ICT). The internet can be used to improve educational opportunities (by correspondence courses), health care, increase the participation of people in democratic processes, improve the services provided by the authorities, etc. Internet can also be used to disseminate information about e.g. market prices for crops and agricultural inputs, to spread knowledge of effective methods of cultivation and access to food, to warn about crop diseases, and inform about opportunities for employment, weather conditions, disaster plans, legal rights, etc. In a gender equality perspective, ICT can eventually create more new opportunities for employment for women who

²¹ Jordahl, 2001.

must work from or near their homes, and thereby change their conditions of life in developing countries. A functioning ICT infrastructure will also be required to attract the international business sector and foreign direct investments²².

The *introduction* of ICT is made *more difficult* by a number of factors such as inadequate infrastructure, (including lack of electricity), high telecommunications costs, poor regulatory frameworks or the complete lack of them, and shortages of trained and capable labour power. Telecommunications operators generally do not seem to consider telecommunications in rural areas to be profitable. The predominant attitude is that subsidies are required, even if the demands for rural investments are part of the commitments undertaken in order to be granted licences. The slow expansion in rural areas also is due to existing business models, which are often based on the operator owning a large part of the network, a perception that contributes to excessively high investment costs and unsuitable forms of distribution from the point of view of rural coverage and poverty reduction. Extensive investments are undeniably a prerequisite for a majority of the population to obtain access to information technology. The development of business models and new technology should therefore focus on finding innovative forms for low-threshold effects and broad sharing of risks, short lead times and a rapid increase in the number of users, as well as increased entrepreneurship and more flexible customer solutions.

The potential for telephonic and internet services is considerable, but to some extent *other forms of distribution* are required than those targeted at individuals and enterprises. The reality of poverty means that only a few can afford to subscribe to ICT services at present, and that profitability therefore cannot be achieved in the short or even medium term. A new form of distribution which has emerged is so-called micro operators, i.e. small local operators which carry out their operations close to their customers and which finance local telecommunications networks based on small-scale technical solutions²³.

A development where knowledge and continuous new information are becoming increasingly important production factors also opens up opportunities for a democratisation of society. The task of society is to render the *development of knowledge* and collection

²² Glimbert, 2001.

²³ Glimbert, 2001.

of information possible, *inter alia* by enhancing access to information by means of modern technology which is available even to populations in the rural areas.

In conclusion, *ICT strategies* thus need to be developed, the national telecommunications companies deregulated and modernised, at the same time as access to telephonic and computer services must be increasingly improved for the entire population²⁴.

5.3.3 The role of trade and trade policy

International trade can be a *powerful growth factor* and an important source of foreign financing for development²⁵. An open trade regime and increased commerce contribute to creating a competitive pressure in the market. A dynamic process is initiated that leads to increased efficiency, productivity and growth. A number of empirical studies²⁶ point to a clear correlation between a country's openness and its economic growth. Through trade, a country can benefit from cheap imports, which favours the individual citizen as well as producers in need of input goods. Through exports, the country gains access to its own financial resources, which can be used for development efforts. Barriers to trade and high tariff barriers tend, however, to conserve trade relations between countries. The potential that exists in the form of increased trade with neighbouring countries is consequently not realised.

At the same time as a relatively broad agreement exists around the correlation between the openness of a country and its growth, there are different opinions about the effects on poverty. Policy must compensate poor people who are affected by *adjustment costs*²⁷. Growth policy must therefore be combined with redistribution. In order for trade to produce the desired effects, it should form part of an overall strategy for development and poverty reduction. Economic policy overall needs to be in order. Increased openness and liberalisation of trade policy entails that trade-related income from, e.g., tariffs, be reduced and instead be replaced by other sources of income, such as value-added tax and income taxes. An incorrectly determined exchange rate, a strong dependence on

²⁴ See Accasina 2001a and 2001b for a detailed discussion on how the new Information and Communication Technology can be used.

²⁵ Jordahl, 2001.

²⁶ Nordström, 2000.

²⁷ Winters, 2001.

tariff income to finance parts of the state budget and barriers to establishment are examples of policies that make it more difficult to benefit from the global market.

The *institutions* of developing countries often have weaknesses in terms of their ability to handle exports and imports. Customs procedures are often unnecessarily complicated, and thereby allow ample opportunity for corruption. Knowledge of what is required in order to operate successfully in international markets is insufficient, as of course is experience²⁸. Sweden and the EU can also make a contribution here by communicating more effectively the rules that apply to the European market.

A development of the *local, domestic and sub-regional markets* would be a logical step on the way to being able to increase international trade. An expanded infrastructure and the observance of the rule of law are some of the essential prerequisites for national and foreign investors to dare to invest and for trade to be possible.

Trade policy in the majority of developing countries has to a great extent been focused on the relationship between developing countries and the rich countries. However, about 40 per cent of the exports of developing countries go to other developing countries²⁹, despite the majority of trade barriers for their exports being in these other developing countries. Development in the medium-income regions (Latin America, the Arab world and South-east Asia) has been hampered by the protectionism that hinders trade between neighbouring countries, and thus makes difficult the emergence of *regional markets*. Even in the low-income regions (South Asia and Sub-Saharan Africa), regional trade has been hampered by extremely high tariff barriers. It is important that the ongoing reduction of the tariff and customs levels of developing countries continues, since the general problem is that the volume of trade is too small and it is almost entirely absent in the poorest countries.

Regional collaboration is also important for developing increased competitiveness and for creating strong institutions. Building alliances also strengthens a country's own voice in trade policy contexts. Countries also need to build up the necessary capacity for policy formulation and the identification of their own specific trade policy interests. With a stronger national trade policy, a country can better safeguard its interests in the multilateral trading system.

²⁸ Arhan, 2001.

²⁹ World Bank, 2002.

Negotiating capacity and resources are required, however to participate in international meetings as well as knowledge to implement measures.

The share of trade of the *least developed countries* has fallen from slightly over one per cent twenty years ago to around a third of a per cent today. Only a couple of promille of the world's total investments have been put into this group of countries in recent years. The participation of these countries in the international trade system is also extremely marginal. Reasons for this situation include lack of trade policy expertise and difficulties in producing goods that are competitive on the world market³⁰. Moreover, the practical consequences of the WTO agreements are associated with high costs, including those needed to build up or reform national legislation and the exercise of authority. In addition, countries are affected by the large number of barriers to trade that developing countries generally encounter³¹, even if the least developed countries through *inter alia* so-called concessional or special measures and preferential arrangements have the possibility to obtain exemptions from these barriers and have also done so.

Many countries have established *free-trade zones* with the intention of developing trade and the business sector. According to OECD, there were approximately 850 such zones in the year 2000 (excluding China which has several hundred zones), an increase from approximately 500 in 1996. In all, approximately 27 million people are employed in these zones. More than two-thirds of enterprises in the zones are locally owned or are joint ventures with local and foreign ownership. In the majority of zones, national legislation applies although there are exceptions, in for instance, Bangladesh, Pakistan, and Panama. Many zones attract foreign investors with productivity-increasing training programmes for employees. Wages tend also to be somewhat higher in the zones than average levels in the host country, while labour legislation and Codes of Conduct for employers are on the other hand often set aside.

³⁰ Arhan, 2001.

³¹ de Vylder et al, 2001.

5.3.4 Unmanageable burden of debt

A number of poor countries are encumbered with high debt burdens which in some cases clearly are unmanageable. Mechanisms have existed for a long time to deal with bilateral public and private claims, as well as development-assistance related claims. It was first in 1996 that the claims of multilateral bodies were also covered by a *system for debt relief* for the poorest countries through the so-called HIPC initiative (Heavy Indebted Poor Countries). This initiative identifies 37 countries that suffer from an unnaturally high debt service, i.e. interest and amortisation payments on the principal portion of loans. Countries have such a high burden of debt that debt servicing leaves no room for essential investments and public expenditure for economic development, and thereby for combating poverty. A number of the countries in question are moreover presently in or have just emerged from an armed conflict.

The purpose of the HIPC initiative is that a country should achieve a *manageable level of debt*³² that is sustainable. The intention is that all involved lenders, i.e. the international financial institutions, the Paris club³³, other bilateral and commercial creditors, should together come to grips with the debt situation of a deeply indebted country. Each should then bear responsibility for its share of the HIPC countries' debts. The intention is that poor and debt-burdened countries that pursue a sound economic policy should regain a manageable debt situation.

During 1999, this *initiative was enhanced* through the lowering of the level at which manageable debt should be. In this way, more debt burdened countries could gain access to larger debt relief funds than previously. This enhancement also meant that debt relief is now granted more quickly while the link between debt relief and combating poverty has been emphasised.

Debt relief shall also contribute to clearing up a situation where debt service is so great as to prevent investment in other essential

³² at is meant by a manageable level of debt is determined in the individual case by a joint analysis carried out by the debtor country, the IMF and the World Bank. A criterion that suits most debtor countries is that the total extent of debt is not to exceed 150 per cent of the annual export income. Countries with a large share of export trade can be under this limit if their export in proportion to GDP is 30 per cent or higher and the size of central government revenue in relation to GDP is at least 15 per cent.

³³ An unofficial association of 19 high-income countries which permanently renegotiate their bilateral public claims. Sweden has been a member of the Paris club since it was established in 1956.

areas such as education and health. Funds which are released when debt relief is granted are to be channelled into *combating poverty*. National poverty strategies are intended to describe how this is to take place in each individual case. However, there is a risk, according to UNCTAD, that the expectations on the effects of the HIPC initiatives will be too highly pitched in terms of what it can contribute to growth and poverty reduction³⁴. A number of independent organisations argue moreover for swifter and more radical debt relief.

HIPC is a means and a possibility for poor and debt-burdened countries to permanently overcome their unmanageable debt situation. A basic prerequisite for this is, however, that the reason for the original debt situation is addressed. It is not only the size of the debt that is crucial for how the economy of the country develops, and for possibilities of combating poverty. *Debt manageability* is rather a function of sound economic policy, as well as of the use of concessional resources, direct investments, development of export markets, poverty reduction, debt management capacity, etc.

Debt service is one of many flows in the government budget and external balance. Combating poverty and development is achieved with the help of a number of financing instruments where debt write-off is one among many. *Loan financing*, correctly handled, is an important instrument in a country's development efforts. Thus, the ability of poor countries to manage their loans must be considerably improved, and their ability to obtain access in the first place to loans from the international financial institutions and eventually also from the capital markets must be strengthened.

As of August 2001, a total of 23 countries had reached the point of decision under the terms of the debt relief initiative. Three of these countries (Uganda, Bolivia and Mozambique) have reached the final point in the process, and now are thus receiving debt relief for the whole of their debt.

5.3.5 Agriculture and food security

The UN agricultural and food organisation, FAO, estimates that 815 million people are chronically *hungry and undernourished* in the modern world³⁵. They lack sufficient food to live an active and

³⁴ Andersson, M, 2001c.

³⁵ FAO, 2001.

healthy life. The countries of the world have agreed on the goal of halving the number of those starving by 2015. However, FAO has noted that if the reduction of the number of undernourished people continues to reduce at the same slow rate as to date, then almost 700 million will still suffer from chronic hunger in 2015. It will take 60 years to achieve the sub-goal of a halving. UN's international agricultural fund (IFAD) also has noted that higher priority must be given to the rural and agricultural population if the poverty goal is to be achieved and world poverty halved by 2015³⁶.

The *right to food* is an integral part of our civil, economic, social and cultural human rights. Based on current population forecasts, combined with a reasonable increase in food consumption per capita, in principle a quadrupling of global food production would be needed in the next 40 years.

In a development perspective, it is necessary to focus on the issues that concern obstacles to the development of agriculture. In many developing countries, agricultural development is clearly one of the best ways to abolish poverty and hunger³⁷. Of the developing countries total GDP, agriculture accounts for about 25% , and in many of the poorest countries for considerably more. A rise in standard of living with increased quality of people's nutritional intake requires improved conditions for the agricultural sector in developing countries. Changes in the policy environment and reliable access to cultivable land are crucial for the ability of small-scale farmers to increase their productivity. In many countries, land reforms are a prerequisite for increasing food production and making production more effective. Agricultural infrastructure must also be developed with better roads to improve access to markets, and improved opportunities for adequate storage of goods. Improved technology is also required, as is better access to agricultural input goods that are developed with the actual production terms and conditions in mind. A prerequisite for increased production is that investments in agriculture can be made profitable³⁸. Access to credits needs to increase and the institutions that work with agricultural research and advisory services must be endowed with more resources.

In the liberalisation of a trade regime in a country, the fact that lower prices on imported agricultural products can negatively affect

³⁶ IFAD, 2001.

³⁷ Andersson, M., 2001a.

³⁸ Fahlbeck and Novell, 2001.

domestic food production, and can contribute to a changeover to cultivation of crops for export exclusively, must be taken into consideration.

A major proportion of research and development efforts within the sector of agriculture and food production is today mainly in private hands in high-income countries, and within fewer and increasingly larger food industry companies and cartels. *Research* is needed on how agriculture that is ecologically sustainable in the long term with regard to use of natural resources is to be developed and managed. Not least, attention must be given to the productivity of small-scale agriculture in low-potential areas. Research should also be focused on naturally occurring (wild) and traditionally cultivated plants and crops. The ability to withstand drought is a prerequisite for agriculture in a number of regions. Development must take place taking the environmental consequences into consideration. Research is needed on better cultivation methods, and on high-yield crops that require fewer and non-toxic biocides and pesticides, that are better adapted to the environment, and that can withstand drought. Such research can lead both to an increase in productivity and to enhanced protection of the natural resource base.

There are thus serious *natural obstacles* to the development of agriculture. Large portions of the world's agricultural production takes place in areas with falling groundwater levels, a phenomenon that is related both to agricultural methods and climate change effects. A majority of the population of the world will in future live in areas with poor access to water. Most countries affected by drought are among the poorest in the world. The drought problem is sometimes combined with soil erosion, torrential rains, and flooding problems. The rain that does fall may be abundant calculated on an annual basis, but it only falls on a couple of occasions per year.

The majority of the population in the rural areas of developing countries lives by means of *subsistence production*, and is more dependent on what nature yields than the GDP of the country. An important component in working against poverty is thus to strengthen the natural resource base, by the planting of forests and trees, soil conservation measures, development of freshwater resources, and protection against the incorrect exploitation of marine and coastal resources.

In addition to the factors mentioned, the main reason for the development problems of agriculture in the poor countries is to be sought in two other factors: lack of educational opportunities and lack of power.

A considerable portion of the *educational interventions* in developing countries has been and continues to be focused on the implicit assumption that young people shall be able to leave the rural environment. This may be necessary in fact, but so far too few educational inputs have been focused on developing knowledge and competence in agriculture. This applies both to educational initiatives and to production methods, to the development of methods and refinement opportunities, and to the identification and understanding of ecological correlations that are necessary for a sustainable agriculture.

There are far too few instances of the development of *refinement industries* for food products in developing countries. Production and the economic results are due *inter alia* to the distance to the market, the organisation around procurement, distribution and to access to resources for marketing. Prices are often kept down by national state regulations on domestic production, national purchasing monopolies or by the producers' general powerlessness in a weak or uncertain market. This means that the majority of farmers in developing countries receive far lower prices than the world market prices for the same goods. Moreover, differences between producer prices and the higher world market price have been steadily increasing during the past several decades.

A fundamental element in sustainable rural development is legally protected access to cultivable land, water, credits, information and technology for the benefit of the poor³⁹.

Agriculture in developing countries is characterised also by *unclear ownership conditions* and uncertain tenure rights to land and other resources, which inhibits the will to improve production methods. This means that increased production and higher yield is often eaten up by increasing lease rents or more seriously – an absentee owner or someone else taking over the land. Agricultural reform is therefore a key power and democratic issue for farmers.

The situation is particularly serious for women in rural areas. Their number is estimated at 1.6 billion, and they represent more than a quarter of the world's population. Women play key roles in

³⁹ Madestam, 2001.

managing natural resources, and produce more than half of all food in developing countries- up to 80 per cent in Africa and 60 per cent in Asia. However, women own only 2 per cent of the land and receive only one per cent of all agricultural loans.

The situation is so serious that agriculture in many countries produces less and less for sale and increasingly more often only for the family's subsistence. The result can be easily seen in, for example, many African capital cities which are dependent on an extensive *imports of food*, despite the country in question having a considerable food production potential.

The countries that have best succeeded in combating famine and undernourishment have made greater investments in agriculture than other countries. However, among the countries that have been affected by increased hunger and undernourishment, none have increased the investments put into agricultural development in recent years.

The population in the rural areas are among the most *powerless people*. This is particularly evident in Africa. Political and economic power are concentrated in the capital cities and other urban areas. The rural population which in developed democracies would have a great influence by virtue of its numbers and the significance of its production, lacks this in authoritarian and often corrupted countries. Traditions of political and economic interest organisation are often lacking, and where they exist, they tend often to be co-opted or hijacked by the state for its own purposes of control.

5.3.6 Urban development

At the beginning of the new millennium, almost half of the world's population lived in cities, and this percentage is expected to increase. This is partly a result of migration but also of natural *population growth* in the cities. While the nativity of women in cities is falling, the population tends to be younger in these than in rural areas. During the first fifteen years of the new millennium, cities in developing countries are expected to increase by 907 million inhabitants while the increase in the countryside is limited to 165 million. Africa is the fastest urbanising part of the world. There cities are expected are to increase by 3.5 per cent annually⁴⁰.

⁴⁰ UNCHS, 2001.

The world is thus confronted by a period of extensive urban expansion and development, and there is a low level of preparedness for this. In the poor countries, the *finances of the cities* have greatly *deteriorated* in the 1990s, and the physical infrastructure such as streets, waste management, energy supply, etc. has decayed. The cities are in many ways the motor for development, and thus are very important for the surrounding rural areas. A non-functioning infrastructure is a great obstacle for economic development.

Poverty in the cities of the world has worsened although it is difficult to say how much, since its extent has been systematically underestimated⁴¹. Poverty measured in money does not take into account other entirely different kinds of *living costs* that the urban population has as opposed to those for most rural dwellers. For instance, poor people in the cities often pay large proportions of their income for water, fuel and housing. Understanding the characteristics of the urbanisation process and urban poverty is of great importance since it affects the lives of so many people⁴².

Uncertainty and *risk* are important aspects of poverty. An income-based poverty criterion does not take into consideration uncertainty and risks neither with regard to income nor to living conditions. Poor urban citizens generally have no resources to fall back on in the event of food shortages. Many poor people live wholly without security of tenure of their housing and can be evicted without notice.

The urban population is clearly hard hit by *economic crises*. During the crisis in Mexico in the mid-1990s, interest rate was increased so much that, through their housing costs, the heavily indebted middle class rapidly became poor. Likewise, the crisis in Asia in the 1990s, affected poor urban dwellers worst⁴³.

In many cities in developing countries, half of the population is under 18 years of age. With *insufficient education* and without work, but well aware of other groups' welfare both locally and globally, many young people end up in life situations characterised by criminality, drug abuse and violence. Violence involves fear, insecurity in all respects, and restricted freedom of movement for the urban population, in particular for women and girls, who are often the victims of sexualised violence. Violence can also be

⁴¹ Johansson, L., 2001.

⁴² Bruér, 2001.

⁴³ UNCHS, 2001.

mobilised for undemocratic political actions. The risk of being victims of violence is highest among the poor, although a high level of violence affects everybody in a city, and is also a serious competitive disadvantage in terms of being a factor that prevents foreign interests from investing in the country. It is above all city inhabitants who are poor that are exposed to *environmental risks* with potentially disastrous consequences. A symbolically charged instance is the landslide at Manilla rubbish tip in 2000 which buried buildings and took the lives of over five hundred people. Inhabitants of city districts which are situated close to polluting industries tend also to be poor. Poor people have little or no choice about where they live. Dense housing combined with a lack of sewage and adequate drainage and other sanitation facilities and services are further health risks. In poor urban districts, inadequate sanitary conditions are overriding features of people's lives, with open drains, lack of access to safe water, and houses that are infested with vermin. Traffic as well as burning coal and wood make the city air polluted and unhealthy to breathe. Traffic injuries lead to disabilities, as does overcrowding and poverty-related conditions such as malnutrition and injuries resulting from work in low-paid, high-risk manual jobs.

In the cities, gender-specific power relations can change quickly, which opens new opportunities for *women* to participate in the life of the community. However, changes do not always take place in a way that takes women's needs and wishes into consideration. Everywhere in the world, households led by women are over-represented among the poor. Housing is, particularly for women, a basis on which to build strategies for income-producing activity combined with a home and care for children.

The fast-growing cities with shortages of land and buildings have seen the emergence of widespread *corruption* in the land, property and construction sectors. The property market often serves in many areas as money laundering. Unclear ownership relations usually lead to deficient maintenance of property. Refurbishment of buildings often risks resulting in people with more resources moving in and poor people moving out. Few administrations, licensing boards, etc., have been able to keep an even pace with the growth of the shanty. One consequence is that unplanned, precariously erected shantytowns expand.

Security and good quality in housing are a basis for people's ability to fully function as productive citizens and as householders,

parents and family caregivers. Functioning title deeds, right of tenancy, and protection against eviction can improve the situation, but for tenants living in overcrowded housing and for lodgers, shanty town dwellers and the homeless, only more and better housing can eventually rectify the situation.

Urban poverty reduction means first and foremost the creation of *opportunities for employment*. Many employees work in insecure conditions without union rights and in a poor, unsafe working environment. Running their own business or being employed in the so-called informal sector are often the only possibilities of earning an income. The need for urban development assistance has been undervalued although more and more attention has been given to this kind of assistance in recent years⁴⁴.

The UN Habitat Agenda of 1996 provides guidelines for how work on *improving cities* is to be carried out. The declaration from the follow-up conference in 2001 reaffirms the commitments, and points to conditions that have constituted difficulties in working with its implementation, including refugee streams and natural disasters. The declaration also repeats the necessity of mobilising the urban population, and particularly women for participation in public processes. There are good examples of innovative solutions that are based on schemes whereby cities and municipalities together with inhabitants and civil society organisations arrange services such as waste management, but in general there is a very great need to develop and expand competence in city planning and municipal administration.

5.4 Environmental policy

The essential economic growth must take into account the restrictions set by natural surroundings and resources. Every sustainable strategy for fighting poverty must take into consideration the *environmental and natural resource* aspects. It is therefore crucial to try to identify and include these linkages in analysis and decision-making.

In practically every country, it is the poorest people who are hardest hit by pollution resulting from both local and global environmental changes. Poor people live often directly from natural resources, and in areas which are marginal or otherwise fragile

⁴⁴ Kamete, et al, 2001. Tannerfeldt, 1995, Danida, 2000.

and thus *vulnerable to environmental degradation* or exposed to different kinds of pollution.

Environmental problems in themselves are often an obstacle for reducing poverty. The poor have their life conditions deteriorated by environmental degradation and yet have the poorest possibilities of counteracting the effects of e.g. pollution themselves. This also applies to the growing number of poor in the cities of developing countries. Rapidly increasing urbanisation leads to people often living in a directly hazardous or even lethal life environment.

Poverty can also give *rise to environmental degradation*. Examples of this are soil erosion, overgrazing, vegetation impoverishment, deforestation and destruction of marine and coastal environments. There is often a vicious cycle or a downward spiral, whereby over-exploitation of natural resources leads to increased poverty, which in turn leads to an increased tendency to overexploitation.

However, it is not the case that a reduction in poverty automatically solves environmental problems. Economic growth for the great majority of countries, of the type that has occurred in the industrialised world, has to a greater extent been a *threat to the environment* than it has comprised a solution to the problems. The rich countries have contributed to creating a large part of the pollution in the developing countries. Emissions of greenhouse gases in the atmosphere, dumping of chemical wastes, export of prohibited biocides and pesticides, over-fishing of the seas and import of cheap tropical wood are some examples. Developing countries risk being harder hit by climate changes and increases in the water level, which are foreseeable consequences of the greenhouse effect, caused above all by the high-income countries.

We must aim for sustainable development in and for all countries, where the environment is taken into account in all respects, regardless of our respective levels of poverty. One of the positive consequences of the close linkages between environment and poverty is that the environmental investments in many cases are synonymous with investments in development for the poorest. Another conclusion is that the protection of the environment is not something that poor people and countries can put off worrying about until such time as they have overcome their poverty.

General, overall conclusions such as those summarized above are however insufficient if we want to do something about the problem of environment and poverty. The *analysis* needs to be developed in more depth and detail at local levels. The exact connections

correlation between environment and poverty varies greatly for different environmental problems, in different geographical areas, and for different groups in society, as well as for men, women and children in these groups.

The best way of strengthening the poor in rural areas is via *investments in natural capital*, i.e. soil conservation, afforestation, development of water resources, etc. Poverty can also be and often is associated with poorly defined ownership rights and weak public institutions to identify and deal with environmental problems. There are examples of interventions that improve the living standard for the rural poor so that they have the opportunity to make more long-term decisions. Through insurance schemes and better access to microcredits, farmers do not need to keep such large herds of livestock as would otherwise be the case. The long-term effects can be more difficult to survey in the case of other interventions. For example, it is still an open question how far the “green revolution” should be pursued with improved seed, gene modification, and control of the ecological environment. This has contributed to increased harvests, in particular in large-scale farming, although the high-yield monocultures have also led to increased demands for irrigation and the use of pesticides and insecticides, which in turn entails critical ecological risks⁴⁵.

A policy that aims at promoting *sustainable consumption and production patterns* and protecting the natural resources on which economic development is based creates a good basis for a sustainable poverty strategy which also takes future generations into account. The challenge lies in an economic growth of proper quality without negative effects on the environment, through, e.g., increased investment in “green technology”. A strategy for sustainable development is required to achieve this. The commitments made at the UNCED Conference in Rio (1992) to produce national strategies and local action programmes for sustainable development can serve as operational instruments for priorities in individual countries.

All countries must analyse and prioritise the actions and measures that need to be taken to promote *sustainable development*. Administrative reforms, regulations for use rights, and a combination of modern and traditional technology are measures that should be able to be used. Other examples of political measures

⁴⁵ Segnestam, M, and Sterner, T., 2001.

and instruments of control that can favour sustainable development are:

- clear and recognised rights of ownership and use
- better education on ecological and economic contexts and connections
- improved opportunities for loans, saving, insurance and pension systems
- development of institutions and of capacity-building
- restoration of ecosystems that have been destroyed by salinification, deforestation, overgrazing and other forms of degradation of the environment
- elimination of incorrect incentives (such as subsidies to large-scale agriculture) and setting prices and tariffs (on electricity and water, for instance) that take into consideration long-term environmental consequences
- implementation of environmental impact assessments which also include social and gender aspects, for all projects.

5.4.1 Environment-friendly technology

The rapid economic growth in many developing countries in recent years has accentuated the need for environment-friendly or “green” technology⁴⁶.

To date, *infrastructural investments* have mainly concerned roads, often in the rural areas. Given the high rate of growth, imminent infrastructural investments will be of another and more long-term binding nature such as railways and transportation systems for use in urban areas. At the same time, energy consumption is increasing, both for industrial and private use. Altogether, many fast growing developing countries are on the brink of facing the great challenge of choosing energy solutions and infrastructure that must be wholly compatible with an economic and ecologically sustainable development. Four areas of technology should be particularly noted: energy, transport, water and waste.

As regards *energy*, it is expected that sales of energy-intensive, durable consumption goods will increase greatly. Renewable sources of energy (wind, sun, water) represent a good solution for smaller communities and isolated households. At present, however,

⁴⁶ “Green technology” refers to technologies that can be combined with ecologically sustainable development.

the economic incentives to replace oil with biofuels are poor, since the environmental impact of the use of oil and other fossil fuels is seldom taken into account in setting price levels.

By not taking into consideration the environmental consequences of a specific investment decision, serious technical lock-in effects can be incurred in the future. Environment-friendly technology is available in the energy sector although for it to be made use of, knowledge of the problems and possibilities associated with their use must increase, and active measures must be taken at an early stage to incorporate the long-term benefits of such technology.

Organising functioning systems of *transportation* for people and goods is one of the great challenges that developing countries are confronted with. Functional transport systems are a prerequisite for continuous development and progress.

Green technology aims at reducing the quantity of *waste* both at the source and after use. Also here, long-term and relatively expensive investments are required to deal with the problem of waste management in the long-term. How waste issues are dealt with often directly affects water quality in many countries. Environment-friendly technology can contribute to safeguarding existing water resources by reducing the use of *water* needed for production and private consumption, and by making treatment processes more effective.

In the short-term, conventional technology is often cheaper than green technology, which on the other hand, reduces production costs in the long-term in addition to being environment-friendly. The difficulties often lie, however, partly in evaluating environment-friendliness monetarily, and partly in tackling the large initial investment expenses that new technology is often associated with. Better functioning capital markets and more information are required to overcome these problems. For example, the new technology requires that the financing of projects is more long-term than earlier.

A crucial factor in the spread of *new technology* is that a country's government works actively for long-term sustainable economic development. Furthermore, know-how and institutional rules of play in development have an important role. The establishment of environmental and energy authorities can have the dual effect of retaining competence in the country and also of clearing the way for the new technology. Since there are many developing

countries that are about to expand their transport and energy supply systems, these system choices will have considerable environmental impact for the whole world. Thus it is in everyone's interest to identify sound financial and technical solutions that make it possible for developing countries to adopt environment-friendly technology without incurring exorbitant costs.

5.5 Social development policy

Sustainable poverty reduction requires and entails social development processes. Economic development is not a goal in itself, but a prerequisite for achieving social development and increased overall quality of life. A country's social policy should make it easier for people to satisfy their social and economic needs as defined by themselves. The policy should therefore concern people's ability to earn a livelihood and their quality of life, as well as solidarity concerns and an equitable distribution of resources.

It is through social policy that society's solidarity with those who are weaker and more vulnerable is ultimately put to the test. In a period of *rapid and extensive structural changes*, among other things due to globalisation and its effects on the lives of individuals, an active social policy and effective safety nets are needed more than ever. Families are fragmented, local communities impoverished, and many need extra support to be able to take care of their children, the elderly and people with disabilities. In the majority of developing countries, governments lack political and institutional prerequisites as well as experience and know-how to take on this responsibility. In addition to an undeveloped system of tax collection, many developing countries lack the administrative capacity to reach out to the whole of society. Moreover, preferential policies have often led to special solutions for and great differences between various regions and parts of countries. In recent decades, when a trend towards selective welfare systems has been predominant, and has gone hand in hand with privatisation, the previous rudimentary social systems of the developing countries have been further undermined. Many people are left wholly reliant on the resources and goodwill of their families and local communities.

Social insurance systems for added security in the event of illness, childbirth, unemployment or accidents at work, disability or old age are a necessary component in poverty reduction. Today, it is

necessary to move from crisis-related safety nets to more permanent, sustainable and redistributive social security systems. Systems that are based on formal employment function poorly today in most developing countries since so many people work in the informal sector. General systems that provide basic protection for all citizens or inhabitants, and that are based on extraction of taxes probably have a greater potential to promote development and serve as a contributing factor in the fight against poverty. In large parts of Eastern Europe, the social security systems that were built up in the workplaces have been dismantled and must now be replaced by general systems.

Pensions and insurance should come increasingly into focus for poverty reduction in the next few decades. The privatisation of pension systems has often proven not to live up to expectations of increased competition, reduced costs and increased saving. Moreover, such schemes tend to disadvantage women⁴⁷.

Social policy in many developing countries is often based on a notion of charity in which respect and protection for the human rights of individuals are limited. The poorest of the poor often not only lack material support and care from society, but are also subjected to harassment from the police and authorities. Street children are sent to institutions for vagrants or to prison, and not infrequently are abused and exploited. Families become homeless when bulldozers sent by the authorities demolish their homes of cardboard and plastic. Women who have already been exposed to the trade in human beings are not infrequently subjected to rape and assault by the police who are supposed to protect them. There is therefore a widespread need to ensure an awareness of human rights, and that social responsibility is taken by the legislative and executive authorities.

Different *social support programmes* for needy groups and people are seldom guided by a systematic social policy or clustered together under e.g. a department for social services. Projects and programmes under state or private management are often poorly coordinated. Coordination and a clearer division of roles and responsibilities between authorities and civil society actors are thus sorely needed.

Some examples of current pressing issues are as follows: Building up a functioning system of *public records and registration* is a pre-

⁴⁷ Razavi and Mkandawire, 2001.

requisite for effective social policy. Today, many countries are also working with the registration of births. The absence of registration means today that many people do not have access to health care and education, do not have the right to housing nor are able to move about freely. This particularly affects refugees, migrants and minorities.

The state's main response to people in need of custodial or other kinds of care has been *institutional services for special groups*, for instance, for people with disabilities, mentally retarded or emotionally challenged individuals, orphans or criminals. These facilities have often been characterised more by a spirit of preventive or custodial detention and penalisation rather than human or rehabilitative care. Along with increased understanding for the individual's right to respect and development, alternative forms of family support or foster families are now gradually being tried.

While *social work* is beginning to be recognised as a profession, a corps of social workers is slowly being built up in many developing countries, not infrequently as a result of different development assistance inputs. Today, there is a great need for capacity-building among public servants and authorities, and in service institutions such as schools, health clinics, prisons and the police.

Demographic conditions affect the opportunities for poverty reduction, security of food supplies and a good environment. Rapid population growth can cause the situation to deteriorate, and can contribute to a downward spiral where these conditions continually worsen. In order to avoid this, well thought out, carefully considered political decisions are required that will affect population growth and that will promote economic growth, the increase of resources available for the provision of education and health care services for the poor, as well as the creation of incentives for agricultural development. Improvements can thereby be achieved in the context of population which mean that children to a lesser extent are used as labour power, that women's position is strengthened and that the demand for reproductive health care increases. Economy and demography can thereby be seen as convergent and closely interacting forces, which together affect and are affected by political decisions and the institutional structure⁴⁸.

⁴⁸ Alfvén and Sundstrom, 2001.

5.5.1 The role of culture for development

During the past decade, perspectives on the role of culture in development has changed. Culture is nowadays regarded as the foundation upon which the goals and development of society rests, and no longer as an instrument for or support to a particularly pressing social or public issue. In 1995, UNESCO formulated the following definition of culture: "Culture in the fullest sense of the term is the entire complex of distinctive spiritual, material, intellectual and emotional features that characterise a society or social group. It includes not only arts and literature, but also ways of life, fundamental human rights, ethics and value systems, traditions, knowledge and beliefs".

At an international UNESCO conference on culture and development in Stockholm in 1998, an action plan⁴⁹ was produced with the following five overall goals for the cultural policy of the member states:

- To give cultural policy a key role in development policy.
- To promote creativity and participation in cultural life.
- To enhance policy and measures to protect and enrich the cultural heritage, both the material and the immaterial, the variable and the fixed, and to support cultural industries.
- To promote cultural and linguistic diversity in the information society.
- To make increased personnel and financial resources available for cultural development.

The action plan further emphasised that "any policy for development must be profoundly sensitive to culture itself".

Cultural diversity and the possibilities for public participation and freedom of expression are the bases for a good cultural policy at the national level. Socially and economically sustainable development cannot be achieved without taking into consideration cultural diversity. Culture comprises a strong social adhesive that is continually created in a context of the tracks left by earlier people mixed with contemporary impulses, and is pivotal for development. Society's creative activities in all their forms of expression must be safeguarded by being recognised as essential for development. Effective legal protection for human rights is a foundation for both

⁴⁹ Action Plan on Cultural Policies for Development.

sustainable development and for strengthening civil society, as well as for the opportunities for local participation by individuals. Freedom of expression and free speech in the media, drama, and literature as well as ICT development are fundamental components of cultural policy. A historical rootedness through, e.g. interventions designed to preserve various cultural forms, products or processes, strengthens the individual's identity and enhances the culture of democracy.

5.5.2 Health and development

There are few factors that so concretely are associated with reduced or greater poverty for the individual than the difference between being healthy and ill. *Illness* means lost work income, often great costs for health services and medical care, reduced savings and consequences for the whole family depending on who is affected. In addition, illegal abortions claim many women's lives each year. Infant mortality is also high. The poorest people are hardest hit. They have the smallest margins and the weakest safety nets to fall back on. Health insurance only exists to a very small extent for the most deprived groups. Special consideration must be taken in the design of health and medical care to the ability to pay of the poorest groups. Reducing the vulnerability of poor people to ill health and the consequences of illness must be key elements in all programmes which aim at reducing poverty.

Access to a reasonable health and medical care is a human right according to the UN Convention on Social and Economic Rights. Improved health, including sexual and reproductive health, should be key parts of every country's health policy. Health aspects are also included as key elements in the Millennium Development Goals and Targets.

Apart from the fact that improved health is a goal and a human right per se, an *international commission on macroeconomics and health* set up by WHO shows that investments in improved health also produce positive effects on economic development. The results show that an increase in the average lifespan produces a marked increase in GDP, and that a country which, for example, is hard hit by malaria has a three times lower GDP increase compared with a country without malaria (after adjustments have been made for other factors). The HIV/AIDS epidemic will of course have

momentous consequences. Already today, the average length of life in the worst hit countries has fallen to under 40 years, compared with other developing countries where it is now over 70.

The Commission shows that investments in improved health lead to increased productivity and increased saving, better effects of children's education and also to positive demographic changes.

Despite the fact that it would seem obvious that health is an important factor and a prerequisite for reducing poverty, a *relatively small amount of money* is allocated for health issues in the national budgets of developing countries. This is sometimes due to health being traditionally regarded as an inevitable and costly part of the public budget, and not as an important investment for development.

Undernourishment and unclean water continue to be a basic cause of poor health. Health risks due to air pollution, inadequate sanitation, and traffic are accentuated in the densely populated areas in the growing cities. Increased consumption of alcohol and tobacco is also a growing problem for public health in many countries. All these factors must be explicitly dealt with in a national policy, as well as within the mandate and responsibility of different policy areas.

Tackling *insufficient capacity* and poorly functioning health care systems must be an important part of a country's poverty strategy. Such strategies must include clear reforms that focus on policy analysis and development, capacity-building, health financing and systems for evaluation and monitoring. The importance of public health must not be underestimated.

5.5.3 The fight against HIV/AIDS

HIV/AIDS now exists worldwide. While its spread has slowed down in the developed countries, the disease is spreading more and more quickly in areas where there are few or no resources to deal with it⁵⁰. Approximately 36 million people are HIV infected, 95 per cent of them in developing countries and countries with transitional economies. There are indications that Asia will eventually be affected by a crisis of the kind that Africa is now experiencing. Besides the effects at the level of individuals and households, the epidemic has *consequences for society* through a heavy pressure on

⁵⁰ de Vylder, 2001.

health systems, exclusion and loss of, in particular, individuals of working age. HIV/AIDS threatens to reverse development of health gains in many countries. The production of an AIDS vaccine is crucial, but effective management and social changes to prevent the spread of the virus can reduce the extent of the epidemic. This means the implementation of measures whereby sexual taboos can be confronted, information disseminated, and high-risk groups given special support. Power relations between the sexes both affect and are affected by the epidemic. Women must have power over their bodies and be able to refuse sexual relations if they so desire. Women and girls, particularly poor women and girls also face very high risks of physical violence and rape or otherwise coerced sex in certain regions. *Sexual behaviour* and attitudes must change to be able to reduce the spread of infection. Substantial resources must be used to *care* for those who are already infected and who have developed AIDS so as to counteract their being stigmatised. Altogether, changed patterns of behaviour and the ability of different institutions to adapt to the new situation are crucial in the fight against AIDS.

Statistics from the World Bank show that poverty and large income gaps are closely related to the number of those infected by HIV. Gender equality is also a key part of the long-term struggle against HIV/AIDS. Obstacles to the free flow of information also make it difficult for citizens to obtain correct information and make preventive work more difficult.

Large *waves of migrants*, whose migration is often caused by poverty, has promoted the rapid spread of the illness over large areas. Fast social and political changes which erode traditional norm systems which often lead to increased poverty, criminality and drug abuse, which in turn increases the spread of HIV infection. No country, especially the very poorest, can deal with an illness which absorbs 50 per cent of total resources.

Estimating the *long-term consequences* of AIDS is difficult. The illness will have extensive demographic consequences since it primarily affects people in the most productive age groups. The relative proportion of people of working age is falling in many countries while the proportion of children and old people is increasing. The greatest costs are therefore not only direct in the form of health care and burials but indirect in the form of loss of production. This is most evident for individual households. An increasing problem is all the tens of thousands of children who

become orphans and have no support from a family. When one or both parents dies, children's educational opportunities become also reduced, which affects girls in particular. Social networks such as extended families are exposed to excessive strain and risk breaking down completely. The production of small-scale farmers is steered away from labour-intensive crops, which often means that it shifts from commercial cultivation to an increased degree of subsistence production.

It is evident that *different sectors* will be affected to varying degrees by the HIV/AIDS epidemic, primarily due to how easily labour power can be replaced. Within the public sector, health care and schools are often particularly severely affected, and it has proven difficult to replace deceased staff. For the private sector, it is perhaps the changed consumption patterns of households, from a variety of material consumer goods to health care, which is the most important consequence.

As yet, the total consequences of the HIV/AIDS pandemic are not yet visible in economic statistics, and it is difficult to fully estimate the real costs. This is due to the large proportion of those infected by HIV not yet having fallen ill with AIDS or having died from AIDS-related illnesses, but also to the considerable under-employment that characterises the affected economies. In the longer term, households' reduced savings will lead to reduced investments, which in turn will have negative consequences for economic growth. In a broader social perspective, the epidemic will greatly reduce average life span. Life expectancy in many countries is reverting to the levels of the 1960s and early 1970s. In addition, institutional structures and, for example, norms and values may disintegrate, a process that will have serious consequences for social development.

5.5.4 Education and research

The *importance of knowledge* has been given increasing attention in international discussions on development⁵¹. After a period when basic education was highlighted as the absolutely most important factor for combating poverty, the strategic value of higher education and research is now being emphasised. Education at all levels enhances conditions for democratic development. Basic education

⁵¹ See, inter alia, World Bank, 2000d.

for all increases the opportunities for popular participation in decision-making processes, and universities create a foundation for critical and independent analysis and debate. Knowledge is also important for innovation and is increasingly recognised as a key production factor, as important as labour, capital and natural resources. Knowledge-driven development is a prerequisite for the participation of developing countries in the global economy of knowledge.

The population in many developing countries is still quite undereducated, relatively speaking. In Africa, it is estimated that only 60 per cent of children receive basic education, and many adults are illiterate. The situation is particularly serious among women. Secondary schooling is weak, and university-preparatory and vocational alternatives still very rudimentary. Even at post-secondary level, vocational alternatives to university education are lacking. The universities that should be the hub of countries' knowledge systems are often weakly developed. Without teachers who are competent to engage in research and the capacity to examine PhD students, institutions of higher education can neither provide competence-building measures for teachers at colleges or other institutions of higher learning, or to postsecondary education, nor can they provide the necessary expertise for qualified policy or other kinds of analysis.

However, it is a primary task for the countries' governments to direct *resources* strategically so as to develop a functioning knowledge and higher learning system. It is important to get schools to function properly, to see to it that teachers are paid, and to instil a strong motivation and incentives for higher education. A well-functioning labour market is therefore of central importance. The picture is complicated by the educational system in weakly developed countries not least in Africa long having been and still being dependent on the outside world for analysis, options in terms of paths to development, and investments. Existing educational systems are largely based on models from other countries via colonialism, missionaries and development assistance.

An important role for the countries' *own qualified systems of knowledge* is to maintain contact with international knowledge and discourses, to integrate these with local knowledge systems and experience, and to be responsible for analysis and provision of advisory services. In this way, a capacity is generated that can con-

tribute to the international development of knowledge from a developing country's perspective and formulation of problems.

The imbalance in the global public goods provided by international research concerns, *inter alia*, the fact that it is the wealthy countries' perspectives and needs that control the direction and focus of the world's research. The *knowledge gap between rich and poor* countries also has other dimensions. The increasing privatisation of knowledge restricts access by the developing countries to information. Building up good general access to information, including libraries and laboratory equipment is essential for the country's development. Information technology constitutes a significant opportunity, although it is restricted by poorly developed infrastructure, prohibitively high costs, and by the lack of indigenous competence and the capacity to make use of the available supply of information and educational opportunities.

Regional networks are important for the maintenance of research in the long run in developing countries. It is extremely important that a critical mass of researchers be built up so that adequate and relevant research can be conducted on site. The most important functions for such networks are⁵²:

- To make it possible for individual researchers to obtain financing and access to resources, both during their training and after they have obtained their academic degrees, and to be able to meet and exchange ideas with colleagues from other countries, and be granted protection in politically unstable situations.
- To be able to enter into cross-border collaboration within areas that are essentially regional. Research on environmental problems is probably the best example here. If each individual country only estimates its own domestic damage, there is a great risk that the external effects will not be taken into account and emissions will thereby become too great.
- To make it more attractive for educated persons to remain in poor countries after completing their education or foreign exchange programme, and to devote themselves to regional problems in their research.
- To increase self-determination and independence of initiative for intellectuals in developing countries, so that not all research takes place on American or European terms.

⁵² Armelius, 2001.

5.5.5 Religion and development

The *role of religion* for social and economic development was underestimated for a long time in development research. The predominant development theories of the 20th century regarded the role of religion as more or less irrelevant for the rise of modern societies. The nature and force of global development has shown this assumption and scenario to be entirely false. A growing number of conflicts with religious and ethnic overtones has made clear the central importance of religion for affiliation and identity. Although all nations and cultures are undergoing slow processes of modernisation, religion has a conserving and protecting role to play when it comes to the construction of identity. It is a key organising factor and an important component in human conditions of life in practically all societies.

Religion is not a distinct or *clear-cut phenomenon*. On the one hand, religion can be a liberating and creative force that works cohesively to keep a society together in the tension between modernity and tradition, and creates new meaningful links between the individual and society. These aspects of religion are deeply rooted in daily life and therefore less evident. On the other hand, religion can also be a reactionary and destructive force in the hands of leaders who mobilise people for political purposes, and thus can constitute an obstacle to democratic development. Religion can also be used for such purposes when the fundamental causes of unrest are actually to be found in economic and social discrimination or inequalities.

Religion as a social system constitutes part of civil society. In many developing countries, religious communities are the dominant or possibly only social force which organises people alongside central government institutions⁵³.

The content of religion and its conceptions of a supreme being, of the nature of being human, of history and the meaning of life, etc. shape the fundamental values of individuals and groups of people. Religion is one part of the interaction between historical, cultural and ethnic factors that create identity and a sense of belonging in a society. As a bearer of tradition, it comprises a link backwards in time, while at the same time religion provides interpretations also of both contemporary time and of the future. In

⁵³ World Bank, 2001c.

this way, it carries important indications and origins of a society's future development as well.

When religions and cultures now confront and clash with one another, perhaps more clearly than before, in both local communities and in the international arena, it is possible to discern splintering in all religions. Some groups or factions interpret their own teachings and scriptures as something that is absolutely sacrosanct and unadulterated, and are thereby strengthened in their convictions and intolerance against those who are different. Other groups are able to take their own teachings and traditions as a point of departure to seek a deeper understanding with other traditions and creeds.

5.6 Summary

Development processes in different countries are based on varying political, economic, ecological and social conditions. Experience shows that the policies of individual countries are decisive for how successfully poverty can be reduced. There is no given model that is or can be the same for all, but rather each country must design its policy on the basis of its own unique conditions. However, there are certain basic prerequisites which seem to be generally applicable to achieve sustainable poverty reduction in the longterm. A country that is striving towards the creation of a democratic society with broad popular participation, and that strives to comply with human rights regulations with a special focus on the particular situation and requirements of different groups and of future generations; that pursues a resolute policy to combat poverty and accepts national responsibility for its policy, and that has sufficient capacity to implement its commitments, has a considerably greater potential for quickly eradicating poverty than a country that lacks these goals, visions and prerequisites.

The Committee has found the following starting points to be of particular significance with regard to efforts to achieve sustainable poverty reduction. They should serve as guidelines for future analysis of conditions in different developing countries and in the design of Swedish development cooperation, both bilateral and multilateral.

- Effective development can take place only if there is a *political will* in a specific country to pursue a policy to reduce poverty, and if

the country has full *responsibility* for the design of the policy and its implementation. The role of *Parliament* needs to be strengthened, as well as legislation, *institutional capacity* and public administration.

- *Democratic development* is a prerequisite for a sustainable reduction of poverty. Democracy must be designed on the basis of the specific conditions in each country, and it must also be based on common basic values that consider the equal rights and worth of everyone, as well as the recognition of universal equality and enfranchisement including the right to vote.
- The development of a strong *civil society* with a diversity of organisations and free and independent *media* should be encouraged.
- Lack of *gender equality* should be addressed at every level in society. Gender discrimination also has an economic price and contributes to the increase of poverty.
- A poverty-focused *economic policy* based on economic growth, active redistribution policy and functional institutions is crucial for a country's ability to reduce poverty.
- An active local business sector that operates in domestic and regional markets is crucial for coping with the necessary increase in employment creation of a country. Favourable *conditions for investment* and an effective *labour market* are required in order for entrepreneurship and the private business sector to develop and function efficiently.
- Development of *information and communication technology* and access to telephonic and computer services should be prioritised.
- Increased *international trade* and an open trading regime can enhance growth and become an important source of finance.
- Poor countries with high and unmanageable *debt burdens* need faster and more forceful and effective debt relief measures.
- *Rural and agricultural development* will be the primary vehicle for eradicating poverty in many countries. Conditions for agricultural development need to be improved, and agricultural reforms and research that contribute to increased local food production must be stimulated.

- The population is increasing greatly in the cities. *Functioning cities* are a motor for development. The planning capacity for sustainable urban development must therefore be enhanced, municipal democracy strengthened and administration made more effective.
- *Environmental degradation and pollution* affect the poorest people most severely. Poverty can also cause rise to pollution. Environmental and natural resource dimensions must consistently be taken into consideration, as well as ecological sustainability in the design of reforms and investments in every policy area. Fast growing developing countries have accentuated the need for *environment-friendly* technology which makes *efficient use of resources*, and which also leads to lower production costs in the long-term.
- Preventive *health* care should be prioritised in social policy, and universal *social insurance schemes* built up. Special initiatives are needed for *children and young people* as well as measures that acknowledge the *rights of people with disabilities* and address their interests.
- Changed *demographic conditions* with an increased number of elderly people and significant gaps in the numbers of persons in productive ages due to HIV/AIDS, greatly affect the opportunities for poverty reduction. Extensive programmes are required to attack *HIV/AIDS*. In particular, measures are required to provide care for the large and rapidly growing numbers of orphans.
- Education at every level is a critical prerequisite for combating poverty and for democratic development. Countries' own research capacity is important in order to carry out analyses with locally based perspectives and relevant problem formulations.
- The *cultural heritage* of countries should be protected and maintained and the diversity of cultural expression promoted in keeping with international human rights frameworks. *Religion* can be a creative force that holds society together in the tension between modernity and tradition.

6 The role of development assistance

The previous chapter indicated a number of key starting points for combating poverty in developing countries. It was noted that there is no single or uniform model, but a number of basic prerequisites seem to be generally valid for success in this work. These include efforts to promote democracy and human rights, an economic policy focused on combating poverty and good institutional capacity at national and sub-national levels. The countries' own policies are crucial for results achieved and the task of development assistance is to support particular countries in their endeavour to eradicate poverty. However, development assistance must not take over responsibility from the governments for the design and implementation of policy.

The international development assistance destined for particular countries is given to a heterogeneous group of developing countries¹, although mainly to countries characterised by some degree of order and stability, i.e. countries that are not disintegrating or involved in long-drawn-out wars. The long-term assistance consists primarily of the transfer of *knowledge*, building-up of *capacity* and *financial support*. In addition, emergency relief and humanitarian assistance are provided to countries in particularly vulnerable situations. Development assistance in its various forms can be channelled through public administrations (governments, authorities, etc.), civil society organisations (including organisations linked to political parties), or through multilateral organisations. The following discussion deals mainly with transfers of knowledge through technical assistance and of resources between states (governments, authorities) although support through civil society, the multilateral organisations and collaboration with the private business sector is also addressed.

¹ See UD (Ministry for Foreign Affairs) 2001 for an overview of Swedish development assistance..

6.1 Experiences with development assistance

6.1.1 The effectiveness of development assistance – common vision and differences of opinion

During the past decade, extensive research has been carried out on the effectiveness of the total transfer of resources in development assistance. Has the development assistance of the rich world – in monetary terms – effectively contributed to reducing poverty in developing countries?

Many developing countries receive large amounts of development assistance annually, although the outcomes of this transfer of resources can be considerably improved². According to certain analysts, there are generally no strong positive correlations between the flows of development assistance, growth and poverty reduction or between development assistance and social development when data is aggregated from all recipient countries together. However, there is support for development assistance having positive effects on growth and also on the degree of poverty reduction in countries with good macroeconomic policies (i.e. low inflation, low budget deficit, and an open foreign trade), and relatively great freedom as far as political rights³ are concerned. A key conclusion is that assistance is only effective when the recipient government pursues a sound development policy. A concentration of development assistance to poor countries with such a policy focused on combating poverty would, according to this view, result in a relatively large reduction of poverty⁴.

Others allege that it is the degree of poverty in a country per se rather than development policy that is crucial for the effectiveness of development assistance. The more widespread poverty is, the greater the benefits that can be obtained from every krona of development assistance. According to these analysts, the threshold values that development policy needs to achieve for development assistance to produce positive results have proven to be relatively low, in particular in poor countries⁵. A third standpoint is that development assistance is most effective if it is channelled to countries that have been exposed to different external (economic)

² Svensson, 2001; Andersson, M., 2001b.

³ Svensson, 2001.

⁴ Collier and Dollar, 2001.

⁵ Beynon, 2001.

shocks, in order to assist these countries' adaptation to changed conditions⁶.

A common conclusion that can be drawn from the various assessments is, however, that development assistance works increasingly well, among other things through lessons learned about the settings in which and under what circumstances it can play an important role.

Various studies show that there is no consistent *correlation between development assistance and a country's commitments to reform*. Policy differs markedly between various low-income countries that have received extensive development assistance. This indicates that development assistance is not the decisive factor for countries' policy, but that policy formulation depends above all on domestic political and economic factors. Countries with successful reform programmes have been motivated to implement these of their own volition. However, considerable awareness is required on the part of donors of the fact that they through development assistance become involved in and can therefore affect domestic political processes.

There has been a tendency on the part of donors to provide the same type of development assistance (in terms of volume and content) to different countries, regardless of their reform policies. Thus, what has happened is that countries have received more development assistance, relatively speaking, when reform efforts have been slight than when they have been clearly defined. This has also contributed to confirming *dependency on development assistance* in many low-income countries. Resource transfers have in these cases exceeded the country's capacity to absorb, i.e. the capacity to use development assistance resources effectively. Large flows of development assistance tend to make the government more dependent on donors than on their own population. When tax revenues make up only a low proportion of the central government budget, the taxpayers' demands on the efficiency of government are also lessened. Research shows that financial assistance can strengthen and improve a commitment to reform, but can seldom generate it, if the country itself does not have a will to reform⁷.

Recent country studies carried out with the participation of African researchers and decision-makers who take part in national

⁶ Beynon, 2001; OECD-DAC, 2001a.

⁷ World Bank, 1998.

policy formulation, show that countries with successful reform programmes have often passed through *three distinct phases* in the implementation of reforms⁸. In the first phase, the countries carried out an ineffective development policy with weak results as a consequence. Government financing of development measures was scant, and consisted mainly of technical assistance, advisory services, policy dialogue, and some support to projects. Extensive financial development assistance has been seen in these circumstances to counteract its own intentions since it has rather served to help countries to maintain existing policies and to refrain from reforms. In a second phase, extensive reforms were carried out during a relatively short time period of three-four years. The basis for these reforms was established or defined by the countries themselves, often by newly-appointed governments. The financial development assistance increased greatly along with the implementation of the reforms, which in turn reinforced these. In the third phase, the countries conducted a well-functioning development policy of their own choosing. Financial support was still important, as well as policy dialogue and a demand-controlled technical development assistance.

Paradoxically, it may be just in those situations with good development policy and a high level of poverty that development assistance is of greatest use in poverty reduction. However, there has been a tendency for donors to start to withdraw their support when countries are in this phase. This may be due to the notion that development assistance is no longer required, and that countries can cope on their own. However, experiences show that it takes a long time before private flows and domestic resource mobilisation can wholly replace development assistance. Foreign direct investments can be expected to increase when confidence in the country's economy improves. The first sign of this is increased domestic investments and reduced capital flight.

Development countries often have a meagre cadre of high-level administrators who are in great need of advice to formulate different policies. Experience shows that advice must be based on a genuine demand in order to have a sustainable effect. A large part of the *technical development assistance* has, however, been based instead on donors interests and on what they have had to offer, and thus has had little impact.

⁸ Devarajan, et al, 2001.

The external support for various reform programmes has often been associated with special conditions on the part of donors and lenders, so-called *conditionality*. The payment of aid has been linked to countries complying with a number of conditions, often of a policy nature. The role of conditionality for development has been called into question in recent years as regards its ability to persuade countries to change their policies. Experience shows that development assistance has been able to influence a country's government to implement reforms in the short term, but that these reforms have often been rescinded when development assistance ceases. Conditional support can play an important role during the build-up phase to reinforce a reform-minded government's will and commitment. However, conditionality has served its most important purpose when the governments themselves operate and take responsibility for development policy. In such phases, conditions can rather hinder than reinforce the results of various reforms, because it can be seen as though government bases its policy on external directives instead of on its own convictions or on an internal democratic process. Conditionality also makes difficult the process of implementing reforms based on the broad participation of different groups in society, for instance, institution-building.

The experiences of development assistance from past decades has produced an increased awareness of the nature of good development policy (see Chapter 5). Development assistance functions better in countries where the national government conducts an economic policy focused on growth, redistribution and poverty reduction, and where there is sufficient institutional capacity to implement the policy. The question is what development assistance can do in countries that for various reasons lack this approach to policy or the ability to carry out a policy focused on poverty reduction. Countries with such insufficient capacity or will are sometimes described as *poor performers*. These deficiencies may depend on a lack of political will or firm commitment to prioritise poverty reduction. Countries may have a low domestic capacity to carry out decreed reforms due to weak institutional, human and financial resources. A weak policy environment can also be caused by external factors of an economic nature, such as a deterioration in terms of trade and finance sector crises, or by different political factors (regional conflicts, sanctions, etc.).

A country's policy changes continuously over time within different sectors in the economy. Development policy is thus not characterised by being static with good or weak implications at any given moment in time. The assessment of countries' ability to conduct effectively a policy focused on poverty reduction (i.e. performance) must necessarily be based on the complexity of the economy and social development requirements in general. This can be done on the basis of the country's explicit political commitments, openness, and forthrightness in political dialogue, the country's relation to international creditors, democratic legitimacy, how it lives up to the commitments in the different HR conventions, and various indicators that point to the state and quality of governance. Preferably, all grounds for assessment should be available for all external actors.

The Committee considers that Swedish international development cooperation should first and foremost be *directed to the poorest countries* that pursue a policy to reduce poverty in the most important economic policy and institutional areas. The Committee finds that the possibilities for assistance to affect a country's development policy are small, unless there is a genuine readiness on the part of the country to itself carry out the policy that donors are prepared to support. In other words, it is not possible to "buy development". In addition, the *composition of development assistance* in different phases of a country's development is of great importance for its effectiveness. By adapting the direction, volume and use of different development policy instruments to the different phases of a country's development, development assistance can better and more systematically support a country's development. This applies above all to those countries which do not have their own capacity to implement a sound development policy. These countries are not to be left out but to be supported by various combinations of transfers of knowledge and resources based on the individual country's prerequisites in different sectors. Moreover, the Committee considers that development assistance *cannot be given unconditionally*. However, the conditions must be designed on the basis of counterparts' genuine will, commitment and ability to live up to them. Conditions should thus be designed so that they support different domestic commitments rather than requiring new measures that are not firmly anchored in the needs, interests and priorities of the country in question.

Finally, the issue has been raised of whether the allocation of development assistance between different countries, given the level of poverty, should be based on the design of the countries' development policy or on the actual outcomes of policy being carried out. The advantages of a *results-based orientation* are that the donors leave it to the recipients to formulate their own policy, and that responsibility for results rests on the recipient country's government. However, it may be easier in the short term to monitor actual policy decisions taken than their results. For instance, it can take several years before statistics for developments in the poverty situation in a country are available, while policy development (for instance, agricultural policy, tax policy) can be monitored in the short term. Follow-up must, of course, be based on a combination of assessment of measurable results and design of policy.

6.1.2 Prerequisites for partnership

Bilateral development cooperation should be based on a *relationship of trust* in order for a genuine partnership to be established. Even if attempts have been made in recent years to develop partnership relations in development assistance, these still are largely marked by the fact that donors –traditionally have dominated these unequal relationships. The uneven relations of power that typify development assistance, where one party can make use of resources put at its disposal, should be changed into a cooperation where the cooperating partner's power increases, above all by determining the direction and design of their own policy. The intention is to achieve a more effective policy to combat poverty, and to create broader and more equal relations between donor and recipient at all levels. A clear responsibility for policy on the part of the partner country is required, and the relationship must be based on the partner country's own priorities. The partnership should be thereby characterised by the South perspective.

Partnership can be entered into at different levels and by different actors in the donor and the partner countries. A developing country's form of governance is often of superordinate importance in the donors' choice of partner. Besides the problem of grading the state of democracy in the world, the donor country

is confronted by the challenge of identifying which actors or partners that it wishes to cooperate with in a particular country⁹.

The OECD Development Assistance Committee (DAC) produced the following guidelines in 1998 as to how partnership between states can be improved, and how the donor countries' procedures for the provision of development assistance can be simplified and harmonised:

1. Partners in development cooperation should formulate their own development strategies.
2. Coordination of development assistance should be led by recipients and emphasise locally-owned strategies.
3. The interests of donors and recipients should be openly stated.
4. Donors should adapt their procedures to the local procedures.
5. Development assistance to the least developed countries should not be tied to procurement only from the donor country in question
6. Donors should provide less project support and more programme and budget support to support a country's development.
7. Technical development assistance should be based on local conditions, prerequisites and on local demand.
8. Monitoring and evaluation of development assistance should to an increasing extent take place in close collaboration between donor and recipient.
9. Donors should strive to achieve coherence between their various government policy areas.
10. Innovative financial solutions should be aimed at whereby development cooperation can play a catalytic role in generating and attracting other sources of financing.
11. Donors should continue to alleviate the debt burden of the developing countries.

Progress can be noted in a number of areas. *National poverty reduction strategies* now make up important parts of the national political agenda in many low-income countries. These strategies often serve as the basis for development assistance from multilateral institutions and donor countries. The UNDP, with its focus on advisory services, could play a more prominent role here by supporting the developing countries in the production of strategies for poverty reduction, and for coordination of the

⁹ Widmalm, 2001.

country strategies of the donors. Donor coordination has been enhanced and is increasingly managed locally. Development cooperation with the least developed countries will largely be untied as from 2002. More donors are starting to adopt programme and sector support. The initiative to relieve debts for the most debt-burdened countries has been intensified, although the debt problem is still a major obstacle for development in the poorest countries.

A lot remains to be done, however, within a number of areas. This applies not least to *harmonisation and coordination* of donors' procedures and adaptation to local conditions. The important work of seeking coherence between different policy areas has only just begun within the OECD and for a few donor countries. Technical assistance is still largely supply-oriented. Monitoring and evaluation are moreover still exclusively a concern for the donors. Development assistance is being reduced in volume while private capital flows to developing countries are stagnating.

6.1.3 Coordination of development assistance

Many developing countries receive extensive development assistance while *coordination* of development assistance is neglected, which is often due to deficiencies and unwillingness on the part of donors as well as of recipients. Donors have not always been interested in coordinating development assistance, and the recipient countries have been able to play off donors against one another with a view to negotiating better terms. In other words, the system has not encouraged coordination.

Against this background, considerable efforts have been made during the 1990s to improve coordination. For most countries, the most prominent donor coordination has been the consultative group meetings organised by the World Bank, UNDP's round-table meetings and locally organised donor coordination. The consultative group meetings previously almost exclusively took place in the capitals of the western countries. Nowadays, more meetings are being held in the capitals of the affected countries. In this way, local parliaments, NGOs, and local media can take part and follow the meetings at close quarters. The secrecy classification, when a small government delegation negotiated with the donor community behind closed doors, is beginning to

disappear. Openness is gaining ground and participation is being intensified.

The governments of the partner countries are also starting to take greater responsibility for coordination of development assistance. Coordination of development assistance is most effective when all donors are coordinated locally. This coordination naturally takes place most effectively when donors' development assistance in different forms is channelled directly via the country's budget instead of by-passing it through various forms of special administrative arrangements.

The increased *common approach* in the donor community as regards the nature and direction of development assistance has contributed to a better foundation for coordination. This applies in particular to the assessment of the country's economic development. After the end of the Cold War, clearer demands are also being advanced for democratisation and respect for human rights. This has in certain cases contributed to contradictory views between multilateral organisations and bilateral donors on what should be done in specific individual cases. Accordingly, the international financial institutions in certain situations have continued to finance developing countries to which the bilateral donors have ceased to provide support due to lack of democracy and lack of respect for human rights. In other cases, bilateral donors have supported a country's policy which the financial institutions have not considered to be economically sustainable.

Donors' own conduct bears a great responsibility for the current lack of coordination. It has been proven that an appropriate policy environment is not sufficient to increase the effectiveness of development assistance¹⁰. Besides improved coordination, the procedures of donors of development assistance need to be harmonised. At present, donors place a burden on the partner countries' scant resources with their varying demands for reporting, accounting, documentation, reception of visiting delegations, etc. The external donors control the flow, rather than adapting to the countries' own prerequisites and planning. The number of external actors is increasing while the total volume of development assistance is being reduced. Developing countries must adapt to the donors' planning and budget systems. The local assumption of responsibility is hardly favoured by a country's

¹⁰ Andersson, M, 2001c.

having to take the planning cycles of 30-40 donors into consideration when the budget is to be adopted. Donors, on the other hand, often have *one single* country strategy process, the same for all recipient countries, while they should instead adapt *their* planning and *their* strategies to the budget cycle and special conditions of the partner country.

Mozambique is an example of a country where donor coordination is relatively far advanced. This is in particular in the macroeconomic area where nine donors, including the Scandinavian countries, have a common agreement with the country's government. In addition, Sweden works closely with Norway by co-financing various projects, joint studies, and by complementing one another's support to different sectors.

6.2 Swedish development assistance

6.2.1 A retrospective view in an international perspective

Swedish development cooperation policy has been fairly consistent during the 40 years that public assistance has been given to developing countries. Poverty reduction has been in focus for Swedish international development assistance ever since the founding budget bill 1962:100¹¹.

The 1960s were typified by a general optimism for the future and for development. Economic growth and financial resources were what was required to achieve the intended development. The Swedish International Development Authority, SIDA, was created in 1965 and the main task of development assistance was to contribute to meeting the developing countries' financial requirements. The cause of underdevelopment, in the view of that time, was to be found primarily in poverty, unequal terms of trade, and the population explosion. The overall poverty alleviation goal was to be achieved mainly by investments in education and increased know-how, as well as through modernisation and upgrading of physical equipment. Sweden preferred to channel development assistance primarily through multilateral channels. A timetable was set in the 1968 Budget Bill for the achievement of a 1 per cent of GDP goal for development assistance.

¹¹ Carlsson, 1998.

During *the 1970s*, international development optimism began to wear thin. Development had not taken place along the lines envisaged. Growth had not trickled down to the wider population. The focus in development thinking shifted from growth to distribution policy and the social dimensions of development. The unfavourable development of the developing countries' terms of trade led to proposals to stabilise prices of raw materials. Demands for a new world order were made and the basic needs strategy dominated discussions on development assistance. The Swedish development assistance to rural development increased. More attention was to be given to the low-income groups. Increased development assistance was also provided to the health and education sectors. Sector support as a form of development assistance became increasingly common. NGOs were given an increased role in development assistance in order to more easily reach the target groups. Country programming became the bearing principle for Swedish development assistance.

The report of a commission of enquiry¹² led to four specific objectives for development assistance being established: economic growth, economic and social equality, economic and social independence, and democratic development in society. Development assistance had now achieved considerable levels and attention started to be given to the issue of its effectiveness. In 1972, it was decided that a certain proportion of development assistance was to be tied to procurement of Swedish goods and services, so-called tied development assistance. Two new institutions (Swedfund and Bits) were created to handle direct collaboration between parties in Sweden and in the developing countries. Sweden wrote off all the developing countries' debts in 1978 that were connected to Swedish development credits. Towards the end of the 1970s, the situation in many developing countries had deteriorated drastically with large budget deficits and external imbalances. Rising oil prices and a surplus of capital available for loans led to the debt burden increasing dramatically in many countries. The role of the market began to replace government-led growth as the main lines along which development thinking ran.

The importance of local capacity for research and knowledge production in developing countries was noted early on in Swedish

¹² SOU 1977:13.

development assistance. In 1975, a special authority was created SAREC (Swedish Agency for Research Cooperation with Developing Countries) to support research collaboration. Through Swedish support to local universities, the ability of many countries to carry out their own problem analyses and develop national strategies for important areas of society was enhanced. In many cases, a fruitful collaboration has also been developed with Swedish institutions.

The 1980s were dominated by economic reforms and demands for structural adjustment in particular from the international financial institutions. In this ways, donors also came to be involved in the countries' political and economic systems. Swedish development assistance began to address macroeconomic issues, such as balance of payment problems and debt-related issues. Other important areas for Swedish development assistance were the maintenance of social security systems and safety networks, during periods of economic adjustment programmes as well as support for agriculture and the rehabilitation of industry and the infrastructure. Policy issues such as pricing levels, institutional development, etc. became increasingly important within the respective sector. Rural development emerged as the most important sector. A fifth development goal was introduced: sustainable use of natural resources and protection of the environment. The need for reinforced donor coordination was underlined and multilateral cooperation was considered to be a good basis for this.

The 1990s was dominated by the start of global common vision on development cooperation where poverty reduction was the overall goal. Structural adjustment programmes had been carried out with great lack of sensitivity for the social effects. Central and local government administration had been reduced to the point of collapse. Democratic legitimacy had been devalued. During the decade, the focus was also to shift from the microeconomic prerequisites (the so-called Washington consensus) to the more political and social dimensions of development. The importance of institutions and capacity-building measures was clarified. A broader approach to poverty was introduced, and the importance of democracy for a country's development underlined. A human rights perspective on development started to be formulated. Sustainable development became a clearer concept after the UN conference in Rio de Janeiro in 1992. The donors of development

assistance became increasingly interested in the policy development of partner countries. A reorientation of international development assistance could be noted. The *realpolitik* prerequisites associated with the endeavours of the great powers had been fundamentally changed. Security policy, which previously governed the distribution of development assistance was successively replaced to a great extent by a focus on development. However, the expected increase in development assistance (the "peace dividend") did not come about, but rather the volume of development assistance was reduced instead.

An integrated Swedish development assistance agency Sida (Swedish International Development cooperation Agency) was created in 1995 by merging SIDA, BITS, SwedeCorp, SAREC and Sandö U-centrum international training and course centre. A sixth development objective was adopted in 1996: the promotion of equality between women and men in partner countries. The government presented basic policy documents within the areas poverty, democracy, gender equality, and sustainable development in the years 1996–97¹³. In this way, the poverty concept was broadened and the basis for the introduction of a human rights-based perspective started to take shape. Due to problems with government finances, the volume of development assistance was temporarily reduced in the latter part of the decade to a lowest level of 0.7 per cent of GNP in 1999.

6.2.2 The definition of poverty

Ever since 1962, the overall goal for Sweden's development assistance has been "to improve the standard of living and quality of life of the poor people"¹⁴. There has been broad agreement on this main approach across all of the political parties, and the poverty goal was confirmed, *inter alia*, by the 1977 Development Policy Commission Report.

The overall poverty goal was subsequently formulated and refined in the form of the current six development policy objectives:

¹³ Skr. 1996/97:169, Skr 1997/:76, Government Bill 1995/96:153 and Skr 1996/97:2.

¹⁴ Government Bill 1962:100.

- Economic growth (1978)
- Social equality (1978)
- Economic and political independence (1978)
- Democratic development (1978)
- Sustainable use of natural resources and protection of the environment (1988)
- Equality between women and men (1996)

The starting point for the formulation of these objectives has been multi-dimensional, and based on the view that poverty must be attacked on a *number of different fronts* with direct as well as indirect and more long-term measures.

Prerequisites must be created that do not only entail increased income for poor people but which also guarantee them fundamental rights in the social sphere, more choices, improved environment and security, and democratic influence in society and in development processes. Following on from this way of thinking, the six development objectives have not been internally ranked. They are considered to be separate but also interacting, to contribute to desired effects in terms of the overall goal of poverty reduction.

However, there has been a *lack of clarity* about the relationship between the overall poverty goal and the six specific objectives. Specific objectives, which should rather serve as guidelines for the main goal, have instead in discussions been given far greater attention than the fundamental purpose and overriding goal. The importance of particular specific objectives or sub-goals has been underlined and different specific objectives have been counterpoised to one another, for instance, growth versus equality between women and men¹⁵. During the 1990s, the lack of clarity between the objectives tended to increase when the four prioritised areas – poverty, democracy, equality between women and men and the environment – were highlighted in policy documents from the government and in action programmes from Sida, which to a certain extent then came to replace the six specific objectives. The references in the government's instructions to Sida did not either always emphasise the superordinate character of the poverty document¹⁶ in comparison with the other documents. Sida's action programme for combating poverty has in practice had the same

¹⁵ Forsse, 2001.

¹⁶ Skr 1996/97:169.

status as the action programmes for the other three prioritised areas.

Various studies in recent years have moreover noted that the poverty goal does not as a rule constitute a strategic focus in the country strategies, or a clearly defined main objective in Sida's project document¹⁷. The evaluations that are currently made seldom contain specific analyses of the poverty goal or of poverty reducing effects. The lack of poverty reduction as a strategic focus in project documents and action plans has also been pointed out in DAC's recent survey of Swedish development assistance¹⁸.

The poverty goal seems primarily to have provided guidance in the choice of partner countries and the overall approach of development cooperation programmes. Swedish development cooperation has had a clear focus on poor countries, with the greater proportion of support going to sub-Saharan Africa. The instructions for Sida's reports on the poverty goal have been few in number, and knowledge about the actual effects of Swedish development assistance on poverty is therefore vague. Explicit and systematic annual reporting from Sida in relation to the poverty goal has only recently begun. At the same time, the demands for reports have been considerably more detailed for other areas of activity.

6.2.3 Support for democratic processes and human rights

The promotion of democratic development in partner countries has been one of Sweden's development policy goals for two decades and has today a prominent place among the goal formulations that are emphasised by politicians as well as experts. In 1999, democracy was the prime goal for every fifth Swedish development assistance project. Almost no studies or analyses exist, however, of the results of these initiatives¹⁹. In one of the few studies that has been done, it is emphasised that the work to promote Swedish democracy has been marked by large number of small interventions in a very large number of recipient countries. Although many individuals are involved in this way, the arrangement still appears to be less suitable from the point of view

¹⁷ Fruhling, 2001.

¹⁸ OECD-DAC, 2000.

¹⁹ Poate, et al, 2000.

of effectiveness²⁰. The importance of a long-term approach is key if durable democratic advances are to be made²¹.

Since 1998, the Ministry for Foreign Affairs and Sida have been working together to *develop methods and education* with a view to increasing the spread of awareness concerning democracy and human rights in Swedish and in joint international commitments. During 2000, a consultation group has carried out a pilot activity that has involved the explicit integration of democracy, human rights and a child rights perspective in the regional strategy for Central America. Experiences to date indicate that a prerequisite for a successful integration is that measures to reinforce the children's and human rights perspectives are introduced at an early stage of the formulation and design process²².

In the long term – and in order to maintain a sustainable democratic system – a democratic culture is required. Democracy requires democrats. *Parliament and political parties* comprise the basis of such a system. NGOs can also play an important role in this regard, especially in consolidation of these. During the 1990s, major investments have been made in the development of electoral processes including civic and voter education, although elections are only the start of a democratic process. It may even be the case that an election too quickly after e.g. the end of a war can make more difficult and prolong the process towards sustainable democracy, since the election legitimises political groups that have acquired power as a result of a war situation rather than due to popular support for a particular policy.

A *functioning multi-party system* is crucial for whether individuals are to have power and influence over their own situation. Organisations closely linked to Swedish political parties have acted as an intermediary for a number of years in provision of support for development of a multi-party system. Evaluations of this activity have shown good results and it will be made permanent in 2002. Sweden is also an important financier of International IDEA, the Institute for Democracy and Electoral Aid, which works for understanding and knowledge in *inter alia* the electoral process.

It is important that continued priority be given to democratic training such as civic and voter education, recruitment of professional administrators and legal experts, and the development

²⁰ Brodin, 2001.

²¹ Brodin, 2001.

²² Sida, 2000.

of democratic administrative and political practice. Training and education in democracy and HR issues for police authorities is another important component of democracy development assistance. Support to legal systems, independent courts, and the police needs, however, to be complemented by education and support to other actors in the judicial system, such as a corps of independent lawyers. Military institutions must also be included in the work to increase democracy in a more well-planned and structured manner.

Swedish development cooperation has for a long time placed great weight on the promotion of human rights. Where the emphasis earlier lay on citizen's and political rights, not least in conjunction with support for democratisation processes in different countries, more recently economic, social and cultural rights have attracted increasing attention. A deeper understanding of the international norm system and its mechanisms is needed, in order to be able to exploit the potential of these, and to more effectively build on the work carried out in the framework of the UN, ILO and the regional institutions. Sida has devoted great attention to the rights of women, children and people with disabilities, although increased attention also needs to be focused on human rights relating to labour legislation.

Besides support for development and promotion of the international norm system as such and its follow-up, the role of human rights as an instrument that can provide general guidance for development cooperation has been clarified. It is important to continue on this path and to *operationalise the various rights*, as well as to show how the fundamental principles, such as universality, non-discrimination, participation, a holistic vision and responsibility for implementation can permeate the implementation, monitoring and evaluation of interventions. Training in these issues has begun within Sida, although the ambition to train two key persons in each unit in democracy and human rights issues has not yet been achieved²³.

²³ Sida, 2000.

6.2.4 Support for economic reforms and debt relief

Since 1986, Sweden has granted over SEK 5.8 billion in support to different developing countries for economic reforms and debt relief. At present, such support totals approximately a half billion kronor per year. This assistance is provided primarily for poverty reduction measures in countries with a good reform policy. It has previously mainly been provided as assistance for balance of payments but now consists of equal parts of budget support for economic reforms and support for debt relief. Budget support has been introduced in recent years and has replaced balance of payments support apace with more developing countries liberalising their foreign exchange policy. Since an increasing number of countries are expected to achieve a manageable debt level (see Chapter 5) through the HIPC initiative, the support will gradually shift from debt relief to budget support. The greatest recipients of support have been Mozambique, Tanzania and Uganda. These three countries have received approximately half of all disbursements.

According to the Government's guidelines for this form of support, the goal is to support poor countries that are carrying out economic reform programmes to promote economic growth, combat poverty and that result in sustainable development. Support is to be a driving force for continued reforms and to be adapted to specific needs and conditions in the individual countries. Swedish support is also to contribute to restoring a manageable level of debt to countries burdened by debt.

Support is provided to low-income countries that are entitled to concessional loans on IDA terms at the World Bank (interest-free loans with long repayment periods) and which carry out economic reform programmes in collaboration with the International Monetary Fund and the rest of the donor community. The support is to be provided on the basis of the results achieved by the country concerned in relation to the plans and objectives agreed upon in the country's strategies for poverty reduction, or in similar policy documents.

A prerequisite for budget support being an option is that the country has an *open and transparent budget* and budget process. It is also required that the country respects human rights and promotes a democratic form of governance. The existence of good governance in the form of an effective, open public administration

system is also key in the assessment of whether a country can be considered for support.

In the monitoring and preparation of inputs, the budget process and the budget outcomes in the partner country are analysed. The analysis of how the partner countries comply with the basic criteria on democracy, human rights, and good governance is also to be made in a process perspective. The Government Offices of the Chancellery perform an annual assessment of the countries that Sida proposes should receive budget support. However, established handbooks and guidelines are lacking for how analysis, monitoring and preparation is to take place. It should be possible to enhance *results follow-up* since no systematic assessment exists at present as to how countries comply with the prerequisites for this support.

In order for support to economic reforms and debt relief to have as great an effect as possible, it is considered important that it should not be an isolated input, but form part of a broader international intervention. The size of the Swedish contributions is adapted to those of other donors with a view to achieving a reasonable distribution of financial commitments. This support is channelled partly directly to the country's central bank, and partly via multilateral institutions. The aim is to achieve increased coordination with other bilateral donors.

Support for economic reforms and debt relief is in the process of changing character – from temporary one-year support in certain situations (debt problems, balance of payments problems) to a more permanent and long-term form of support. Multi-year support was agreed for the first time in 2001 with three countries (Bolivia, Mozambique and Tanzania). Support is granted by the Government, and is given in addition to the country-targeted support provided by Sida. Sida prepares the background documentation and other materials as a basis for a decision on budget support, and then implements the decisions made.

6.2.5 Integration of cross-cutting themes in development assistance: equality between women and men, etc.

There is a conscious endeavour to allow certain overall themes to permeate the whole of Swedish development assistance with a view to having an impact on the various dimensions of poverty in one and the same project or programme. The intention is also to

counteract a fragmentation of development assistance into different sectors without a common approach. The cross-cutting or overall themes which have been the focus for this integration (mainstreaming) include democracy, human rights, gender equality, children, people with disabilities, environment and conflict-prevention measures.

The *experiences* and challenges of integrating certain areas into the mainstream of development assistance work are, however, *uneven and variable*. A number of Swedish embassies which administrate Swedish development cooperation consider that an integration that goes beyond the direct purpose or target group does not function particularly well in practice. Integration efforts have more served as an internal objective for the development assistance organisations than they have been able to affect reality in the field. The expectations of recipient countries are too sectorised and capacity is too poor for this to work well at present. A basic problem is the tendency for consideration to be taken to an increasing number of aspects in every project or programme. However, there is a limit to how much can be prioritised within one and the same intervention. To avoid integration remaining at cosmetic or rhetorical obligations, a thorough specialist knowledge is required within all the various areas that are to be taken into consideration. However, it has proven unrealistic for Sida's regular desk and programme officers to possess the specialist knowledge required in every area, particularly bearing in mind the complexity of the issues. What is required are skilled coordinators who can concentrate on finding, collecting and coordinating the knowledge that various specialists possess. At the same time as coordination needs to be professionalised, respect must be maintained for the complexity of the issues, and for the need for specialist knowledge in the particular areas.

The *environment* is an area where integration began early and is relatively far advanced. Twenty years ago, environmental conservation was a separate sector in development assistance. Today, there are both policies for and an awareness of the fact that environmental consideration is to be taken into account in development assistance financed inputs in all sectors.

Equality between women and men is also among the first areas where attempts at integration have been made. At an early date, Sweden stressed equality between women and men as an important goal for social development in every country, and the fact that

gender equality is now of crucial importance for a country's social, economic and political development. Already at UN's World Women's Conference in Nairobi in 1985, a Swedish programme was developed for support to these issues through the Women's Council for International Development Assistance, a former advisory body to SIDA.

Integration of gender equality dimensions was introduced as a response to the realisation that separately targeted projects or programme components for women alone was proving not to have the swift effect on development that had been hoped for. Mainstreaming was intended as a strategy to raise the visibility and awareness of gender equality issues, so that they would be dealt with together with policy issues such as the poverty goal and economic reforms – not as a separate and marginal topic.

When integration or mainstreaming of prioritised thematic issues such as gender is used as a strategy or structuring method, it has often led to the replacement of special central units and gender-focussed functions in the field, resulting in a risk that expertise on gender equality issues in organisations dissipates. The development of competence lags behind, and internal financial support in the form of special budget funds for the thematic area reduces. In order for mainstreaming to work effectively, it should accordingly be combined with a core of experts who can assist with knowledge and support and with the development of thinking on the issues concerned²⁴.

In many development assistance organisations that have worked with international development cooperation, "women's units" disappeared when mainstreaming was to be implemented, but were not replaced by anything else. A few organisations, including UNCHS (Habitat) have, however, continued successfully with specific women's projects at the same time as mainstreaming of gender issues has taken place. Other organisations have retained a less central function and combined it with decentralised responsibility within regional departments or the equivalent. It should be considered in Swedish development assistance whether gender mainstreaming should not be combined with special targeted initiatives, not directed exclusively at women, the overall goal and main intention of which is to change relations between women and men towards greater equality.

²⁴ Hindman Persson, 2001b.

The needs of the *people with disabilities* must also be integrated consistently in development assistance interventions. In practice, this only occurs in a few cases, according to SHIA²⁵. The disabled seldom are able to exert their own influence over projects, and the absence of concrete mainstreaming strategies leads to a large part of the population being left outside of development. At present, it is often up to the donors to determine the extent to which development inputs are to be targeted on the disabled. The governments of the recipient countries gladly sanction inputs although they take few initiatives of their own at present. Greater awareness among donors is therefore required of the special needs for interventions for people with disabilities, but also a clearer commitment to dialogue with recipient countries on the importance and value of such investments. Basically, such a position concerns an insight about the equal value, dignity and rights of all people. Sida's policy for this work "Development cooperation for Children and Adults with Disabilities" will be updated in 2002.

Recently, the effects of development and poverty on *children and young people* have been made visible as well as their role in combating poverty. A perspective based on the best interests of children is to be applied in every area of development work, not only in such areas as nutrition, health care and education but also in areas such as employment and migration. Today, there are policy tools for such an integrated child perspective although these have not been applied in practice.

6.3 Trends in international development cooperation

6.3.1 New trends in Swedish international development cooperation

On the basis of the *broader poverty concept*, Swedish development cooperation intends to highlight both the economic and the social, ecological and political dimensions of development. Democracy and human rights are consistent themes which are to permeate all development assistance. In more operational terms, a transition is taking place from project to programme support, and

²⁵ SHIA = The Swedish Organisations of the Disabled International Development Assistance Association.

decentralisation from headquarters or central levels to field organisation and an increased coordination with other donors. Cooperation is to be characterised by a close partnership with the partner countries.

Development cooperation is increasingly moving from *individual projects to process-focused support* to entire sectors, as well as to institutions that are essential for a country's development. A number of development assistance organisations are working to develop various forms of programme support, in particular sector-wide support and budget support, which can eventually lead to reduced demands for administrative resources. Sida can, in certain cases, opt to be the "silent partner", i.e. it partly finances an activity but leaves the main responsibility to another financier. The transition to programme support will mean that broader analyses will be required, and that there will also be increased demands for more stringent analyses of events and circumstances of in the surrounding world and of externalities that may affect implementation, results and effects. The focus on overarching and cross-cutting issues must be strengthened while at the same time retaining knowledge of and addressing the situation of individuals.

Demands will also be placed on Sweden to adapt rules, routines and working methods to new forms for collaboration. Sweden participates in an informal consultation group for sector programme support with a number of nations, as well as in working groups in SPA (The World Bank programme for partnership with Africa, Strategic Partnership with Africa) and DAC for further development of programme support and harmonisation of development assistance procedures.

An increased emphasis on partnership and national taking of responsibility has contributed to a stronger *orientation toward field activities* of development assistance activities. During 1999 and 2000, Sweden delegated handling of development assistance on a trial basis to the embassies in Dar Es Salaam, Hanoi and Managua. The embassies have full responsibility for preparing and making decisions on development initiatives. The intention is now to make this delegation of responsibility permanent, and to provide the same expanded authority to embassies in other countries that Sweden intends to engage in a long-term development cooperation with.

Swedish bilateral development cooperation consists of the country-targeted development assistance and a number of cross-cutting issues in nine different branches of operations divided up by regions and countries. The most important instrument for governing and regulating Swedish development assistance is the government's appropriations document. The *country strategies* play a crucial role for the direct country-targeted work. The purpose of the country strategy process is to produce and provide guidance for development assistance that is prioritised by the partner country, and that also is in accord with the Swedish development goals and priorities. The commitment, interest and responsibility of the partner countries is decisive for how successful development assistance will be. The weak planning and management capacity in the countries is a major problem in this context. It appears desirable to link knowledge among the various Swedish actors such as NGOs, researchers, and the business sector closer to the country strategy process. Increased collaboration with other countries and organisations should also be striven for, not least through the production of country strategies.

DAC noted in its latest review of Swedish development cooperation policy in 2000²⁶ that Sweden still has a *leading position* among donors. Development assistance is increasing in terms of volume, and the DAC praised the Swedish commitment to maintain a high volume of development assistance even during periods of domestic economic problems.

Sweden was also commendable for its development of policies in the field of development cooperation in recent years. The development of programme assistance is well situated in an international comparison. A number of measures have been taken to make assistance to particular countries more efficient, including the delegation of decision-making concerning development assistance matters to Swedish embassies. The focus of Swedish development assistance on poverty reduction and on poor countries was also highlighted in the report, as well as the broadening of the poverty concept.

However, DAC considered that Swedish development cooperation could be more explicit as regards the exact direction and extent of assistance to particular countries, the number of which also should be reviewed. Further, the poverty goal needs to

²⁶ OECD-DAC, 2000.

be strengthened and its relation to the six development policy sub-goals clarified. Greater attention should be given to the international development targets. Moreover, Sweden is urged to further reinforce the follow-up of results and effects of development assistance. An increased coherence between different policy areas, such as trade and development, should characterise future relations with developing countries to an increased degree.

The Committee participated actively in the DAC review through consultations with the examiners (United Kingdom and the United States) both during and after the country review).

6.3.2 The development assistance policies of other countries

The financial flows to the developing countries have drastically changed in extent and nature during the 1990s. The public flows of assistance (ODA – Official Development Assistance) have reduced markedly while private financing has increased in importance. Within development assistance, the G7 countries²⁷ have reduced development assistance greatly, while smaller DAC members have recently reported increased development assistance appropriations. The expected increase in development assistance flows which was anticipated after the end of the Cold War have not taken place.

In the early 1990s, *public development assistance and commercial financing* accounted for equal portions of the total flow of financial resources to developing countries. In the mid-1990s, however, the private flows had increased greatly and amounted at that time to five times the public assistance in volume. It should be noted that only a few developing countries received these flows. The great majority of developing countries were still viewed as too risky for investments. After a downturn in conjunction with the financial sector crisis in South-east Asia and elsewhere in the latter half of the 1990s, the private flows are three times as large as the public ones.

As regards *DAC Members*, development assistance has decreased from USD 57.4 billion in 1991 to USD 53.1 billion dollars in 2000 (in current prices). Some increase could be noted during 1998 and 1999. The increase was, however, primarily associated with the financial sector crisis in South-east Asia. The volume of development assistance was equivalent to 0.22 per cent of the DAC

²⁷ USA, Canada, Japan, France, the U.K., Germany and Italy.

countries' total GNP (Gross National Product) in 2000, which was a return to the lowest levels ever, since recording began for the first time in 1997.

This decrease was primarily due to the reduction in development assistance from the G7 countries. The G7 countries accounted for just under three-quarters of the total development assistance. Japan, USA, Germany and the U.K. (in that order) contributed 60 per cent of the total development assistance in 2000.

In general, the *greatest decreases* have taken place among the biggest donors. The American support has been halved since the early 1990s, and both France's and Germany's development assistance has fallen by approximately 40 per cent. Only Japan has retained its development assistance intact at least until 2000, when Japan reduced its development assistance by USD 2.3 billion after particularly large contributions during 1999 to the Asian development bank in connection with the financial crisis in South-east Asia. However, Japan is still the largest bilateral donor with a development assistance of USD 13.1 billion, although large future cuts in development assistance have been announced.

There are also *positive signs* in the flow of development assistance. 15 of the 22 member states in DAC increased their development assistance in 2000. Altogether, DAC's none-G7 members increased their development assistance by 8.3 per cent that year and thus accounted for 26 per cent of the total development assistance.

A number of countries have announced continued increases. In 2000, Luxembourg achieved the UN target of 0.7 per cent of GNP for the first time. Ireland has also undertaken to increase development assistance to this level by 2007. The U.K. intends to increase its development assistance to 0.33 of GNP by 2003/04 and then continue towards the 0.7 target. Belgium, Sweden and Canada have already announced increases, at the same time as Denmark and the Netherlands retained their level at 1.0 and 0.8 per cent respectively of GNP. The countries that achieved the 0.7 percentage target, i.e. Denmark, Luxembourg, the Netherlands, Norway and Sweden, account for 15 per cent of the total development assistance.

The great majority of countries now have *poverty reduction as the overall goal* for development assistance. Most countries still base their analysis on a narrow definition of poverty, as a rule focused on income per capita. However, an increasing number are starting

to use the broader, multidimensional concept of poverty as a starting point, which includes peoples' lack of opportunities, power and security. For certain countries, such as Germany and Belgium, a reduction of the absolute number of poor is the prime target, while others, for instance, Switzerland and France, aim at reducing the relative number of poor. Most countries apply a mixture of both means of calculation. All donors have reaffirmed their commitment to the international development goals, and the U.K. has stated that compliance with these goals to be its prioritised, overall goal for its development assistance. Some countries have also begun to apply a human rights-based view of development.

A number of countries have recently carried out *reviews of their development assistance policy*. Denmark, France, Germany, Italy and the U.K. did so during 2000 and Ireland, New Zealand, and Sweden are doing so in 2001-2002. The U.K.²⁸, Germany, Sweden and the Netherlands (which carried out a review in 1995) have made the rapidly increasing globalisation of our world the starting point for their reviews.

Greater interest in the issue of *coherence* between policy areas is beginning to manifest itself. However, few countries have as yet worked out any clear strategy for how coherence between different policy areas is to be secured. OECD/DAC, the Netherlands and the U.K., and to some extent Finland and Belgium, have to date devoted some attention to this issue.

Consistent *trends* in the provision of bilateral development assistance include a shift from project to programme support, a concentration on fewer partner countries, an emphasis on increased effectiveness, an improvement of development assistance coordination, and a harmonisation of procedures.

The transition to *programme support* will require more sophisticated accounting methods to provide evidence of the results of development assistance. A budget reform does not, for instance, have the same kind of immediately observable or visual impact as do health centres in rural areas. The lack of concrete reporting and monitoring of its own inputs has been stated as a main reason for, e.g. the USA's reluctance to take part in sector programme support.

The tendency to focus on *fewer partner countries* is above all related to the issue of increased effectiveness and the shift to

²⁸ DfID, 2000.

programme support. Programme support namely requires exceedingly good knowledge of conditions in specific countries, and of the activities of different actors. Belgium, Denmark, Greece, the Netherlands, Germany and Spain have newly revised the number of main partner countries. There has also been a reduction in the number of countries with which cooperation takes place around certain themes or issues, such as democracy and the environment.

6.3.3 The multilateral organisations

The relationship between the multilateral actors is characterised by an increasingly common approach and by increased collaboration. However, there are still deficiencies with regard to roles, responsibility and the division of subject areas among the organisations. The prime reasons for this are different directions and foci for operations, and a lack of clarity in the sharing of responsibility between organisations as well as the fact that the various organisations have different principal counterparts in the member countries.

There is an endeavour towards *increased coordination and harmonisation* of the administrative and planning procedures among the multilateral organisations as well as among the bilateral donors. A special coordination group has therefore been set up for this purpose among the multilateral institutions.

The UN, the OECD, the World Bank and the International Monetary Fund (IMF) have reached agreement on common *operational goals* for development, the so-called Millennium Development Goals and Targets (see section 2.3.4). Poverty reduction has been recognised as the overall goal for development.

A common aim is to base work on the planning and strategies of the individual countries to an increasing extent in the design of their own support. In 1999, the World Bank launched the *Comprehensive Development Framework*, which is a framework for securing sustainable development in the recipient countries. This development is to be achieved by close partnership between donor and recipient, and to be based on the recipient's responsibility for their own development as well as on a holistic results-focused approach.

The UN's economic and social development work is in the process of being strengthened by ongoing reforms to make operations more effective with improved coordination and division of labour between the different UN bodies. Common country analyses and approaches, so-called *Country Common Assessments* (CCA) and *United Nations Development Assistance Framework* (UNDAF) are being introduced for the organisations concerned. Increased coherence is to be achieved between the different inputs through joint analyses.

The international financial institutions (IFIs) have contributed greatly to the emergence of the current debt situation among many low-income countries, by encouraging their lending for development purposes. During the 1970s and 1980s, extensive loans were granted for infrastructural investments and economic reform programmes. During the 1990s, a shift took place with regard to the direction of lending so that an increased proportion of lending was granted for investments within the social sectors and for building up institutional capacity. The traditional lending for infrastructure has reduced at the same time as privatisation of public activities in the electricity and telecommunications fields, etc. is increasing. The advisory activities of the global institutions have become more prominent. The World Bank and the International Monetary Fund now base their lending and their country strategies for the poorest countries on the countries' own strategies and priorities for poverty reduction (*PRSP = Poverty Reduction Strategy Papers*). These strategies are to be based on national taking of responsibility and the participation of local actors in the civil society, the private sector, etc. UN organisations correspondingly produce common strategies (UNDAF) for work in particular countries.

One question in this context is whether the World Bank should be able to make *donations* instead of concessionary loans on favourable terms to the poorest countries, and whether funds from the loan facility IDA could then be used for financing of global public goods. To date, only the UN has been responsible for donation financing, with gradually considerably fewer resources and less capacity. The Committee sees benefits in allowing the existing division of responsibility between the institutions to remain the same in future. However, more resources should be allocated to the UN if this situation is to be able to continue.

The striving towards a closer collaboration between individual borrower countries has also contributed to increased *decentralisation* and delegation of decision-making power to the World Bank's country offices, where the country managers are now stationed.

Special attention is given to the poorest countries by the UN's recurrent world conferences on the *least developed countries*. At the most recent conference²⁹, which took place during Sweden's presidency of the EU, in spring 2001, a decision was taken on increased support by, *inter alia*, expanded market access, increased development assistance, and increased support inputs for those with HIV and AIDS. The conference was also characterised by an increasing convergence in terms of the adoption of a common approach whereby development assistance, trade, investments, and debt write-offs were regarded as equally important components of development cooperation work.

There is unanimity that *sustainable development* is a basic goal for development efforts. This was agreed at the UN Conference on Environment and Development in Rio in 1992 and it was confirmed in the UN's Millennium Declaration in 2000. The crucial challenge will be to achieve an integration of economic, social and environmental goals. Guidance and control of work with global environmental conventions must be strengthened, and developing countries need support to implement the conventions.

Cooperation between different international actors has intensified within areas such as HIV/AIDS and conflict management. The UN Secretary-General has taken the initiative to a global health fund which is to provide support not only for initiatives regarding HIV/AIDS, but also regarding malaria and tuberculosis. UNAIDS is a key actor in work on following up the general assembly's targets on HIV/AIDS from June 2001. Another initiative in this area is GAVI, the Global Alliance for Vaccines and Immunization.

The UN has a key role in preventing and managing *armed conflicts*. The UN, like the EU, has developed an integrated and action-oriented policy for conflict prevention inputs. The EU programme for conflict prevention also emphasises cooperation with the UN as a cornerstone for effective inputs.

²⁹ UN's third conference on the least developed countries in May 2001.

The Declaration from WTO's ministerial conference in Doha in November 2001 opens opportunities for a more development-oriented WTO round. The needs and interests of the developing countries are given a prominent place in the negotiation arrangements in all programme areas. Technical development assistance and capacity-building measures are stated as key elements in the realisation of the *development dimension of the trade system*. The WTO secretariat is also given a special assignment to support countries in their efforts to integrate trade aspects into their national development plans and strategies to combat poverty. Bearing in mind the difficulties that exist in increasing WTO's regular budget, considerable portions of the required development assistance must be channelled through other routes, including through bilateral cooperation.

In order to be able to take part fully in the multilateral trade negotiations, the resources of the developing countries need to be enhanced in the areas of analysis, policy formulation, negotiation work, and in later phases, for the implementation of agreements entered into. In addition to transfer of knowledge, for example measures which can contribute to or promote meetings and places or for encounters and exchanges between different developing countries can be important.

However, the developing countries not only need support in negotiation work in WTO. More crucial for the poorest countries than the lack of market access to the higher-income countries markets is a weak supply capacity. In order for developing countries to be able to benefit from world trade, multilateral as well as bilateral development assistance must to an increasing extent support the ability of the developing countries to produce, refine and market various products. Here, business development, institutional build-up and infrastructure are critical. Capacity must be built up for effective trade procedures and increased knowledge about the rules and standards that apply in the rich countries' markets.

Cooperation multilaterally around trade issues has increased recently. The World Bank now places great emphasis on the role of trade. It has now, together with WTO, UNCTAD, UNDP, ITC and IMF, formed a coordination function for trade-related development assistance for the least developed countries (Integrated Framework).

A consistently applied South perspective would mean that the poorest developing countries should be supported, for instance, in their demands that the EU phase out their export subsidies and tariff escalations.

6.3.4 The development assistance of the European Union

The European Union³⁰ is the world's single largest financier of development cooperation. Altogether, the EC (European Community) and the EU Member States are responsible for over USD 30 billion in development assistance in 2000, corresponding to 57 per cent of the total flow of development assistance. Development assistance through the EU Commission totalled USD 4.9 billion and the EC was thereby the fourth largest donor of development assistance after Japan, the USA and Germany.

Approximately two-thirds of the EC development assistance is financed through the EC's ordinary budget. This is set by the European Parliament after consultation with the Council of Ministers and mainly concerns aid to Asia, Latin America, and the Mediterranean area. Other aid is financed directly by the Member States through the European Development Fund (EDF) for cooperation with countries in Africa, the Caribbean and the Pacific Ocean, the so-called ACP countries, and for concessionary loans from the European Investment Bank. The EU and the ACP countries entered into a new twenty-year partnership agreement in June 2000, the Cotonou agreement.

In 2001, Sweden's share of EC's budget-financed development cooperation was approximately SEK 732 million. In addition, there is a commitment for grants to the European Development Fund of approximately EUR 377 million over a several-year period (2.73 per cent of EDF).

The EU's development cooperation has been characterised for a long time by *low effectiveness*. Sweden and many other Member States have drawn attention to the need for reforms and organisational changes. Reforms have also been embarked upon with the focus on providing increased resources and authority to

³⁰ The European Community (EC) is the name for the traditional community work including the European Economic Community, the Coal and Steel Union, and Euratom. It now constitutes the first pillar of the European Union. Community law, legal documents and the role of the courts can be found here. In everyday language, the term EU is increasingly used. The European Union includes the EC and the 15 Member States.

EC delegations in the partner countries, enhancing the collaboration between the EC and the Member States, introducing a new budget procedure, renegotiating the ordinance on support to Asia and Latin America and producing an annual report on total development assistance, etc. In February 2000, a special institution was also set up for overall EC development assistance – EuropeAid Cooperation Office.

During 2000, a new development policy for the EC was adopted through a common declaration by the Council and the Commission. The main points of the declaration were as follows:

- Combating poverty is the overriding objective.
- Development policy is to be based on the principles of sustainable, equitable and participatory development. Promotion of human rights, democracy and good governance are an integral part of these.
- The partner countries shall have a prominent role and be responsible for the development process. Support is to be country-led and based on the strategies produced by countries themselves for poverty reduction.
- Cooperation is to be concentrated on six areas: trade and development; regional integration; macro-economic conditions and equitable access to social services; transport/infrastructure; food security and sustainable rural development; institutional capacity-building.
- Communicable diseases, ICT and research are also to be given special attention.
- When providing aid, special consideration should be given to respect for human rights, the gradual integration of countries into the global economy, environmental and social aspects, equality between women and men, children's rights, and to conflict prevention measures and crisis management.
- The least developed countries and other low-income countries are to be given priority in allocation of funds.
- The development assistance of the EU and the Member States is to be better coordinated.
- Increased consideration is to be given to the goals for EC development policy in the shaping and implementation of the EC's policies in other sectors that affect the developing countries.

6.3.5 DAC

The Development Assistance Committee (DAC) within OECD has as its foremost task to secure an increase of the total volume of resources made available to the developing countries and to improve the effective use of the resources. twenty-two countries and the European Commission are members of the DAC.

The main tasks for DAC are regular reviews of Members' development policy, as well as policy formulation and evaluation activities. DAC is also responsible for official development statistics, including classification of developing countries as recipients of development assistance. DAC produced international development targets which were also adopted by the UN, the World Bank and the IMF, and which have later been developed into *Millennium Development Goals*. Moreover, DAC has worked intensively on developing the partnership concept and analysing issues relating to the effectiveness of development assistance.

In September 2001, DAC's high-level meeting (ministerial level) adopted guidelines for poverty reduction, sustainable development and conflict prevention measures and for capacity development in the trade sector. After three years' negotiations and over 25 years of discussions, a recommendation could also be accepted on untying development assistance in most sectors to the least developed countries as from 2002.

DAC's guidelines in the field of poverty are based on the multi-dimensional poverty concept. The guidelines indicate that this will require changes and creative solutions as regards organisation, methods, systems for driving forces and culture among donors. Reducing poverty will also require better coherence between the different policy areas and documents of governments and agencies.

6.4 Swedish country-based development assistance

The Committee has found that *current development assistance relations* between donors and recipients need to be changed in order to achieve higher effectiveness and efficiency. The relationship should be based on the partner countries' own responsibility for their development policy and its implementation. Experience shows that development assistance is most effective when it supports a process that the country owns and operates

itself. Respect for democratic goals and processes also requires that the donor relation be changed.

The effectiveness of goal fulfilment at country level has often been affected negatively due to the recipient countries having the task of dealing with varying demands from a large number of donors, with different requirements for reporting and greatly varying procedures. This has contributed to a lack of effectiveness, where an increasing amount of valuable time and energy has had to be used for dialogue with donors rather than with their own populations. The prerequisites to strengthen the democratic process have been undermined. The recipients' scarce capacity for analysis, policy formulation and follow-up have to a great extent been swallowed up by the management of development assistance in the form of the donors' uncoordinated demands for reporting, visits, monitoring, etc.³¹

The partner countries have their own unique historical experiences with and ideas about the development strategies and the type of policies which are most effective to achieve the set goals. Analytical capacity has increased in many developing countries, as well as the desire to formulate a policy based on their own conditions and prerequisites. Application of a South perspective would mean that this desire should meet with increased response, not only to support democratic processes but also to ensure that policy is formulated in way that is suitable for national conditions³². A strong desire to be able to *develop their own capacity* instead of being referred to the donor countries' attempt to regulate in detail developments within projects, has been strongly expressed in the Committee's meetings with economists, social scientists, and other researchers and experts from developing countries. This also represents an insight that is fast gaining ground in an increasing number of donor countries.

The outcome of the countries' choice of policy depends to a great extent on local conditions. Therefore, what the most effective development policy will be will vary from one country to another. From the donor's perspective, a certain measure of *risk-taking* is required when it comes to the partner country's ability to achieve the set goals. *Risk-taking* must be combined with patience and a readiness to *accept experiments* in policy choices and inputs. There has sometimes been a fear among donors of financing measures

³¹ Andersson, M., 2001b, Kanbur et al, 1999, Mkandawire, 2001, World Bank, 2000b.

³² Bangura, 2001.

that represent new and/or alternative ways of thinking, and this attitude has been expressed in a prioritisation of what some call "safe aid". A preparedness for flexibility must, however, be combined with a firm determination to discontinue aid to governments that clearly and flagrantly depart from the basic criteria for cooperation.

A consequence of the emphasis on the recipient countries' own responsibility for its development is that the donors' control of method options and insight into the exact use of different donors' development assistance funds at the input level is reduced. At the same time, the relation of the development assistance to the country's policy for poverty reduction becomes clearer. A close examination of the extent to which the *government* in a particular country can be considered to be a *suitable "agent"* for realising the overall common objective of combating poverty is thereby absolutely crucial, not only in terms of accountability to Swedish taxpayers, but also in relation to the ultimate "clients" or beneficiaries of assistance – poor people.

There are opposing interests here. On the one hand, there is the recipients' claim for their own responsibility and respect for domestic political processes, on the other hand there is the donor countries' demands that priority be given to poverty reduction, and on ongoing information on the use of funds. Diminished control on the part of the donors should not reduce the demands for reporting and accounting of goal fulfilment. There must be agreement between donors and recipients on the goals that are to be met. Moreover, the partner countries must continuously meet the basic conditions that the donor has established in order to be qualified for aid. However, this form of cooperation implies reduced involvement in the recipient country's choice of policy, and the measures related to it to achieve the set goals. Credible goal-means hierarchies need to be presented. This is well in accord with the principles of management by results. Reporting of results and effects is to take place by the partner country at agreed times. On the basis of this report, decisions shall then be taken as whether the general support can continue. After taking into consideration factors beyond the control of the recipient country, and on condition that the criteria continue to be met, *new funds* are to be *allocated* to the government's budget, mainly in relation to how the country has succeeded in achieving the set targets.

For many years, the main part of Swedish bilateral development assistance was channelled to about 20 so-called programme countries. This concept no longer exists. Instead, country strategies are now worked out for countries with which Sweden wishes to engage in a long-term development cooperation. This applies to all countries with which Sweden has signed or intends to sign an overarching partnership agreement. Strategies can also be worked out for other countries, as well as for regions, when this is motivated by the size or complexity of the development assistance. Sweden is working on such long-term cooperation programmes for an increasing number of countries. The number of countries for which country strategies or guidelines have been worked out has increased greatly during the 1990s, and now totals about 45 countries. Of these, 39 are developing countries and six so-called transitional countries i.e. countries with economies in transition in Eastern Europe and the former Soviet Union. During the period 1988/89 to 2000, the number of countries with which Sweden had some form of development assistance relationship increased from 72 to 116. During the same period, the total development assistance to the 20 countries that received the greatest amount of development assistance fell from 92 to 47 per cent of the bilateral development assistance. In the light of this, Sida's management board has stated that it does not wish for "further geographical expansion". Many other analysts that the Committee has been in contact with have adopted a similar standpoint or expressed a desire for *concentration*.

At present, Swedish development cooperation takes place mainly in the following forms, all four of which all make quite different demands on the design of development assistance:

Financial transfers of resources take place mainly to governments in the most important partner countries. For these, close collaboration is required for a long period of time. It is therefore important to concentrate this form of collaboration to a limited number of countries. There is a lot to indicate that, above all, sub-Saharan African countries should be prioritised.

Transfer of knowledge takes place in areas where the need for knowledge and know-how is deemed to be particularly great and where Sweden possesses particularly valuable competence. Also here, it may be an advantage to concentrate on areas where Swedish knowledge is in demand by the developing countries, at the same time as cooperation does not have to be limited to the long-term

partner countries. NGOs can by virtue of their knowledge of local conditions often act as agents in the provision of effective aid, even in countries where the regime does not carry out a policy that is in the best interests of the people. Aid is provided today to countries where Swedish organisations are already well established and where good local partners can be found.

Development assistance for the *development of democracy* requires continuity over a long period. This also includes assistance to the development of multi-party systems. Experiences indicate that this latter kind of development assistance is best channelled through the political parties who themselves choose their own partners.

The need for *humanitarian assistance and for emergency and disaster relief* is difficult to predict, so it is important to have a preparedness for swift inputs in principle anywhere in the world.

6.4.1 Considerations

The Committee has found that the main principle for development assistance should be that it is based on the partner country's own priorities and planning. In an endeavour for concentration, the Committee recommends that Sweden choose to limit long-term government cooperation to a manageable number of countries. In addition, forms of cooperation should be made explicit, i.e. be maximally clarified. Today, there is a lack of clarity as regards the criteria for choice of countries, as well as considerable inertia in adapting development assistance to changed conditions in the recipient countries or the surrounding environment. The Committee therefore proposes that the following basic criteria be applied in choosing partner countries:

Selection criteria for choice of countries

- Low-income countries or countries with extensive poverty, whose governments:
- conduct a policy focused on sustainable poverty reduction
- engage in an ongoing process towards democracy and gender equality
- demonstrate credible efforts to protect and fulfil human rights

The poverty criteria should be more clearly reflected in the choice of Sweden's partner countries. The countries should be low-income countries or have extensive poverty. Of the 20 largest partner countries in terms of payments of Swedish development assistance in the year 2000, 7 were medium-income countries while 8 countries were in the category "least-developed countries" and the remaining 5 were other low-income countries. As a basis for the decision on partner countries, the following categorisation of poor developing countries can be made:

1. Countries that meet the criteria but which lack the ability and capacity to implement policy.
2. Countries that meet the criteria and have institutions and other capacity to implement policy.
3. Countries that do not meet all the criteria.
4. Countries that lack the political will or determination to carry out a policy focused on general poverty reduction.

An active and *selective cooperation* should characterise development assistance to the countries that on the basis of a common basic values (poverty reduction, democracy and HR) are not considered to have the ability or capacity to fully implement policy on the basis of the selection criteria (category 1). Selective aid should be concentrated on the dimensions of poverty (lack of opportunities, power and security) where the deficiencies are greatest, and to build up the capacity required to be able to implement policy.

In the case of countries that are considered as being able to meet the criteria, and which have the ability and capacity to implement the policy, a general budget support with independent responsibility for results should be considered (category 2). Cooperation should be based on a process whereby the country sets clear targets for its development strategy and decides on *how* the objectives are to be met. The country should have its own system for control and evaluation of results, as well as responsibility for procurement of goods and services to implement the policy.

According to the Committee, Sweden should choose to pursue long-term government bilateral development cooperation with countries in the first two country categories as described above. Other forms of development assistance (aid to global public goods, support via non-governmental actors and through multilateral

institutions) should be considered for long-term Swedish collaboration, and to poor countries that do not comply with all criteria (i.e. category 3). Countries in the various categories can display great differences in conditions and prerequisites. In the first category are countries that have developed or aim to develop their poverty reduction strategies but which presently lack the ability and institutional capacity to implement these. This may also include countries that are recovering from armed conflicts or from natural disasters.

A *long-term approach* is of crucial importance for development assistance to function effectively. The donors have a number of instruments at their disposal: budget support, programme support, sector support, project support, technical assistance, debt relief, humanitarian assistance, support for regional cooperation, conflict-prevention measures, etc. The very great difference in conditions between countries is that it is not possible to establish that a particular form of assistance instrument will always have the greatest importance for poverty reduction. Rather, it is a matter of choosing the means and assistance instruments that are most effective in different contexts at a given time according to the individual countries' varying conditions. The choice of instruments and the balance between direct and indirect types of development assistance should be based on a goal-means analysis of the developing country's needs and their policies and on a dialogue with the local government and other actors including other donors.

Cooperation with individual countries can be characterised as a *process* with a gradual transition between the different forms of cooperation. The selective cooperation can be focused on advisory services, technical assistance and certain project support for countries that comply with the above criteria, but which have weak prerequisites in terms of capacity, and can later shift to sector support and programme support apace with the country's development. Support for the country's capacity building and democratic development should aim at the countries being able themselves to plan and take care of their own development, and at forms of cooperation that can shift from selective to general budget support.

Selective cooperation

Selective cooperation will thus be characterised by a more *pronounced commitment* on the part of the donor countries than will situations with general cooperation. Based on the country's own planning and budget, donors will need to take a more active part in planning as well as in design and follow-up. It will not either always be the recipient country's government that will be the primary channel for cooperation and transfer of resources.

Development assistance in such countries can consist of different combinations of advisory services, policy dialogue, capacity-building support, technical assistance, project support, sector support, and programme support. The range among countries means that development assistance in some cases should be focused on advice and capacity build-up while project and sector support can be more prominent for other countries. The better the implementation capacity a country has, the greater portion of aid that can be channelled as sector and programme support. In these cases, the cooperation partnership will approach a phase of more *general collaboration*.

Support for capacity-building measures, as well as policy dialogue and encouragement for exchange of experiences with neighbouring countries in similar situations, has proven to be of great importance for initiating desirable reforms. Work at regional and sectoral level can also be an alternative. In certain cases, the aims for cooperation can best be achieved by development assistance being channelled through non-governmental actors, such as civil society organisations and networks, and the private sector in the individual partner countries.

A problem in many countries is *weak institutional capacity* including leadership and management functions. The leadership have in many cases their foremost loyalty to specific interest groups in the society. In this way, the driving force is lacking to introduce necessary policy reforms or to implement development inputs focused on the poorest groups.

The introduction of *autonomous development funds*³³ can be a way for donors and other interested parties in partner countries to implement projects independently of the partner country's government. Such common or joint funds could be established within a sector, a region or for a topic. They should be open to

³³ Hydén, 2001.

competition at the local level and interested parties in the partner country should be able to apply for resources from this Fund to implement projects. The funds are probably most suitable for small and medium-sized projects. They should be public and managed by a coalition of local affected actors (NGOs, private enterprises, etc.), local authorities and donors of development assistance. Donors can then channel their assistance through the established fund. This also reduces the administrative burden which is placed on the recipients of aid and strengthens donor coordination. The recipients have dealings with one fund and not a large number of individual donors at the same time. By their design, the funds provide increased influence over the use of development assistance to local partners in the countries concerned. Moreover, funds can be used in countries where governmental cooperation is not currently taking place.

General cooperation

The choice of entering into *general cooperation agreements* with independent responsibility for results should be based on an assessment that the partner country fulfils the basic criteria and that there is no doubt about the direction of the local government's efforts and that it is deemed to have the capacity to implement the policy. This approach thus assumes extremely good knowledge of the country. It also implies that a local presence in the country, as well as use of local capital will be even more important than previously.

Coordination with other donors who are focused on the same form of assistance should be aimed at as regards analysis, procedures for transfer of development assistance resources and follow-up and control of development results and effects. Development assistance can also be channelled through other bilateral or multilateral donors, in cases where that Sweden determines that the prerequisites for effective development assistance are better achieved by an arrangement of this kind. Efforts should be made to work out a system of *global division of labour*, where all OECD countries and multilateral organisations take the main responsibility for coordination of donors' cooperation with individual developing countries. The country knowledge that is then amassed should be added to a special pool

of knowledge which is open for all countries. The knowledge bases of the different multilateral organisations and NGOs should be added to this "pool" as well as more general analyses of the causal correlations of poverty and cause-and-effect relations that lead to poverty reduction.

General support should be transferred directly to the partner country's budget and not be specially destined for individual projects or sectors. Cooperation will thus be concentrated on countries which have the prerequisites to handle general budget support. However, this does not mean that countries in this category have attained such a high level in their development that they can manage without assistance. Here, we are concerned developing countries with a large proportion of poor people, but who have made a political commitment to pursue a poverty-focused policy in combination with their own ability to manage budget support. The general support is in other *words not only to be concentrated* on countries with such *ideal qualities* that they could really manage without development assistance. The proposal is rather to clarify and strengthen this form of collaboration and reinforce the result-focused driving forces.

Sweden and other donors provide budget support to a number of countries at present. On Sweden's part, as previously mentioned, just under SEK 6 billion has been made available since 1986 to 30 countries in the form of budget support, balance of payments support, and support for debt relief. However, this assistance has not been linked to a results focus, nor to any of the criteria that have been proposed here. Neither is there any connection between the size or volume of the aid and the results achieved. *Other countries have begun to carry out* this type of programme – for instance, the United Kingdom has started a general budget support to Rwanda. The common commitment for the British budget support is ten-years, while the financial transfers are divided up in three-year allotments. The use of funds has been linked to compliance with the overall poverty target, and earmarking for particular activities or projects defined in advance has ceased.

Budget support must not create a new kind of dependency on development assistance. Strategies should therefore be worked out which aim at when and how development assistance to countries that receive general support is to be concluded, so-called exit strategies, and cooperation is instead to go over to political, commercial and cultural relations which are not dependent on

development assistance financing. These phasing-out strategies should be developed at the very beginning when cooperation shifts over to general support. In this transitional phase, cooperation within the private sector and the civil society should be able play an important role.

Continuous and regular *follow-ups* of goal fulfilment and criteria should be carried out for both the selective and general forms of support. Such follow-up could be coordinated with the Bretton-Woods institutions annual review of the countries' poverty strategies and their implementation.

Cost-effectiveness and untying assistance

Swedish development assistance interventions must be *governed by cost-effectiveness*. Procurement of goods and services must be made by the partner country in a competitive, untied market. The partner countries should be able to choose themselves whom they wish to work with in different areas and from whom they wish to purchase goods and services. Together with the other DAC members, Sweden has adopted a recommendation to untie development assistance to the least developed countries in most sectors beginning in 2002. According to the World Bank, development assistance to developing countries would be up to 25 per cent more cost effective if it was totally untied. In 1999, 8.5 per cent of the Swedish development assistance was wholly or partly tied to Swedish goods and services.

The Committee considers that Sweden should untie all bilateral development cooperation and at the same time strive for *total international untying* of development assistance. This would above all entail effectiveness gains for the partner countries. It would also open up new and considerably greater opportunities to financing of Swedish goods and services from other sources. Greater international competition would probably also contribute to making the Swedish resource base more effective.

There are a number of forms of development assistance which in their design are tied to Swedish suppliers of goods and services, and which should be untied. These consist mainly of loans to developing countries, the contract-financed technical development assistance, consultancy funds at different multilateral organisations

and at international financial institutions. Parts of support to research and to NGOs also come under this category.

An untying does not necessarily mean that the activities shall cease per se. The Committee is convinced that the Swedish services and goods that are offered in these systems will be competitive on an international market.

Guidelines for long-term collaboration

The following general guidelines can be formulated for the forms of development assistance to the countries with which Sweden wishes to engage in long-term cooperation, either selective or general:

- Choose countries that comply with the stated selection criteria, i.e. poor countries which pursue a policy that is focused on sustainable reduction of poverty, which are engaged in an ongoing process towards democracy and gender equality, and which have a credible striving to protect and fulfil human rights.
- Start from the basis of the partner country's own planning, budgeting and priorities.
- Provide support to enhance the country's own capacity for analysis, evaluation, audit and management by results.
- Design country strategies on the basis of the policies and planning of the partner countries and in close dialogue with the partners.
- Work together with other donor countries and multilateral organisations when country strategies are to be compiled and support designed.
- Channel development assistance through other donors and organisations when these are considered to have a better capacity to implement effective cooperation.
- Strive for a common international approach and perspective on general budget support within DAC and in various forms of international policy development and donor coordination.
- Harmonise procedures with other donors and organisations. Identify areas where Sweden can adapt to the routines of other organisations and vice versa, on the basis of the ambition that adaptation should be in line with the partner country's procedures and ownership of development processes as far as possible.
- Create greater openness, insight and comparability between different donors. Strive for active participation from recipient

countries and civil society in reviewing donors' (countries' as well as organisations') policies.

- Conduct an impact analysis of competence requirements and effects on the Swedish administration, resource distribution between head office and field representation and the link between political decisions and analysis function.
- Allow flexibility, openness, experimentation, and failures in this process, which will contribute to valuable learning, and will require a long-term approach.
- Develop mechanisms for follow-up and criteria for when development assistance is to be terminated.

Bilateral support for global public goods

In Chapter 4, the Committee proposed that increased Swedish resources are to be invested in the *financing of global public goods*. The importance of expanded collaboration between different actors and policy areas in this work is underlined. In Chapter 8, the Committee makes proposals as to how this collaboration can be reinforced in organisational and financial terms. It is important to note that increased resources for financing of global public goods will not automatically mean any increase in support to multilateral organisations. As shown in Chapter 4, different types of inputs are required to obtain an increased supply of a public good. Often, production is required at local levels in developing countries. Such production can be financed in different ways, for instance by bilateral support to the country in question. This is already taking place through, for example, support to a developing country to fulfil commitments for agreements on global public goods (for instance, an environmental agreement), or through bilateral support to a developing country as part of efforts to eradicate an infectious disease or to deal with the consequences of a conflict in order to prevent the emergence of a new conflict.

In exactly the same way as eradication of poverty must be carried out with the aid of a number of different instruments, the production of global public goods must take place with the aid of a broad spectrum of instruments. Some of these consist of measures in the developing country, others are related to measures at global level, or by changed policies in the rich countries. Bilaterally financed development assistance inputs in poor countries often

constitute necessary measures for e.g. combating diseases, conflict prevention or for the promotion of financial stability. With an approach focused on results, the starting point is the goals that we wish to achieve, and in terms of which we then identify the various instruments and measures that can be used. The final selection should be governed by the expected effectiveness and efficiency of the inputs in relation to the goal.

Bilaterally financed interventions at local levels can often be most effective. In other cases, inputs via multilateral organisations, in regional auspices or measures in high-income countries are the most effective means. It is most often a combination of measures that will be required. This means that the majority of activities that are today contained within the so-called *knowledge development assistance* and Sida's specialist departments will be important bits of the puzzle in promotion of global public goods. The new approach means, however, that these inputs will be applied in a broader context, and that they will be part of a broader cooperation across policy areas with more actors, instruments, sources of financing and knowledge. Inputs can be relevant in both country categories for Swedish bilateral assistance but also in many countries outside these categories. Knowledge development assistance and competence in subject or sector departments will also be important inputs in the selective country collaboration as proposed above.

In Chapter 4, the Committee has discussed the *global public goods* which the Committee anticipates that Sweden will initially concentrate its initiatives on: the struggle against infectious diseases; the struggle against corruption and money laundering; conflict-prevention measures as well as securing of safe water supplies and the sustainable management of the world's climate and forests. The Committee wishes to underline that this does not mean that these areas will be removed from the bilateral cooperation. On the contrary, there are good reasons for these also becoming *important for Sweden's bilateral cooperation*.

Swedish development assistance has made important inputs in the past in these areas. Some examples that can be mentioned are soil conservation programmes in eastern Africa, various programmes for sustainable use of forest raw materials, and the struggle against HIV/AIDS. During the nineties, Sweden has participated actively in international efforts to prevent the spread of HIV/AIDS and also made inputs at country level to strengthen health care services for the sick. Sweden should then have

exceptionally good opportunities to *play a pioneering role* with regard to close collaboration between traditional, national expertise on social development and poverty reduction on the one hand, and experts in forest conservation, agriculture, soil conservation, marine issues, water management, etc. on the other. Such cooperation will be absolutely necessary.

Regional cooperation

Development cooperation is mainly focused on nation states, but along with increasing globalisation of problems, *the need for regional cooperation has become increasingly more pressing*. Sweden should, by virtue of its experience of Nordic and European cooperation, actively strive to strengthen regional cooperation between countries that so desire. This may concern macroeconomic issues, transportation, infrastructure, environment, security, IT, etc. Experience shows that both donors of development assistance as well as potential partner countries are often locked into traditional bilateral agreements. New thinking and creative solutions are required. Nor should work be focused only on traditional kinds of development assistance, but also other policy areas should be included. EU's collaboration with the ACP countries in the framework of the Cotonou agreement has been regionalised, and can serve as a model for such broad forms of collaboration.

Support to civil society organisations

The growing collaboration between sub-national bodies and popular organisations in Sweden and in other countries is important for the broader policy for global development. Mutual exchanges of this kind should take place, for instance, between municipalities, twinned towns, parliaments, parties, administrations, associations, schools and groups of businesses or companies. This applies most to countries in our vicinity but also to an increasing extent more distant developing countries. Today, there is also a well-established exchange in culture and in research. Such exchange can on the part of Sweden aim at assistance for reasons of solidarity, but can also play an important role for our

own knowledge about conditions in the world, and for a deeper understanding of the conditions and rights of the poor. It can open the road for more equitable relations between actors in Sweden and in developing countries, and contribute to a stronger development assistance will and commitment in Sweden. The Committee finds that *mutual cross border cooperation between peoples* to promote development policy goals should be stimulated. The forms for this should be further investigated together with NGOs, municipalities, cultural and research institutions and other representatives of civil society. In such an enquiry, the value of stimulating international cooperation after the development assistance based cooperation has ceased or if development cooperation had not existed at all, should be taken into consideration.

Sweden should continue to provide strong support to the growth of a *strong civil society in developing countries*. This support should continue to be focused on NGOs that work for one or more of the three PGD goals. Although such support is mainly targeted at voluntary organisations or interest organisations, a broad flora of organisations and networks can come into question. Different kinds of associations may be of interest such as cooperatives, trusts and looser networks.

Support can also be channelled bilaterally through Swedish organisations, or directly from the Ministry for Foreign Affairs or Sida. Support can also be provided by various UN bodies, EU, other international organisations or organisations in another country.

With a South perspective, the Swedish support – regardless of the channel used – should be *based on the needs and demands* of organisations in the countries concerned. Support via an external NGO is to concern activities engaged in by a domestic organisation in the country, unless there are special reasons to motivate an external organisation being used for implementation. Planning, implementation and responsibility for results thus rest with the domestic organisation.

Cooperation between like-minded NGOs in Sweden and developing countries has special qualities and possibilities for a long-term and deep collaboration. *Direct assistance* from the Ministry for Foreign Affairs or Sida to civil society in the developing countries should be a complement to other primary forms of support. For this purpose, the autonomous development funds discussed above can be an alternative. With regard to the

Ministry for Foreign Affairs's or Sida's assessment of organisations and their activities in the developing countries, knowledge and competence possessed by the Swedish organisations should be made use of. It may be necessary to strengthen the analytical ability of the Ministry for Foreign Affairs and Sida in these and other respects.

Sweden should not only provide support to the organisations and their activities, but also should contribute through dialogue and development assistance to creating a *favourable environment* for the organisations to operate in. This applies to development of a facilitating regulatory framework and a constructive political and legal administration, not least when it comes to mechanisms for defence of the freedom of organisations, assembly, opinion, religion and expression. A reinforced Swedish presence in the partner countries (as proposed in Chapter 8) also makes possible better contacts, and promotes knowledge about the role and conditions of civil society in the respective countries.

Although this form of development assistance, as at present, will be provided to a number of varying activities and kinds of operations, the main purpose must be to enhance the development of competent, independent, legitimate and democratic organisations in the developing countries. This can include support to administrative development, development of financing capacity and educational capacity.

Support should also be given to national, regional and international networks and umbrella organisations for increased exchange, coordination and opinion building. For example, the participation of civil society organisations in preparation and follow-up of poverty strategies (PRSP) should be supported. It is also important to provide developing countries' organisations with opportunities to take part in regional and international exchanges, conferences, and negotiations.

Choice and number of partner countries

In the preceding section, criteria were proposed for choice of partner countries and guidelines for long-term cooperation with these countries. In this way, a situation can be created whereby national governments are motivated to *comply* with the basic

criteria for long-term cooperation which in turn shall eventually lead to general budget support.

The choice of partner countries is based on political decisions in the government and Parliament. The Committee anticipates also that decisions on general budget support with independent responsibility for achievement of desired results to a great extent should be more political than operational in its nature. The government should obtain the firm backing of the Parliament for decisions made. Moreover, there should be close coordination with other donor countries in the choice of partner countries.

For the countries that obtain general budget support, a *report* of progress and standing should be made to the Parliament twice per mandate period. In the event of clear breaches of the basic criteria, evaluation and reconsideration should take place swiftly. The Committee anticipates that the consequences of the proposed forms of cooperation could be that more time needs to be devoted to analysis of overarching issues such as the countries' poverty policy, its strivings for democracy, and the result of policy implementation. In this context, the necessary goal-means assessment linked to these analyses needs to be undertaken. On the part of Sida, more resources will probably need to be decentralised to the field organisation in the partner countries, amongst other things, to carry out these analyses, at the same time as project management in this part of development assistance is successively reduced.

Whenever current *cooperation agreements* with individual countries *expire*, an assessment should be made on the basis of the selection criteria whether cooperation should continue, be successively reduced, cease altogether or shift over to other forms, such as bilateral support for a global public good or by collaboration with another financier who takes the main responsibility.

The long-term strategy aims at more general cooperation in the form of direct budget support to a number of countries. The budget support that already exists is not based on the same criteria and demands for background analysis and results follow-up as have been proposed here. In the view of the Committee, extremely few countries would be able to receive budget support alone in the near future. It is impossible today to state exactly when this will be possible for different countries and how many countries can be considered for such support. This will become clearer as the result

of a process over time, and will also depend on how large a part of the total development assistance volume has been set aside for such cooperation in relation to other inputs, e.g. multilateral cooperation, humanitarian inputs and production of global public goods.

The path to a general cooperation requires, in the view of the Committee, considerable selective inputs in a *number of carefully chosen partner countries* to be able to go over to general budget support. The Committee anticipates that an increased Swedish presence will be required in the field, as will greater inputs of capable analysis and evaluation in general. The number of countries would therefore need to be reduced to a manageable number. As has been previously mentioned, Sweden today has produced country strategies or guidelines for about 45 countries, at the same time as Sweden has some kind of active development-assistance relation with approximately an additional 70 countries. The Committee sets up clear criteria for choice of partner countries for long-term bilateral cooperation. The overall assessment is therefore that the number of partner countries initially *should not be greater than the approximately 20 countries* which previously received long-term support, and that the partner countries should be sought primarily among the poorest countries. The Committee considers that this reduction of the number of countries should be achieved during the coming five-year period.

The Committee wishes to underscore that fewer countries for such long-term cooperation does not mean that Sweden “deserts” or “abandons” the poor people in other parts of the world. An important part of the Swedish development assistance budget is presently and should continue to be channelled, for instance, through UN bodies’ initiatives for, for instance, children and refugees, via EU and the ACP countries, via NGOs and via the Swedish humanitarian and conflict prevention assistance. The increased investment in production of global public goods that the Committee proposes will also be an important contribution to improving conditions for many people who live under conflict, are threatened by HIV, suffer lack of water, etc. regardless of the regime or geographical location.

6.4.2 Proposals

The Committee's proposals for the design of Swedish development assistance can be summarised in the following points:

- It is proposed that the following criteria be applied in choosing of countries with which Sweden wishes to engage in long-term cooperation. Low-income countries or countries with extensive poverty whose governments: conduct a policy focused on sustainable poverty reduction; engage in an ongoing process towards democracy and equal opportunities; demonstrate credible efforts to protect and fulfil human rights.
- An active and selective cooperation should characterise assistance to the countries that are not considered to have the ability or capacity to fully implement poverty-reducing policies, but which are acceptable on the basis of the proposed selection criteria. The selective support must be adapted to the respective situation and be concentrated on the dimensions of poverty (lack of opportunities, power and security) where deficiencies and deprivation are most severe as well as on capacity building to be able to implement this policy.
- For countries that are considered to comply with the criteria and which have the capacity and ability to implement policy, a general budget support with independent responsibility for results should be considered. Cooperation should be based on the country having clear targets for its development strategy, and can make its own decisions on how the objectives are to be met. The country should have its own control and evaluation of results and be able to accept responsibility for procurement of goods and services.
- The Committee considers that the long-term collaboration should be limited to a manageable number of countries which in an initial stage is judged to be not in excess of 20. This reduction of the number of partner countries should come about during the next five-year period.
- Sweden should untie all bilateral development assistance and, at the same time, work for total international untying.
- The Committee proposes increased support to civil society in the developing countries, as well as support to the ability of civil society organisations to operate nationally and internationally.
- The international cooperation at sub-national and popular levels - between different parties in Sweden and in other countries - should be supported also when cooperation is not directly

development assistance-related. The forms for this should be investigated. (further proposals are contained under 7.5.4).

- Country strategies for Swedish development assistance should be based on the planning and ownership of the partner countries, and be designed in close consultation with the country in question and between the government, authorities, the business sector, and the civil society in Sweden. Strategies should also be based on the developing country's strategy for poverty reduction, democracy, human rights and gender equality and coordination with other donors and multilateral organisations should be striven for.
- Competence at the Ministry for Foreign Affairs and Sida needs to be reinforced to better be able to assess different development countries policy and strategies for combating poverty on the basis of a South and human rights perspective. Trade policy, democracy, and human rights are areas that require increased attention. The Committee anticipates that Sida will need to decentralise more resources to its field organisation in the partner countries, *inter alia* to carry out necessary policy and other analyses within the framework of the long-term collaboration which is proposed here.

The main proposals are presented in the following table.

Swedish development assistance			
	Country-based		Non-country-based
Assistance via:	Partner countries for long-term cooperation	Other countries	
The partner country's government	General cooperation <i>Budget support</i> <i>Policy dialogue</i>		Regional cooperation
	Selective cooperation <i>Budget support/programme support/sector support</i> <i>Project support</i> <i>Technical assistance</i> <i>Advice</i> <i>Policy dialogue</i>		Global public goods
	Support to global public goods at country level (<i>environment, research, disaster assistance, ICT, etc.</i>)		
Civil society, the private sector, local authorities in the partner country	Support to civil society (<i>Demand-driven; not tied to Swedish channels; Autonomous development funds</i>)		Regional organisational cooperation
	Sub-national and popular international collaboration Collaboration between organisations/institutions in Sweden and developing countries with similar objectives and direction.		Organisational cooperation around public goods
Multilateral organisations	Co-financing with or without support to the activities of multilateral institutions in individual developing countries.		Support to regional cooperation and global public goods
Bilateral organisations	Co-financing with other bilateral institutions		

6.5 Swedish profile issues

In development assistance discussions, mention is often made of Swedish profile issues. This refers mostly to *the issues that Sweden particularly pursues* and is a driving force for in different international contexts and through its bilateral cooperation. Well-known examples are democracy and HR, gender equality, environment, administration, and others. In its work, the Committee has found that Swedish development assistance interventions and investments have been successful in precisely these areas and should therefore continue.

When the *goal for Swedish development assistance policy* is formulated, this should also be perceived as a Swedish profile, i.e. it should reflect what Sweden considers to be important for development. In cooperation based on partnership, the direction of Swedish development assistance must be placed in relation to the partner countries' choice of policy. The Swedish profile issues cannot be formulated as one-sided conditions for use of Swedish development assistance funds. This does *not* mean that development assistance is *unconditional*, not even when the partner country's strategy for poverty reduction has been successful and Sweden considers that it can give a general budget support.

Sweden must make *demands for insight and openness*, which in turn puts demands on the entire democratic system in the recipient country. Swedish development assistance can contribute to building up an effective administration with democratic institutions. The problem with corruption and abuse of power – which is often referred to in discussions on development assistance – is a good example. If the use of Swedish tax revenues for development assistance is to be defended, it is of course important to know that these funds are not being embezzled. For sustainable development, it is, however, also necessary to have a democratic insight into public administration. This should not take place just because Sweden has made demands, but because there is a willingness and an insight on the need for this on the part of the government in the recipient country. This willingness and insight also exists among many developing countries, although a lot remains to be done before the problems are solved. A South perspective means that Sweden bears this commitment in mind already in its choice of countries, and that it demonstrates confidence in the ability of the recipient country to propel

development in the right direction. Sweden and the partner country will thus be in agreement on the conditions, although it is the recipient country's government which owns and designs its policies, and chooses whether they are best promoted by Swedish goods and services. The developing countries must have an independent responsibility for results of policy implementation, and be able to coordinate the development assistance that comes from various directions.

Swedish profile issues are sometimes defined as areas in which Swedish competence and its *resource base* are particularly marked. This includes areas where Sweden has knowledge, products and services that are exceptionally suitable for development cooperation. These areas coincide most often, of course, with the issues that Sweden vigorously advocates in various international fora, such as environmental considerations and gender equality.

The Swedish resource base can thus be described in many ways, as goods, knowledge and know-how, ideas and methodologies. It can be used both in bilateral governmental cooperation, as well as in production of global public goods and in cooperation with NGOs. A deliberate policy is needed to promote the resource base, for example, by seeing to it that investments in Swedish higher education also take into account Sweden's policy for global development.

Swedish expertise can, however, not comprise the main basis for Swedish development assistance inputs. This must instead be the *needs in the developing countries* and from a South perspective, also the priorities that exist for the people in these countries.

Among the central profile issues can finally be mentioned *new areas* that we in Sweden consider require greater attention. The Committee views the struggle against HIV/AIDS and bridging the digital gap as new areas where very large investments need to be made quickly.

From many quarters, the Committee has been informed of the desirability of a greater *concentration* of development assistance inputs. Although Sweden, compared with most other countries has a large development assistance – an assistance which most want to see increased, its volume still is not sufficient to “do everything everywhere”. When the issue of concentration has been raised, it has concerned both geographical concentration (choice of countries) and thematic concentration. Issues relating to choice of

countries are dealt with in other parts of this report. This section deals with what affects the thematic areas.

With regard to the concentration of subject or thematic areas, it has been deemed logical within the Committee and in various consultations to discuss both what the Swedish profile issues should be and what the Swedish resource base can offer that could contribute particularly well to development, and that will very probably be in demand from the developing countries. This section reports on the proposals that have emerged and the areas that, according to the Committee, should constitute important Swedish profile issues also in our international and multilateral development assistance work.

The attention of the Committee has also been drawn to the *synergy effects* that can be achieved through being more open to the vigour and competence of the Swedish resource base, including the Swedish private business sector and popular movements, to achieve development policy objectives.

In a growing number of recipient countries, a desire can be noted for more equal relations based on mutual benefit instead of a traditional, imbalanced donor-recipient relationship. This is particularly evident in the rather more developed countries, and is in line with an increased South perspective in relations with Sweden. A natural consequence of this is that private business sector cooperation and twinning arrangements will have a more central role than has been the case to date.

The positive collaboration in development cooperation which has developed in many cases between the state - through the work of Sida in particular - and NGOs should typify relations between all actors. To far too great an extent, the Swedish private business sector has been used as a "supplier" for ready-formulated projects and programmes. With the project, sector and country knowledge that has been built up over the decades in the Swedish business sector and in civil society, there is a lot to be won with respect to development from building a closer partnership between these actors and *inter alia* Sida as early on as possible in the planning phase.

6.5.1 Building knowledge capacity

Education and research. Educational opportunities comprise a fundamental building stone both in combating poverty and the construction of democracy, and in the promotion of gender equality, i.e. equality of opportunity and rights for women and men alike. It is obvious that various forms of educational initiatives all the way up to university level should be included in the prerequisites for development.

Most donors of development assistance are involved in the educational sector, and the Committee therefore considers that it is worth underlining the long experience and knowledge that exists in Sweden in *adult education* as a special Swedish profile. The popular education work of the adult educational associations with participatory study circle methodologies has its roots far back in the times when Sweden was working its own way out of poverty. Folk high schools and colleges, and municipal adult education have meant a great deal for the development of learning for adults. In recent years, ICT has also developed to make learning by correspondence increasingly possible – an asset that would be invaluable for development, but that is to date out of reach for most students in developing countries. Education and training are also often important parts of the transfer of technology and know-how that is dealt with below.

Sweden has a long tradition and a unique experience of *research cooperation* with developing countries with a view to enhancing their research capacity. Building up a broad, independent research capacity of their own is an important prerequisite for development in countries in the South. It is important that research is not limited to discovering answers to questions that are formulated and actualised by development assistance alone, but that academic collaboration is also allowed to develop in response to local problem formulations and issues.

Transfer of technological knowledge. There is in general a great need both for technical cooperation and for the transfer of technological competence and know-how in developing countries (Chapter 5). There are a number of important technological areas of knowledge and experience where Swedish expertise and Swedish products are well at the forefront of progress. Well-known areas are *information and communications technology (ICT)*, *environmental technology and biotechnology* as well as extraction

and conservation of water and energy. For a number of years, Sida has built up systematic and in-depth knowledge over many decades, both with regard to pure capacity development – in the form of institutions, method development, training of staff, etc., and also with regard to innovative projects in all areas. Swedish development assistance has also made important contributions in protecting and developing natural resource bases in many developing countries. As examples may be mentioned soil conservation programmes, support to marine research and protection of sensitive coastal areas, as well as various programmes for the sustainable use of forest raw materials. Considerable attention has also been devoted to problems in connection with the modernisation process, for instance, environmental economics, industrial pollution, energy and transportation, etc. A serious problem in many regions is the lack of fresh water. Sweden has special competence and experience in this area *inter alia* through Stockholm International Water Institute (SIWI) and Stockholm Water Conference. Sweden also has long experience and considerable knowledge on *road and bridge construction* in different conditions around the world, as well as development of special technology for developing countries' *agriculture and food supply*.

The Committee wishes to emphasise that the issue does not just concern transferring existing technology, but also stimulating research and product development through development assistance, which is specially intended for the needs of developing countries. The rapid development of technology makes it fully possible for the poorest countries – with the correct support – to be able to “skip” certain steps in the development process and go directly to technologies which are economically and/or environmentally effective. A clear example is mobile telephony instead of conventional telephony. From the point of view of the environment and climate, considerable progress can be made if technological advantages are encouraged, in particular within the energy and transport sectors.

Information and Communication Technology (ICT)³⁴. Supporting development of ICT is important for at least three reasons. The “new” global economy is completely based on ICT. Countries that do not invest in strengthening this capacity will be rapidly marginalised as regards the economy and trade. Many

³⁴ Proposals on how ICT can be made use of in development assistance are contained in Accascina, 2001a and 2001b.

developing countries and companies in these countries can also develop niche competence with the aid of this technology. ICT can ultimately be used offensively in efforts to reduce poverty.

The building up of an information and communications system in society is dependent on technical expertise and access to relevant technology. There is a considerable need to communicate knowledge about how countries should structure the ICT system, how regulatory frameworks are to be designed, and what the government's task should be. Moreover, support is needed for capacity-building measures in administration and in higher education. The most important input however, is probably participation in functional legislation efforts and in supportive policies.

Support to the development of ICT-based applications has become increasingly pertinent. There is great potential to be realised in different forms of locally adapted "ICT tools" in education, health care, the operation of small-scale enterprises, agriculture, community information, etc. In order for this type of investment to have effects for entire countries and broad population groups, considerable development of the infrastructure is required. Sweden can contribute with experiences from the formation of a regulatory authority, provision of support for the development of new financing mechanisms and building up of rural-based ICT infrastructure. It can assist also in the introduction of national ICT strategies.

Sweden should support the idea of every village in a developing country ultimately having access to the Internet, and working for this to become a reality in a number of partner countries by the year 2005.

6.5.2 Supporting democracy, public administration and gender equality

Strengthen parliament. It is important to strengthen the role of parliament, as a counterforce to the high-handed presidential power which in many developing countries hardly can be described as promotion of democracy. The Committee wishes here to underline the great importance of the resources made available to the Swedish parties, via the organisations closely associated with political parties, to engage in cooperation with parties in

developing countries as well as the Parliament's bilateral cooperation with certain other parliamentary bodies.

Local democracy. Sweden is far advanced as regards the local (municipal) decision-making processes and power with far-reaching decentralisation of decision-making to the local level. Today, there are also already many interesting examples of local development cooperation through twinning arrangements and development cooperation through the Swedish Association of Local Authorities and the Federation of Swedish County Council's joint body SALA/IDA.

Good public administration. Some of the most important factors for good development in a country concern the increase of capacity in democratic institutions that can govern the country, safeguard the rule of law, and safeguard the interests of the country in international fora. In these areas, there are many instances of successful cooperation between Swedish institutions and organisations both at central and local government level. The Committee has found that there is strong support for further Swedish inputs in this area.

Strong popular movements. These have been described as being "typically Swedish", and a phenomenon that is fundamental for our democracy. Such ideas can be important to communicate to countries that wish to develop their own democratic process. The Committee shares this view, and notes that the popular movements have been a fundamental concept also when development cooperation through the NGOs and other civil society organisations has received an increasingly large proportion of the total development cooperation budget in recent decades.

The striving for *equality of opportunity and rights between women and men, i.e. gender equality*, is a prerequisite for the human rights perspective, but is also a strong driving force for development in all societies. This has been underlined in many places in this report. There is no doubt that Sweden can drive the issue of gender equality with authority, confidence and great international credibility. The promotion of equality between the sexes is also one of the overriding international development objectives.

Openness and combating corruption. The Nordic countries – with their openness principle in the form of public access, disclosure and insight into public administration and freedom of the press in speech and writing – are the countries that have been most successful in combating corruption, according to all comparative

investigations. Corruption is one of the greatest barriers not only for development but for cooperation relation characterised by trust, and for the public's willingness to provide development assistance. The Committee wishes to underline particularly the importance of the judicial system being free from corruption as a prerequisite for the protection of human rights.

The ombudsman function. The ombudsman has become an international concept for an institution and method of work that is designed to protect the rights of the individual. The Committee considers that Sweden can contribute with broad experiences of this function in many developing countries.

Tax collection, population registration and audit. In an economy which is developing and producing growth, it is important to have a functioning tax and revenue collection system. This is a prerequisite for a country to eventually become independent of development assistance. An effective and legally secure tax system also requires a functioning system for public record-keeping and population registration. Sweden has long experience to share in these areas.

Statistics. A reliable statistical basis provides a good foundation for both decision-making and for informing public opinion. Statistical information is defined as a global public good (4.1). From a gender equality perspective, demands have been made, in connection with UN conferences among other contexts, for more and better statistics that more adequately report gender disparities in various social, economic and political situations and areas.

Employment policy and relations in the labour market. Active labour market policy measures such as striving for peaceful and constructive collaboration and arbitration between the various concerned parties are also internationally renowned Swedish assets.

Trade. As a small country dependent on trade, Sweden has long experience of the importance of open commerce for a country's development as well as of the building up of institutional structures around a well-functioning foreign trade. Swedish development assistance to the multilateral organisations activities in the sector of trade has increased many times over in recent years. However, this increase has taken place from very low levels and inputs will need to be increased further. The same applies to bilateral development

assistance to strengthen the participation of the developing countries in world trade and in the multilateral trade system³⁵.

Regional collaboration. The long collaboration of the Nordic countries in culture, science, trade and free mobility in the Nordic labour market etc. should be a good basis to communicate experience and knowledge to regions whose collaboration is being developed. At other places in the report, we have pointed out that the EU has a great responsibility to back up regional efforts to cooperate. However, the Nordic cooperation has a different character which could possibly be more relevant for some regions to draw lessons and experience from.

6.5.3 The rights and security of the individual

Children. Sweden has extensive experience of a well-developed social and family policy in line with the UN Convention on the Rights of the Child (CRC) both as regards administration and in practical social work. In developing countries where a major part of the population consists of children and young people, the focus on children's rights and needs is a prerequisite for development. Sweden should continue to highlight children's conditions, promote their opportunities, indicate methods for their participation and highlight their contributions to change.

People with disabilities. Swedish disability policy is in the process of developing from having been a social welfare issue to a rights issue. The UN has adopted "Standard Rules (SR) to ensure participation and equality of opportunity by people with functional disabilities". In a rights perspective, this approach must have an even greater impact on Sweden's international activities, as well as on policy dialogue with developing countries.

Health. Like education, health is one of the self-evident areas in which practically all major donors are involved today. The Committee assumes that Sweden will continue to be involved in the health sector, both bilaterally and in the global struggle against infectious diseases, etc. The HIV/AIDS problematic is at present the most crucial issue that must be confronted and attacked from many different directions. During the 1990s and subsequently, Sweden has participated actively in efforts internationally to prevent the spread of HIV infection, and also has made inputs at

³⁵ Arhan, 2001, and Winters, 2001.

country level to strengthen care services for the sick. In this context, it is important to draw to attention the high level of Swedish know-how and professional experience with *sexual and reproductive health matters*, and with issues relating to *sexual guidance and family planning*. The Swedish maternity and children's health care services have been successful in reducing infant mortality and maternity-related death (through puerperal fever, i.e. septic blood poisoning). Both these areas are included in the overall international development goals (section 2.3.4). There is therefore reason to believe that Sweden could even more actively contribute to goal fulfilment by transfer of knowledge and research collaboration.

Alcohol and drugs as obstacles to development. Historically, the use of alcohol in Sweden has been an obstacle to development. The insight on this means that we, together with the other Nordic countries, unlike the rest of Europe, for instance, regard the use of alcohol as a public health issue of great importance. Already today, development-related research is taking place in this field in Sweden, and the Committee underlines therefore the importance that these insights and the knowledge involved could have for development cooperation. This issue also has linkages to the struggle against HIV/AIDS.

Mainstreaming/integration. During the past decades, Sweden has striven for the systematic, pervasive integration of certain perspectives and interests throughout all policy formulation, political decision-making and implementation, to guarantee that e.g. the rights perspective and the demand for sustainable development will have tangible impact. Conversely, it should be the case that when the rights perspective increasingly gains ground in combating poverty, there will be a greater desire on the part of the developing countries to share experiences and knowledge in these areas.

6.5.4 Conclusions

To sum up, the Committee considers that the following areas will be important Swedish profile issues in development assistance:

- Transfer of knowledge through inputs for education, particularly adult education in developing countries.

- Research collaboration for the development of developing countries' own research capacity and priorities.
- Technological transfer of knowledge and product development with special focus on environment, energy, transport, water and ICT.
- Sweden should endeavour for each village in a number of the long-term partner countries to ultimately have access to the Internet, preferably by 2005.
- Capacity for good public administration by the building of effective democratic institutions and enhancement of the rule of law based on open accounting and insight.
- Support for popular movement work, multi-party systems, and development of democratic processes at local levels.
- Private business sector collaboration to develop developing countries' own business sector.
- Cooperation on labour market issues.
- Health and social issues with special emphasis on sexual and reproductive health, alcohol and drugs.
- Gender equality, i.e. equality of opportunity and rights for women and men, girls and boys alike.
- The rights and opportunities of children and of people with disability.

7 Actors with new roles

7.1 Increased need of development financing

Decreasing development assistance flows as well as stagnating and geographically extremely differentiated private flows have increased the need for *new forms of development financing*. There is increasing agreement that financing must come from a variety of different sources, but that it must be based on the internal resource mobilisation in the developing countries. Greater savings will play an increasingly important role alongside the countries' economic development. Development assistance is a vital complementary element in this process. There must also be increased private flows in the form of foreign direct and portfolio investments. Increased trade is also crucial in helping the developing countries generate their own resources for their development. Remittances from emigrants living outside of their home countries comprise an increasingly important source of income, as mentioned in section 3.1.5.

Another important form of financing is *debt relief*. Writing off debt has become a major issue in public debate and opinion formation for a fairer world. The issue has been pursued by many different popular movements including Jubel 2000.

New and innovative financing solutions also need to be considered. *Private foundations* are currently responsible for a steadily increasing proportion of international development inputs. A number of unique partnerships between the industry and business sectors, and the public sector have emerged in recent years, e.g. the global alliance for vaccination and immunisation (GAVI). More knowledge is needed, however, with regard to what kinds of comparative advantages the different actors can offer, how active they should be at different stages of the process, and how the control and management of the use of this form of financing should be organised.

Other *proposals* for new financing solutions involve different forms of international *taxation*. A number of different tax bases have been discussed, e.g. tax on carbon emissions, duties on international air transport or tax on international currency transactions, the so-called Tobin Tax (section 4.1.3).

In order to generate increased financing for development new resources must be identified and the various existing sources of resources involved must work together better. It is therefore also necessary to *examine the systemic issues* including the manner in which the international economic system is structured. The importance of this issue has been emphasised by the international conference on development financing that took place in Monterrey, Mexico in March 2002. The conference was unique in that in addition to the UN member states and the multilateral actors (the UN, The World Bank, IMF, WTO etc), private companies, banks, NGOs etc. were also present to discuss development financing.

Sweden has long been internationally active in identifying new forms of financing for development purposes. A special financing project has for example been in progress within the Ministry for Foreign Affairs since 1998, and has resulted in a large number of internationally recognised studies on financing of the multilateral system. Sweden has also taken a leading role in the preparations for the international conference in Monterrey on development financing (Financing for Development).

To ensure that increased development financing contributes to poverty reduction, there must be an effective and well-functioning multilateral system. The UN, EU and the international financial institutions represent key channels for the provision of resources and for their effective use. Sweden should also, in cooperation with other like-minded countries, take *the initiative in the creation of new forms* for substantially increased resource transfers to the developing countries. Proposals for setting up a fund that the IMF or the World Bank should manage were put forward recently by the British government. It is proposed that the fund should comprise an annual contribution of 50 billion US dollars for the purpose of promoting achievement of the international development objectives by the year 2015. The idea is that the funds should be linked to precise and firm demands on the developing countries with regard to measures against corruption and in favour of transparency, democracy and the promotion of and respect for human rights.

7.1.1 Proposals

- Swedish development assistance should reach 1 per cent of GNP by 2005 at the latest.
- Sweden should actively work for increased international development assistance funds, and to ensure that the UN's 0.7 per cent target is achieved by more countries as well as to encourage new forms of development financing, especially within the EU and in bilateral contacts with other OECD countries. Special attention should be given to the financing of global public goods.
- Sweden should, together with other likeminded countries, take the initiative in creating new forms for substantially increased resource transfers to the developing countries.
- Sweden should work towards speedier and more substantial international debt write-offs for the poorest and most debt-burdened countries. Swedish development assistance for writing off debts should increase in line with the international HIPC initiative and bilaterally with respect to individual countries.

7.2 The multilateral organisations

7.2.1 Development within all policy areas

In an increasingly globalised world, there is a growing need for strong, credible, effective and universally legitimate international organisations. Many parts of the multilateral system are fragmented, however, with *unclear roles* and mandates among different organisations. The system in its entirety is underfinanced both in terms of global tasks and the actual demands that the member states impose on the organisations. It is in some parts clearly ineffective with overdimensioned, unwieldy bureaucracies, and with outdated or inadequately qualified personnel competence. Reforms are therefore necessary if greater effectiveness is to be achieved. The legitimacy of the multilateral system has also been called into question by a number of external actors.

The mandates, qualifications and conditions differ markedly among the various organisations. Within the frameworks of original statutes, there has been considerable pressure in recent years to reform the multilateral system and make it more effective.

The UN, with its *global legitimacy* – one country, one vote – and the link between political mandate and assumption of economic responsibility, has a unique role to play. Financial weaknesses have, however, limited the organisation's capacity to act. The fact that the financing takes place on a voluntary basis complicates matters and works against long-term involvement and sustainable solutions. To make the UN's operations more effective, reforms of the UN's and the specialist bodies' control and management culture must be carried out, including the recruitment procedures for staff at management level.

Confidence in the UN has, however, been strengthened recently and the UN is now stronger than it was earlier. Progress has been made in terms of the reform work, and coordination within the UN system has been improved. The UN's *world conferences* during the 1990s in the area of development have been important in creating global unity with regard to the promotion of sustainable development with the fight against poverty as the overall objective. The two conferences during 2002 on development financing and sustainable development (WSSD) will be important for the continuing work of countries and organisations towards global development. The conferences should not, however, become ends in themselves. The important thing is that their results be implemented. As a result of Swedish initiatives, the EU is pursuing the line that new forms should be developed for follow-up of the world conferences.

The UN has been successful in its *normative work* of establishing global objectives and formulating conventions on e.g. human rights. The organisation has, however, been criticised for devoting excessive time and resources to activities that others possibly could do more effectively and for which it was not originally intended. Some analysts feel that the UN was formed to monitor world events but not to run development assistance and development programmes¹.

There has been a *distrust of UN development assistance* within parts of the donor community. Substantial reductions in the contributions from a number of key development assistance providers have caused serious financial crises within several bodies such as the UN's development programme, UNDP. The UNDP is, however, a body that has gone from crisis to recovery and has now

¹ Andersson, F, 2001b.

once again been entrusted with leading assignments in the world community. The UNDP has a role and unique potential that should be better utilised in terms of both coordination of the development assistance providers, and the collaboration between the rich countries and the developing countries. The UNDP's role and opportunities for representing and promoting the interests of the poor countries should also be strengthened.

The *international financial institutions*, the IMF, the World Bank and the regional development banks, do not suffer from the same lack of resources. They have a unique position through their financial resource mobilisation and their global development knowledge. Traditional lending has changed its character from infrastructure to poverty-oriented inputs. The institutions moreover have increasingly been developed into advisory bodies that provide support to capacity building, institutional development, transfer of knowledge and know-how, as well as provision of regional and global public goods.

However, the mandates of the financial institutions have been questioned in many quarters and changes demanded. Some feel that they are no longer needed in a world where more and more financing is being channelled via private sources. Others believe that they give insufficient consideration to social and environmental aspects in their operations and that they should incorporate a starting point of democracy and human rights in their work. The institutions have also been criticised for being *undemocratically structured* in their management with the relative voting strength of the member states based mainly on economic grounds. The banks also need to broaden their selection of products and services in order to adequately meet the emergent and growing demands from borrowers. This includes a need for increased price differentiation, a greater proportion of concessionary financing, and an expanded role in terms of the financing of global public goods.

Internal reforms and increasing openness have increasingly characterised the work of the organisations in recent years. *The World Bank* has undergone a fundamental change towards a *focus on poverty reduction*. Its operations have to a large extent been decentralised to the borrowers, and programmes for debt relief have been started. The bank has also taken a number of initiatives to improve coordination between the donors and to ensure that the activities of the donors are based on the developing countries' own strategies and plans for poverty reduction.

Generally speaking, an integrated approach is required in order to increase understanding of the linkages between different economic, social, environmental and other factors that affect development. The existing distribution of the multilateral institutions with regard to individual thematic issues cannot foster the *integrated solutions that are required*. Continued concentration on individual thematic areas leads to sub-optimal solutions. The work should be structured around finding comprehensive, holistic solutions to the most important problems, rather than proceeding from the basis of a distribution of functions as is currently the case. Not infrequently, governments even receive conflicting advice from different international organisations.

Coordination of activities of the different bodies needs to be enhanced, and more inter-organisational task forces formed for specific questions. It would be desirable to have a common platform to which all bodies can relate their own work. A basis of this kind is beginning to take shape through the creation of national poverty strategies in developing countries, the UN system's "UN Development Assistance Framework" papers and the World Bank's "Comprehensive Development Framework" documents.

The division of responsibility between the development banks and the UN system is a key issue. Each organisation has well-devised vertical channels with recipient countries and bilateral co-financiers. However, the horizontal integration between the multilateral organisations has been very weak. Many organisations are also active within the same subject areas. Clearer division of responsibility and better coordination should help to avoid ineffective duplication of work. The main responsibility for improving coordination lies with the member states themselves. A powerful contributory cause of the unclear division of responsibility is probably that the organisations have different responsible authorities in the member states. These are often not coordinated among themselves. For example, it is not unusual to find that individual countries convey different views on the same issue in work with different organisations. It is the member states that ultimately decide how the various institutions should proceed.

Progress toward improved *coordination* is, however, now discernible. The collaboration between the UN and the World Bank has been greatly developed within areas such as conflict management and HIV/AIDS. The process leading up to the international conference on development financing has also brought about closer

ties between the UN bodies and the Bretton Woods institutions (IMF and the World Bank).

The EU is the UN's single largest financier, but there is a lack of established forms for closer *cooperation between the UN and the European Commission*. It should be possible to improve the cooperation following the Council's recent approval of a number of conclusions concerning the forms of cooperation and their financing based on a statement from the European Commission². Discussions are also currently taking place over whether funds from the EC's budget might be channelled as a basic contribution to the UN's work, over and above the national contributions from the EU Member States.

The prerequisites for a closer cooperation between the *EU and the World Bank* have changed since the end of the Cold War. The basis for this cooperation has been laid as a result of a number of Eastern European countries becoming members of the Bank and also seeking membership in the EU. A formal coordination group has been set up for this purpose. The cooperation also involves financing of interventions in different developing countries, as well as the development of policies.

7.2.2 Global public goods

The substantial differences between different global public goods show that *different types of institutional solutions* are needed for different public goods. Each thematic issue or subject area must be assessed on the basis of its own merits. The application of an integrated approach to global problems means that it is not possible to decide beforehand which international organisations should bear the main responsibility for different public goods. There should also be greater readiness for greater cooperation between private and public actors with respect to different issues, which is already the case today in such areas as health and ICT.

Existing mechanisms and institutions for managing and solving common global problems are still undeveloped. Institutions are also needed for a growing number of issues, at the same time as many of the already existing institutions are poorly coordinated.

With respect to a prospective *division of responsibility and work* between different actors for the purpose of producing global public

² European Commission, 2001.

goods, one can distinguish between those arranging the production globally, those supporting local activities for the maintenance of public goods (capacity and knowledge build-up, development of institutions) and those financing the production itself. According to a proposal for the division of responsibility, the UN and the regional organisations should be able to form the institutional framework, and to play a key role in arranging the production of the public goods. The international financial institutions together with the developing countries, should be responsible for supporting the building of local and national capacity. The high-income countries, together with the UN and the financing institutions, would then be responsible for financing³.

7.2.3 Development assistance

Sweden annually channels around 30 per cent of the total development assistance through multilateral organisations, a proportion equivalent to the average for DAC's Member states. The proportion has not changed since Sweden became a member of the EU in 1995. The UN's economic and social activities use around half of the appropriations for the multilateral organisations, while a third goes to the international financing institutions.

Sweden has actively striven in recent years to broaden the agenda of the organisations, to prevail upon them to focus on the fight against poverty and to foster care and protection of the environment as well as attention to gender equality in their work. Together with the other Nordic countries, Sweden has also worked to reform the management and running of the work of the UN organisations and has also recommended better coordination of the UN's activities in the field.

In addition to direct Swedish support to the various organisations' budgets and external activities, there is also large-scale co-financing of individual projects. In 2000, co-financing amounted to SEK 2.7 billion.

³ Bezanson and Sagasti, 2001.

7.2.4 Considerations and proposals

The multilateral organisations play an important role when it comes to development in the developing countries. Their operations can be expected to increase in importance as a result of greater demands for improved donor coordination, harmonisation of the donors' procedures, new requirements for financing global public goods and coherence in the rich countries' policy formulation to contribute to a reduction in poverty.

- Reform work within the UN institutions should primarily be oriented towards making management work and leadership structure more effective. Sweden should actively work to ensure that UNDP's role as a representative of the interests of the poor countries is strengthened.
- The Committee believes that the multilateral organisations should pursue a policy that is as well-coordinated and coherent as possible. This applies both within the organisations and between the organisations' various areas of activity. The activities of leading organisations in areas such as trade, the environment and development must be coherent with one another.
- The coordination between the multilateral institutions should be based on the developing countries' own priorities and plans for reducing poverty. From the starting point of the organisations' different mandates, the developing countries should decide for themselves which organisations they wish to cooperate with. The countries should also be responsible for local coordination among bilateral and multilateral donors.
- The Committee feels that Swedish support to and through the multilateral organisations should play a significant role. This will probably increase in connection with the gradual transition to a general budget support in the country-destined development assistance and an expanded financial support to global public goods. Greater utilisation of the mutual multilateral channels is also in line with the aim of improving coordination of the development assistance to individual countries, and as an explicit support for the multilateral concept.

7.3 The European Union

The European Union (EU) is a powerful and important actor in the global arena and allocates substantial resources for development work. The organisation has committed itself to the international development objectives (the Millennium Development Goals and Targets) and the conclusions reached at the various UN conferences. EU-managed development assistance has, however, been marked for a long time by lack of effectiveness and coherence.

The EU has many strengths, of which the following may be considered the most important:

- The EU is a major international actor with the world's biggest market. Its internal market comprises 370 million inhabitants and is the most important trading partner for most of the developing countries.
- The EU is the world's single largest development assistance donor and is represented in more developing countries than any other one.
- The EU has a special trading and development agreement with 77 developing countries in Africa, the Caribbean and the Pacific area⁴.

7.3.1 Shortcomings in the EU's development policy

It has been stated several times in this report that poverty cannot be defeated by development assistance alone. There must be coordination with other policy areas. The European Community (EC)⁵ and the EU have a regulatory framework that enables the Member States collectively to formulate, promote and combine ideas, values and activities within a range of different policy areas and in relation to a range of different countries and fora. The potential for a *coherent policy* whereby different areas work together is therefore substantial, for example, within trade policy and in connection with conflict-prevention measures and democratisation interventions. With regard to candidate countries, the EU has also made use of a

⁴ The Cotonou agreement.

⁵ The EC refers to common issues with the Union. The common EC issues rest on what is called the first pillar in the EU, which, inter alia, concerns free movement of goods, services and capital. Development cooperation mainly belongs to the first pillar.

broad register of measures all of which work towards the same objectives⁶.

The Committee's view, however, is that there is a clear *lack of concordance* within the EU when it comes to development policy and the fight against poverty. The most obvious weakness is the lack of coherence between trade and agricultural policies on the one hand, and the development policy on the other. This has also been conveyed to the Committee and put forward in public discussions on a number of occasions. While the EU is the biggest development assistance provider, the Union is also pursuing a trade and agricultural policy that is protectionist towards just those goods with respect to which the developing countries can be competitive. As a member of the European Community, Sweden is now fully involved in its trade and agriculture cooperation. This means that a better Swedish policy for concordance with development policy must be worked for through the EU/EC. By the same token, it means that the Community's policy in this area is also Sweden's. Trade issues are also dealt with under Chapter 3 in this report: "Consideration to Development in all Policy Areas".

Sweden must strive to change the EU's policy so that, for example, agricultural products, fish, textile products and leather goods meet with *fewer trade barriers* on the European market. In addition to individual tariff ceilings that affect sensitive products, we must do away with the system of so-called tariff escalation, whereby the duty increases according to the degree of processing. It is easy to see that this will later hamper industrial development in the developing countries. Sweden began a process of reform of its own agricultural policy and abolished textile restrictions in the years prior to our entry into the EU. Membership meant a reintroduction of some of the protective measures that directly affect the developing countries' prerequisites for development⁷.

In the area of agriculture and fisheries, the EU not only has import restrictions but also gives substantial *grants to its own producers*, which means that their products are heavily subsidised. This makes it harder for the developing countries to sell their agricultural products on the EU market at competitive prices. Moreover, the surplus of the subsidised European agricultural products is sometimes exported to the developing countries where these goods force out products on the domestic or indigenous market.

⁶ Nyman-Metcalf, 2001.

⁷ Mkandawire, 2001.

An important step towards a fairer trade policy is the so-called EBA⁸ decision. Through this the least developed countries are to be given *tariff and quota-free access to the common internal market* in the EU. The Cotonou agreement also bears witness to the realisation that development assistance is not sufficient. It is a follow-up to a similar earlier agreement, the Lomé agreement, and includes both development assistance and trade commitments. It has been well received by both the European Parliament and the Swedish government. The agreement should contribute to economic and social development, and the promotion of poverty reduction and of peace. Greater cooperation with voluntary organisations, NGOs and private actors is also anticipated in the agreement. The 77 countries are to develop democracy, the rule of law and respect for human rights and to strive to achieve good governance and to combat corruption. The agreement also includes the possibility of terminating the collaboration if these fundamental conditions are not met.

By putting obstacles in the way of the developing countries' benefiting from increasing globalisation in the area of trade, the EU is hindering the possibility of development in a way that is not in line with the intentions of the development assistance and the main development cooperation appropriations. Relief measures in the area of trade and a reformed European agricultural policy would mean a great deal more for many developing countries than development assistance. There is therefore a clear *lack of consideration given to development processes and effects* in trade policy and agricultural policy.

A coherent policy is also hampered by the fact that the EU has so many instruments for its actions in the global arena, some of which are controlled by the member states themselves or through the Council of Ministers, and others by the Commission. The problem is linked to the whole complicated question of how the EU should make and implement decisions. The Committee has not found it possible to go more deeply into this issue.

⁸ Everything but Arms.

7.3.2 Global public goods

Since the EU's policy spans many areas, all of which aim jointly and in different ways to solve common problems for European states, it is logical that the EU should also be involved in common global problems.

With its considerable economic resources the EU can actively contribute to the production of global public goods. There are already examples of such political and economic involvement in conflict-prevention work, crisis management, environmental and health issues.

One example is the conclusions from the Summit in Gothenburg in June 2001. These represent a clear political declaration that the Union's strategy for sustainable development, which was a part of the EU's preparations for the 2002 World Summit in Johannesburg, should include a section on the EU's relationship with the rest of the world. It is also made clear that sustainable development should be made into an objective for development cooperation and for all international organisations.

Greater cooperation with the UN and the World Bank would create conditions for further progress for global benefit. The Committee wishes, however, to stress that global public goods can also be attained through direct measures in a developing country or region, or through cooperation with individual member states.

7.3.3 The EU's role in international development cooperation

There is a description of the EC development assistance in section 6.3.3

In recent years, *the European Commission's* manner of handling the development assistance and disaster allocations *has been criticised*. The criticism centres among other things on the non-achievement of objectives and the lack of transparency, effectiveness and proper auditing. The Committee has reviewed this serious criticism from many sources – including from the British parliament⁹ and Sida – and agrees with it.

It is *necessary* that the EC development assistance be *made more effective* if it is to inspire confidence among Member States and partner countries. This confidence is in turn a prerequisite for good

⁹ The Effectiveness of EC Development Assistance, www.publications.parliament.uk.

cooperation between the Council and the Commission and if the EU is to be able to play an important role as coordinator for the Member States' inputs.

During 1999 and 2000 the Commission passed *decisions* relating to *two important areas* within the EC development assistance. The first concerns a uniform development assistance policy that includes all developing countries with the overall objectives of economic and social development, integration of the developing countries into the world economy, the fight against poverty and the promotion and firm establishment of democracy and human rights. The second area involves development assistance administration and working methods, which are also part of the overall reform of the entire Commission. This includes, among other things, considerable delegation to the field organisation for development assistance, more regional solutions and country-specific strategies that should make actions easier and more effective.

The EC development assistance budget includes, as does the Swedish budget, an allocation for *NGO cooperation* (NGO development assistance) with civil society organisations in the developing countries. There has also been criticism with respect to this type of assistance in terms of the bureaucratic manner in which it is handled. Many Swedish organisations refrain from using this opportunity since application procedures, the wait for a decision and disbursement routines are so cumbersome and take such a long time. The Committee questions whether even a reformed Commission will be able to handle the NGO development assistance in a sufficiently effective manner. If this is not the case, and this is something that should be evaluated in consultation with Swedish NGOs, then Sweden should, in the Committee's opinion, work to ensure that the NGO development assistance is increasingly or entirely handled by the respective Member States. Another reason for this is that the resources which currently go into administering a number of umbrella and coordinating organisations for these NGOs in Europe, could instead go to direct forms of development assistance.

The Committee also wishes to emphasise the importance of the *EU collaboration with other actors*. Cooperation with the UN and its various bodies, funds and programmes has increased in recent years, as has cooperation with the Bretton Woods institutions. The Committee believes that it would be valuable if the Commission

and the Member States could agree on common strategies for cooperation with the international organisations.

The EU should consider it self-evident to *support and encourage regional cooperation* between developing countries as a way of promoting peace, trade, culture etc. Since the EU has considerable resources at its disposal, the Committee also wishes in this context to highlight the opportunity to support regional cooperation through development assistance to the *infrastructural investments* that might be necessary in order for a region to be able to develop its cooperation.

7.3.4 Considerations and proposals

The European Union has an expressed intention of being involved in and taking responsibility for development and the fight against poverty in the rest of the world. This ambition must, of course, be welcomed by Sweden, which in turn must take responsibility as a Member State in the formulation of this policy. The Committee believes that Sweden, with its long experience of development assistance work and the respect that this work enjoys internationally, has considerable responsibility to contribute constructively to a reform of the EU's involvement in development issues. It is remarkable how little interest Sweden's government and the Parliament have shown in these issues during the seven years of Sweden's membership.

- Within the EU, too, the need for a coherent policy must be given adequate attention, and consideration must be given to development within all policy areas. Sweden must first of all intensify its work of pushing forward a reform of the EU's agricultural policy, and strive to bring about a trade policy that does not disadvantage or exclude goods from the developing countries on the European market.
- With its considerable financial resources the EU can become an important actor in the production of global public goods since its work spans so many areas and can thus influence developments in multiple ways. An important element in this work is to strengthen the cooperation between the EU's development assistance and the UN's funds and programmes. Sweden should continue to push

this matter forward – a task that was started during Sweden's EU presidency.

- Sweden should carefully monitor and help to actively promote the necessary reform of the EC's development cooperation and should continue to demand better follow-up of budgets, results-based management and reporting systems. Should the Commission fail during the present mandate period (1999-2004) to make its administration more effective, Sweden should take the initiative and bring about a discussion of the division of responsibilities and duties, and of resources that should exist between the EU and the Member States, i.e. seriously raise the issue of a "re-nationalisation" of certain development assistance resources.
- Sweden should work with Denmark, the Netherlands and Luxembourg, all of whom have achieved the objective of allocating 0.7 per cent of GNP to development cooperation, towards helping all EU countries to achieve this objective as soon as possible.

7.4 The business sector and the labour market

It is becoming increasingly clear that commitment and involvement on the part of all actors are required if the international development objectives are to be achieved. An effective public policy for achieving the PGD objectives must use the vigour and influence that *the business sector* can provide. The policy must also establish in a well-conceived manner the content and boundaries of the business sector's responsibility when it comes to contributing to the overall goals and targets. New ways and methods must be identified and tested.

Opportunities for companies to work internationally have expanded considerably through international agreements and national policy based on the conviction that this favours economic growth in the world. *The private flows' proportion* of the overall flow of resources to the world's developing countries has *grown considerably*, and is many times greater than the resources supplied through development assistance. An increasing proportion of the world's total production takes place in a limited number of multinational companies. The 200 biggest companies in the world currently have a turnover equivalent to the value of around a quarter of the world's total production.

The positions taken by the business sector on many current issues have come to have an increasing influence on the formation of norms, legislation and implementation. The positions of business leaders on different issues carry a lot of weight in terms of how global economic and political legislation is designed and managed, as well as how it is interpreted. Today's global institutions, which should be able to take over certain of the functions that national states have relinquished, are however still relatively weak and lack effective sanction mechanisms. The business sector's own views and stances are therefore becoming increasingly important when it comes to the sector's support for achieving the international development objectives.

7.4.1 The business sector as a partner

Increased economic growth in the developing countries is a *decisive factor* in achieving the development objectives and combating poverty. Greater cooperation between the business sector, trade policy and development cooperation is therefore essential. Development during the 1970s in South-east Asia is an illustrative example of how increased growth can create opportunities for development and instruments for the fight against poverty.

A number of different initiatives have been taken to create greater synergy effects between the business sector, trade promotion and development cooperation. On the initiative of the Asia strategy¹⁰ Sida launched a special programme to create financial opportunities for small Swedish companies to invest in and create business opportunities in Asia. The purpose of this so-called StartAsia programme is to contribute to an effective transfer of knowledge and expertise to countries in which where Sida has a business sector support programme. The programme now includes India, Sri Lanka, Bangladesh, Nepal, Bhutan, Thailand, Laos, Vietnam, Cambodia, Indonesia, the Philippines, China and Mongolia. Sida has also carried out a study of trade and the environment which now contains new ideas for increased cooperation between trade-promoting measures and the development cooperation.

Swedish companies that have long been represented in various partner countries often possess in-depth knowledge of and insight into these societies. They also often have access to valuable contact

¹⁰ Ds 1998:61.

networks at levels other than at the level of the authorities. By inviting the companies' views as early as the planning stage for different inputs, it is possible to improve the conditions needed to ensure that the projects can be effectively implemented in their specific environments. Through an *integrated approach* to international development cooperation with the resources and expertise of the business sector included in the process right from the start, there is a greater likelihood that the implementation of measures will be successful and that the objectives for several different policy areas can be achieved simultaneously. This can be brought about without having to renounce the principle that development assistance should only finance measures that can be justified on the basis of the objective which the Committee has proposed should govern the development assistance budget's use.

Representatives from the business sector have stated that they share the view that *the benefit which the recipient countries derive* from the Swedish development assistance should represent the overriding and *guiding principle* for Swedish development cooperation. An expanded cooperation with the business sector for the purpose of charting the needs and requirements for development assistance measures would also provide good opportunities for developing new products adapted to poor countries and poor people, and that also are compatible with a social and ethical assumption of responsibility. The business sector has *considerable knowledge* and expertise within traditional base industries, great system expertise in many important areas such as energy, telecommunications, transportation, food production and environmental issues, plus top-level expertise in many areas in the burgeoning "new economy". This is a unique, yet inadequately utilised, resource in the development cooperation field. This report mentions three potential areas as examples – environment-friendly technology, biotechnology and information and communication technology – where Swedish know-how is competitive.

7.4.2 Labour market issues

The Committee notes that a well-functioning, well-developed business sector and international trade are of great importance for a country's development, and that a well-functioning labour market is essential to this end.

Work and labour market issues should therefore be integral elements when devising country strategies and in Sweden's cooperation with developing countries and programme countries. Inherent in this is support for the development of labour market policy, the employment agency services, adult and vocational training and other parts of the labour market's institutional and human resources infrastructure.

It is also important to support and stimulate the development of well-functioning "partner relations" on the developing countries' labour markets for the benefit of the business sector, trade and the employees who may thus be able to contribute in the long-term to that country's economic stability. It is important in this context that respect for democracy in the labour market in human rights work carried out within the UN and ILO should be developed.

7.4.3 The business sector's expanded responsibility

The companies' expanded role and scope in the international economy have been accompanied by demands that these new opportunities be combined with an obligation on the part of the companies themselves, especially the big multinational companies, to take on *increased responsibility* for e.g. social and environmental effects. These demands have been put forward in various ways, including *inter alia* in connection with widespread protests at international meetings, in various international fora and in connection with consumer boycotts and campaigns of various kinds.

The spotlight, when it comes to *respecting and fulfilling human rights*, has traditionally fallen on governments, but is now increasingly being directed at the business sector and private companies as well. There are several reasons why the issue of the business sector's responsibility for promoting human rights has grown in strength in recent years:

- Legislation and regulatory frameworks that govern the economic area are considered more forceful than those in the social and environmental areas.
- There is a growing general commitment to human rights as part of the work of fighting poverty and promoting democratisation.
- The anxiety of the professional organisations has increased over the risk that globalisation combined with weak legislation in the

social areas might lead to governments outbidding each other by “offering” the worst possible working conditions and thus the cheapest and most easily exploited labour.

Companies’ actions in conflict situations, in production and pricing of strategic products – e.g. medicines, trading with diamonds in areas ravaged by conflict and also as regards environmental considerations – are also important issues in the discussion of requirements for *ethical behaviour* on the part of companies. Many governments have responded to these requirements and a number of different initiatives have also been taken by international organisations, the companies themselves, NGOs and through cooperation between different actors.

There has been (among other things) intensive work devoted to developing the international framework for human rights in employment and in working life. The negotiations relating to and the acceptance of the ILO declaration regarding basic *human rights in working* in 1998 contributed to an explicit ratification of the working conditions that should be included in the term human rights in working life¹¹. The declaration has been taken on a tripartite basis, which includes approval of the employer and employee parties, in addition to the governments. The acceptance of the OECD’s *updated guidelines* for multinational companies in the summer of 2000 is another important step in the creation of legislation, still on a voluntary basis, directly aimed at the companies. It includes guidelines applicable to such issues as working conditions, environment and corruption, and an institutional framework for monitoring through so-called contact points. These normally consist of a government official or department, but in some countries, it may be a committee that includes the participation of representatives from government and the social partners.

A number of *initiatives* have also been taken within *the EU* – partly directed at governments (including incentives for respecting human rights at work within the framework of the GSP¹² system), partly at promoting private, voluntary initiatives with regard to Codes of Conduct. A resolution concerning models for standard Codes of Conduct has been accepted by the European Parliament, and support has been granted for the establishment of a “European

¹¹ The ILO conventions on child labour, slave labour, discrimination, the right to form trade unions, and the right to conclude collective agreements.

¹² General System of Preferences.

Monitoring Platform". The Commission's "green book" on companies' social responsibility was presented in July 2001. It is currently under discussion with a view to formulating an overall policy.

Global Compact, Kofi Annan's initiative in Davos in 1999, is the UN system's response to the demands for an expanded responsibility from the business sector. Companies are encouraged to draw up a number of basic principles relating to human rights, basic human rights in working life, and consideration for the environment in their internal regulations, as well as to a commitment to support in their external activities public policies that promote fulfilment of the principles.

The growth of *voluntary initiatives* has been very strong both internationally and in Sweden¹³. The variety of different codes of conduct is currently very rich. Trade unions, sector interest organisations, NGOs, individual companies and firms, and various combinations of these have developed codes and in some cases also monitoring procedures, inspection standards and structures to implement the monitoring procedures.

Many different reasons for why the number of private initiatives has grown so substantially have been mentioned, among them that the knowledge of international regulatory frameworks is weak, that the regulations are sometimes considered *difficult to interpret* and abstract, and that monitoring instruments and sanction mechanisms are thought to be ineffective. In some cases there is a strong desire to formulate Codes of Conduct that are adapted to each company or to specific country situations.

The growth of private initiatives is a clear example of the fact that there is currently a great *demand for norms* and regulatory systems and frameworks. The new, voluntary initiatives may be said to have exposed the multilateral system to competition – not just in the production of norms but also in implementation and monitoring. This competition can be a positive force in strengthening the multilateral system in those parts where it is considered weak or undeveloped. The reasons for certain actors choosing to disregard these regulations must be noted. These may include ignorance of the regulations' existence and negotiation history or difficulties in interpretation and application etc. Measures to overcome these obstacles should be identified and supported. The importance

¹³ Bjurling et al, Nordic Council of Ministers, 2001.

of promoting universally applicable norms and regulations cannot be overemphasised. They comprise an exceedingly important part of a human rights-based approach to the international cooperation for global development, expanded to include new actors and partners – including the business sector.

Sweden should work with other likeminded countries to monitor and ensure that the international cooperation is strengthened and not weakened as a result of private and voluntary alternatives. This work should be used instead to strengthen and complement the *multilateral framework of rules*. An important pedagogical task for all actors involved is to emphasise the *comparative advantage* in the form of high credibility and acceptance, that universally negotiated and accepted regulatory frameworks have over norms that have not been devised through a similar process and whose status in terms of international law is thus unclear. The various multilateral organisations also have in the main long and sound experience of methods and programmes for supporting the promotion of norms. Monitoring mechanisms are established in many areas and instead of creating new or alternative ones, the existing mechanisms should be strengthened and further developed.

The UN's universal declaration on human rights constitutes a important starting point in terms of its comprising and formulating a fundamental principle. It specifies that each individual and each institution and agency in society should promote and uphold the rights as inscribed in the declaration. As a first step, the business sector should be encouraged to demonstrate a willingness to *support the intentions of the UN charter* and contribute to the development of good practice. Such a development has recently been started internationally and it is already clear that many companies would like to have more guidance and information on how they should conduct themselves. The ILO's basic conventions and recommendations on human rights in working life are the natural starting point for norm setting in the workplace. The debate on child labour shows, however, that there needs to be continued development of good practice for the companies' actions, including in these fairly well-defined areas. When it comes to the companies' responsibility outside the workplace, this is even clearer. There needs to be more dialogue, exchange of experience and build-up of knowledge between different actors.

The question of *division of responsibility* between governments and the business sector has not always been clearly answered in the

debate. It is generally accepted that it is governments that have the primary responsibility for the promotion of human rights and for monitoring environmental effects. There has been a shift towards demanding greater responsibility from the business sector, and from the companies' side there are a number of different reasons for the increasing involvement – safeguarding of trademarks, greater competitiveness on the labour market in the recruitment of staff, effects to raise productivity, more predictable and stable external conditions and a desire to contribute to a positive development and towards sustainable globalisation. All these factors are ultimately important in terms of the generation of profit for the individual company.

At the same time, the state also has an interest in cooperating with and supporting the business sector in its efforts to promote the companies' social responsibility. If one studies the initiatives that have been taken in other countries towards *cooperation* between *the state and the business sector* in this area, a number of motives from the state's perspectives can be found. The first reason is, of course, that all forces are needed in the fight against poverty and that the business sector's contribution to this comprises an important one of these. The contribution can be made through the traditional channels such as direct investments and trade relations. But according to many analysts, the development effect of this contribution can also be enhanced by the business sector taking greater responsibility for ensuring that its activities fulfil fundamental requirements in terms of human rights, basic decent working conditions and environmental considerations. The second reason is based on a desire on the part of the government to obtain broad support from the general public for the business sector's activities, the free world trade and sustainable globalisation. By supporting the business sector when it comes to demonstrating its willingness to take on increased responsibility, the state helps to overcome the suspicion that exists among certain groups towards the business sector.

There are at present few *government mechanisms* that seek to influence the companies' exports in an environment-friendly and socially responsible direction. In those cases where companies receive direct contributions for development cooperation Sida already sets up such conditions. Over and above this, the main

opportunity for such an influence is through the government export credit guarantees¹⁴.

The export credit operations in the OECD countries involves large sums of money annually. Most of these institutions have no special guidelines for taking environmental or climatic factors into consideration, or they have only recently begun drawing these up. This means that, for example, the guarantees that have been given in the area of energy have basically disregarded the general undertakings that the OECD countries have made to support in various ways the developing countries in their work of developing alternative energy sources. One example that can be mentioned is the fact that the export credit operations within the OECD area guaranteed total investments in fossil-based energy production in various developing countries equivalent to 104 billion dollars during the years 1994-99. This amount was more than one hundred times greater than the support submitted during the same time for investments in renewable energy via Global Environment Facility (GEF). The Export Credits Guarantee Board (EKN) has recently decided on environmental criteria for its operation. This is a step in the right direction, but the criteria are at a general level and need to be made more stringent¹⁵.

In the contacts that the Committee has had with representatives for the Swedish business sector during the period of the review several representatives have expressed the desire for *increased access to information* and advice from the Government Offices with regard to the existing regulatory framework's content and monitoring mechanisms. They also would like to have more information on appropriate methods for promoting fulfilment of internationally agreed norms. Many companies have accepted the fact that they have a social and ethical responsibility, and it is becoming increasingly common for business leaders to take part in the international debate on how best to solve the major challenges facing our world. It is being demanded of them that they have a viable knowledge of the problem and issues involved, that they are involved and committed, and that they demonstrate an active willingness to contribute to finding solutions. Many Swedish companies have also come a fairly long way in their efforts to find forms and ways of working that meet the requirements for socially and environmentally acceptable business behaviour.

¹⁴ Bjurling et al, 2001.

¹⁵ WRI, 2000.

For the companies' part, a more developed cooperation with government actors and public administration can lead to *greater access to knowledge* and information on the multilateral regulations, the underlying points of conflict and compromise solutions, on how these regulatory frameworks can be operationalised and implemented in work practice, and on concrete HR situations and risk scenarios in different countries. Information can also be obtained on the development of practice, thinking, legislation and interpretations as well as the activities of other actors. Direct contacts with experts in the multilateral system can be arranged as well as contacts with local expertise and political leadership.

7.4.4 Considerations and proposals

Considerations

In the coming years, the world's governments together with representatives of civil society, international organisations and the business sector, will in all probability be faced with the task of specifying in more detail what the extent and content of the business sector's area of responsibility should be, and how this responsibility should be translated into practice. Sometimes it will involve national legislation, e.g. on export financing or so-called "disclosure requirement", which has been introduced in some countries¹⁶. In other cases it will involve contributing to new "social partnerships" at local, national or international levels. In the most far-reaching cases, the role of the governments will be to establish in multilateral negotiations, international conventions and agreements that determine the frameworks for social and environmental obligations for companies. It can be stated here that a number of countries have advanced further than Sweden in *formulating a policy* for this area¹⁷, while at the same time several Swedish initiatives have been taken during the most recent period, including the Swedish Social Compact¹⁸. The need for an overall policy is, however, obvious as the questions involve a large number of ministries and authorities. The Committee believes that the time is ripe for a review of how a Swedish policy in this area might be formulated.

¹⁶ Zadek and Löhman, 2001.

¹⁷ Bjurling et al, 2001, Zadek and Löhman, 2001.

¹⁸ An initiated which the Swedish government started to develop in autumn 2001.

The proposals that are submitted are based on the developments taking place in a large number of countries where the pressure for change and forward-looking planning have for various reasons been more developed. The Committee believes that the proposals represent a balanced starting point for establishing Sweden as one of the leading forces in promoting the business sector's expanded assumption of responsibility as an *important cornerstone* of a policy for global development.

The investments should be guided by the overall PGD objectives as formulated in this report. In addition to this, the acquisition of knowledge about the effects of the business sector's activity should be strengthened. An expanded *exchange of expertise* should be brought about between actors with knowledge and experience of development-promoting activities, and companies with knowledge of the preconditions for carrying out profit-making business activities.

The policy should also aim to *promote leadership* in the taking of social responsibility, not just through market-leading companies but also in small and medium-sized enterprises. There is also a need to strengthen voluntary codes of conduct by facilitating harmonisation and by promoting the establishment of effective monitoring mechanisms. Support should also be given to the increasing cooperation between the UN system and the private business sector. This cooperation can promote the business sector's involvement in and understanding of the major challenges and contribute to greater awareness of development effects in their activities. It can also bring about extra contributions of additional resources together with new forms of work and other changes that will make the multilateral system more effective.

The overall point of departure should be to promote multilaterally negotiated regulations, and to counteract any initiatives that risk diluting or undermining them. This can best be achieved through *harmonisation* between different voluntary initiatives, where the aim should be to strengthen, operationalise and follow up the multilaterally negotiated texts. There should also be a careful analysis and inspection to ensure that such initiatives make a positive contribution to the PGD objectives and that they do not contribute to increased protectionism. There needs therefore to be an ongoing evaluation of the effects of the initiatives on the situation with regard to human rights, working conditions and to the care and protection of the environment. The EU's work in this area

should be closely followed. The Committee welcomes the cooperation that has been started between individual companies and NGOs such as Amnesty, Save the Children and the Red Cross¹⁹.

The business sector has an important role to play in the production and management of *global public goods*, among other ways by actively taking part in the creation of new products, new technology and new methods for dealing with and responding to issues that concern our common global destiny. The Committee has chosen to highlight two areas where this is especially apparent – IT and “green” technology. Greater cooperation within these areas, as well as in a number of other areas such as dealing with infectious diseases and disaster management, illustrates the potential that exists in a closer cooperation between development expertise and the business sector. The Committee believes that the time is ripe for initiatives that can facilitate the development of Swedish companies that are competitive not just in their basic areas of expertise, but also when it comes to contributing with effective solutions for enhancing the promotion of human rights and sustainable development.

Proposals

- Increased growth in the developing countries is a decisive factor in achieving the development objectives and fighting poverty. The Committee believes that greater cooperation between the business sector, trade policy and development cooperation is therefore necessary.
- The business sector should increasingly be invited to take part in the planning stages of country strategies.
- The Swedish trade union movement should increasingly be utilised as a resource in PGD and in the promotion of companies’ social responsibility.
- The Committee proposes an investigation of the question of whether companies’ and pension funds’ reporting obligation in the social and environmental field should be regulated by Swedish law.

¹⁹ An example is the book “Manskliga rättigheter – Företagens ansvar?” [Human Rights – The Responsibility of Companies?] published in 2001. A reference group consisting of representatives of Swedish companies, SNS, Amnesty, and the Globkom secretariat was associated with the authorship of this book (Fagerfjäll, 2001).

- The Committee proposes an examination of the question of whether export credit provision through EKN (Swedish Export Credits Guarantee Board) and Svensk Exportkredit should be combined with conditions relating to the demonstration of respect for human rights, as well as tougher conditions relating to environmental consideration.
- The Committee proposes that Sweden should work with the Swedish business sector towards the development and harmonisation of international regulations for the companies' social responsibility.
- The Committee proposes an examination of the question of government assistance through an independent national organisation for the promotion of companies' social responsibility. Such an organisation should aim to promote the assumption of social responsibility among Swedish companies. Experiences from already established initiatives and initiatives currently being devised in such places as Norway, the Netherlands and the U.K. can inspire and inform decisions in Sweden on organisation, participation, financing and work content. There should also be coordination with the contact point for OECD's guidelines for multinational companies and "Swedish Social Compact".
- The Committee believes that the exchange of information between the Government Offices and the business sector can be strengthened further concerning issues relating to the HR situation in different countries, and the companies' opportunities to contribute in different countries to the promotion of human rights and a sustainable development. The exchange of information can also include information on the HR work being done in different international bodies and monitoring commissions, the role of companies in conflict areas and in conflict-prevention work. Better information is also needed so that developing countries will be aware of the OECD countries' expectations on their companies.
- The Committee proposes that Sida be given the task of ensuring that its trade and investment-supporting operations are consistent with human rights frameworks and with the goal of sustainable development. Sida should also consider devising supportive measures for local producers in developing countries with regard to respecting basic human rights in working life and to meeting envi-

ronmental requirements. The aim can, for example, be to meet requirements through different voluntary systems for environmental and social marking or certification. Sida should also examine how support can be arranged for the growing number of networks for companies under rapid growth in developing countries. Their aim is to increase the degree of the local business sector's assumption of responsibility and contributions to common, international development objectives.

- The Committee believes that labour-market and work issues must be brought to the fore in development work. The effects of establishing economic free zones should be given special attention.
- The UN system should be supported in its efforts to find suitable forms for involving the private business sector in achieving the international development objectives, including through continued Swedish support to Global Compact and through active Swedish involvement in the UN's various monitoring commissions. Here, Sweden should work to ensure that these also take up companies' actions in their inspections.

7.5 Civil society organisations

7.5.1 Contributions towards greater agreement in the policy

Despite the fact that many member organisations in high-income countries are now losing members, and the influence of the popular movements in society appears to be on the decline, *involvement* and awareness of social issues are thought to be greater than ever – especially among young people²⁰. The lifestyle portrayed as unsustainable from a global perspective is increasingly being challenged by groups within civil society, both in the developing regions and in high-income countries.

The new information technology plays a major role in this development and also contributes towards a *global civil society* that is growing in strength. The organisations of civil society in different countries are gradually building up and expanding their mutual communication, which often means that they are now increasingly

²⁰ See the Country Council for Swedish Youth Organisations (LSU) and Forum Syd's documents "Ungas delaktighet i utvecklingspolitiken" [The participation of young people in development policy, in Swedish] and "Framtidens organisation kring globala frågor" [Future organisation around global issues, in Swedish].

in accord when it comes to their work and their objectives. One can also now see that the focus or control is shifting from the organisations of civil society in the high-income countries to the developing countries, for example in the worldwide Jubel campaign of 2000 which was centred on the eradication of debt.

The experiences and insights gained by NGOs in cooperation and alliance with other likeminded organisations all over the world are an important *source of experience* for Swedish authorities and decision-makers. Independent organisations, popular movements and religious associations cover a wide range of interests and perspectives in their activities and their involvement. They often have a political breadth and a capacity to incorporate and respond to trends and opinions in society and in the world. When devising the Swedish policy on global development it is, therefore, important to have a dialogue with the organisations of civil society. This will be particularly required for the purpose of increasing concordance between policies in the areas of trade, foreign affairs, environment, agriculture, security and development cooperation, and Sweden's actions both in bilateral cooperation and in multilateral organisations (see also proposals on the "citizens' forum" in Chapter 8).

7.5.2 Global civil society

Transboundary networks are growing and now represent powerful forces in our societies. These are becoming a reminder of global solidarity and the fact that the world has common resources at its disposal as well as common problems to solve. Through the growth of a global civil society, i.e. NGOs acting in a global public arena and forming their own *networks*, these organisations have gained an increasingly prominent position. Globalisation has created many new alliances that are often successful in generating awareness of global responsibility and global benefit.

Aside from the UN and other governmental international organisations, a global civil society that sees itself as the representative of *popular will* is now also rapidly emerging. It is sometimes unclear which rules and norms these networks are controlled by or which ones are setting specific agendas. But in so far as they are based on democratically-created national and local organisations, they have an important role to play.

At most of the major international conferences organised, for example, by the UN, civil society's organisations are now extremely active and forceful. This trend became apparent as early as the UN's disarmament conferences and UNCTAD's conferences in the 1970s. At UNCED in Rio de Janeiro in 1992 the involvement of civil society's organisations was very great, and parallel NGO conferences, networks and fora during the preparations for UN conferences are now an indispensable part of the process. In this way civil society's international organisations are acquiring increasing influence in multilateral fora and cooperation.

A similar international civil society has been formed in relation to the EU. Swedish NGOs are particularly involved here and are able to influence the EU towards, among other things, greater openness and transparency.

7.5.3 The role of civil society in development cooperation

Experiences from international development cooperation show that civil society's organisations in the developing countries play an important role in combating poverty both through their advocacy work and in their practical operations in projects and programmes. Civil society in the developing countries often has a rather different structure compared with that in the high-income countries²¹.

In order to eradicate poverty, it is essential that poor people with their specific knowledge of the conditions of poverty be given influence over political decision-making processes. Civil society's organisations therefore have a role to play as *promoters of human rights and democracy*. A wide range of organisations contribute towards the pluralism that is so important in all democratic societies²². The issues of democracy were given a prominent place on the high-income countries' development assistance agendas during the 1990s. Many civil society organisations began to be seen as important promoters, bearers and defenders of democracy. The trend was that an increasing number of civil society organisations in the developing countries received direct organisation support from NGOs in the high-income countries for the purpose of strengthening expertise and capacity development.

²¹ Stålgren, 1996.

²² Boussard, 2001.

The assessment is more mixed when it comes to a consideration of how successfully civil society organisations have managed to anchor and incorporate work in the respective countries as *promoters of social services* or infrastructure²³, thereby contributing to a local assumption of responsibility for further development. There is a danger of civil society organisations taking over tasks for which the state should have chief responsibility, and that coordination, control and planning will suffer as a result.

Development assistance financiers have a great responsibility to ensure that development assistance does not undermine local democratic administration and management. If a civil society is to be able to contribute to the development of democracy, the political institutions must be effective and legitimate. The Swedish support by organisations closely associated with political parties and that aims at supporting democratic work is therefore important.

Civil society's organisations are acquiring an increasingly important role as advocates and opinion mobilisers, *social influencers* and educators. This role can be seen as part of their information and communication work, but also as part of the direct forms of development cooperation support. It might involve strengthening the development assistance opinion and will in Sweden, and creating understanding of the complexity of development assistance. It can also involve creating enabling conditions for cooperation partners in the developing countries to organise themselves, to make themselves heard and to be able to influence their own situation.

In Sweden there is a long and well-established tradition of international solidarity. Popular movements, churches and other religious associations, research institutes, trade union organisations and many other different solidarity and development assistance organisations have been of crucial importance to the growth and continued vitality of Swedish development assistance. Over the decades, together with the political parties, they have sustained public opinion on the so-called one-per cent goal (one per cent of GNP to be allocated to development assistance).

From a *South perspective with increased opportunities for choice*, strong and independent NGOs in the developing countries are of the utmost importance. They must have influence over their own

²³ Riddell, 1995.

operations, their relationships and their choice of cooperation partners.

When NGOs' development assistance is working well, there is often cooperation between organisations with common values and agreement with respect to overall objectives. It is also common for organisations with a similar orientation to cooperate – e.g. child rights' organisations work with other child-oriented organisations, religious associations with other religious associations, etc. This type of cooperation creates a form of "social capital" and not only comprises conditions for mutual international understanding and democracy, but can also in the opinion of many analysts create amenable conditions for economic growth.

We need, however, to know more about how different kinds of civil society organisations work, what results they achieve and how they contribute to the promotion of democracy, development and poverty reduction. Better documentation, e.g. systems for results-based reporting, is needed and support to research in this area should therefore be strengthened.

7.5.4 Considerations and proposals

Civil society's organisations can make valuable contributions to an active Swedish policy for global development through their outward-oriented awareness-building and opinion mobilisation, and through knowledge and expertise-building work. The involvement of young people in the formulation of a policy for global development and its organisation is extremely important²⁴.

A Swedish contribution to the strengthening of the dialogue between civil society and the state in developing countries can be based on our experience of long-established political dialogue between state institutions and civil society organisations in Sweden.

The development assistance to civil society's organisations in the developing countries can be channelled through Swedish or foreign NGOs, international NGOs, the European Commission, as commissioned development assistance or as direct support through Sida and the integrated embassies (Chapter 6).

In a growing and increasingly independent civil society in the developing countries, Swedish NGO development assistance must

²⁴ LSU and Forum Syd, 2001.

be adapted to meet the democratic demands made by the domestic organisations. Development assistance should be disbursed through those organisations that have been shown to have comparative advantages to the extent that they are in demand from – and meet the needs of – the civil society organisations in the developing countries. The same requirements in terms of achievement of results and objectives should be imposed irrespective of the sub-national channel selected.

Popular forms of international cooperation in which the cooperation itself as well as the effects in Sweden are deemed to be desirable, will also in future consist to a greater extent of development cooperation with poor countries. This form of close cooperation between two likeminded and equal parties, “twinning”, should be expanded and deepened in order to encompass a much broader range of activities, contacts, exchanges and meetings between people. There should also be, for example, exchanges between Swedish municipalities and their equivalents in the developing countries.

The forms for an ultimately broadened and deepened international cooperation at popular levels should, as recommended in Chapter 6, be investigated further. This should be carried out in close collaboration with Swedish NGOs and representatives from organisations in the partner countries.

- Support for forms of cooperation that make it easier for civil society's organisations in the developing countries to take part in global cooperation and enhance their own expertise should be prioritised.
- Sweden should support networking activities and cooperation between NGOs in the developing countries as well as cooperation between organisations working at local, national and global level. It is especially important that local experiences of poverty and oppression are allowed to influence national and global policy choices.
- Civil society organisations in the developing countries should also be given opportunities to be included in task forces involved in the production and management of global public goods as recommended.
- Swedish development assistance to civil society should be used to a greater extent than presently for expertise and capacity development in order to promote the organisations' democratic struc-

tures, political and financial independence and programme-related and their programming and administrative effectiveness.

- Support should be given for research on organisational cooperation across borders as well as on international cooperation in order to formulate and establish clear criteria for which organisations and forms of cooperation are most effective in different situations.

8 Management, learning and analysis

8.1 Political responsibility and parliamentary supervision

8.1.1 Objectives-oriented and results-based management

A central starting point in the discussion of how the management of PGD should be organised is to be found in the general rules and principles for economic steering and control in Swedish central government administration. Economic *management* partly involves financial control and auditing, partly results-based management, whereby the latter requires clear objectives for the operations involved. There should also be follow-up and evaluation mechanisms to provide continuous monitoring, and also for post-performance analyses of the extent to which the operation has produced the intended results after activities have been carried out.

The level of ambition is high when it comes to introducing results-based management, and this is expressed in a number of public statements. Stringent demands are placed on precise formulation of objectives and on reporting the effects of the operations. The overall objectives proposed for PGD in this report *are difficult to measure* and must be supplemented by more immediate and intermediate operational objectives.

A number of different methods for applying results-based management have been put before the Committee¹. A *trial and error method* that can be applied is to accept that the objectives are stated in a generalised, schematic way and that management takes place through the allocation of resources, in other words through financial control and audit, while at the same time the political level requires a reporting back in terms of outcomes and effects. Provided that reporting back is carried out properly, and that the political level is prepared to respond clearly to it, it should be

¹ Sanell, 2001.

possible according to this proposal to formulate more precise objectives afterwards.

Another recommended method is to use inputs/performance as an indicator of effects. This method involves the construction of cause-and-effect chains based on theoretical assumptions and practical, empirical observations. It can be difficult to establish a clear connection between inputs/performance – e.g. an information campaign – and its ultimate effect, e.g. greater gender equality. It may be easier to show effects at earlier links in the chain, e.g. the fact that legal obstacles have been removed. Such effects can be used as indicators of final effects. The Committee believes that this method will be necessary in situations where the final effects and impact can be difficult to measure in a reasonable manner. However, the method does require the construction of plausible cause-and-effect chains – something currently lacking in many management documents and systems².

A number of different documents and processes now comprise important instruments for management and control: parliamentary reports, official government bills, documents and communiqués, action programmes within public agencies, country strategy processes within development cooperation, budget proposals and appropriations documents. Among the most important documents for practical application are *the government appropriations documents*, which state the conditions for and which govern the operations. The appropriations documents also include more specific prioritisations as well as and requirements for reporting back from the operational levels. It is important to state in these contexts how the government wants the problem of formulating objectives to be solved.

Sweden has played a part in the negotiation of the international development goals, and is thus has a commitment to contribute to their realisation. In the necessary *operationalisation* of the three *objectives* for PGD one of the first steps should be to examine whether any of the international objectives might serve as a starting point for continued operationalisation. The Committee anticipates that development of methodology will be required, with respect to how the international development goals are to be supplemented with those dimensions that are lacking - among other things, aspects relating to democracy, security, the rule of law and human

² Fruhling, 2001.

rights - and how these should be disaggregated and broken down to lower levels, e.g. with regard to country, different groups of people, time periods, etc. Also required is the continued development of control systems linking the overall objectives of PGD, relevant international development goals and operational objectives at lower levels. The international work that is currently being carried out for this purpose should serve as the point of departure in this regard.

The following concerns the question of how operations can be managed and coordinated when *the cooperation of many policy areas* is required if an objective that has been stipulated by the Parliament and government is to be achieved. A starting point for the discussion is that the general rules and principles of financial control and audit in Swedish central government and public administration should be applied, including the principles of results-based management. Detailed control mechanisms must be adapted to specific conditions, and these in turn will be related to the possibilities of formulating quantified objectives that can be monitored.

8.1.2 Development consideration in all policy areas

All ministries have major responsibility for Swedish involvement in some international organisation. Several ministries have coordinating roles and duties within different areas. Most ministries therefore manage issues where policy proposals impact upon the development of poverty in the world. The boundaries between national and international policy have thus gradually been erased as *the specialist ministries have become internationalised*³.

The increasing scale of involvement in international organisations has also led in recent years to a considerable expansion of the scope for independent action by authorities in international fora. At the same time, this tendency has been strengthened by the increased decentralisation within central government administration, i.e. more tasks are being transferred from ministries and delegated outwards and downwards to administrative authorities at lower levels. When Sweden is represented by officials from authorities, there can be a conflict between the authority's traditional right to independence and the

³ The Agency for Administrative Development, 2000.

demand for those concerned to act in accordance with the government's intentions in international issues, which at the same time are becoming increasingly more "political". *Vertical coordination* and clear instructions are required with regard to an ever-increasing number of issues, while *horizontal* coordination is needed in order to elucidate the issues from many different perspectives.

In certain issues, it is unclear where main *responsibility* for the international operation should lie and which objectives should apply. All in all, what is needed is clear, overall development goals and quantifiable intermediate objectives and targets coupled with an agreed division of responsibility for the fulfilment of objectives at the various levels.

In Chapter 2, the Committee proposed three overall objectives for the Swedish policy on global development. The first objective – "a more equitable global development" – should, according to the Committee's proposal, apply to all policy areas concerned, while the second applies to the policy areas wherein the production and management of global public goods are concerned, and the third primarily to development cooperation. This means that the policy on global development, *PGD*, involves several expenditure and disbursement areas, and should be integrated into the activity of the policy areas concerned. In practice this would mean that each ministry has responsibility for following up its respective authorities with regard to the *PGD* objectives. When so requested by the ministry chiefly responsible for *PGD*, other involved ministries should report the results relating to the specified objectives. The overall goals need to be broken down into more immediate and intermediate objectives that can be measured and monitored within each affected policy area. The Committee's proposal is that the *international development goals* deemed to be *relevant* and their indicators should serve as the starting point for this operationalisation.

It is also necessary to establish who will be responsible for the fulfilment of objectives, as well as when and how reporting back should take place. *Information on results* should be relevant in relation to the specified objectives, and reporting should focus more on *activities* and less on the performance of the authorities. Results should if possible be recorded more in quantitative terms using indicators or fixed key ratios or proportions.

Experiences from other countries demonstrate the importance of management of developmental and poverty issues, as well as the question of coherence, at the *very highest levels* in order to achieve concordance⁴. This applies at national and international levels as well as within ministries and authorities. The management of special interests and sector interests is thereby made easier. To guarantee coherence in striving to achieve the PGD objectives, it is necessary to have widespread *consultation* with the various actors at the Government Offices together with the affected ministries and other actors. Experiences from other countries show that the establishment of an authoritative coordination function makes this task easier⁵. Formal consultations are of key importance, but the value of creating the climate and space for informal contacts and discussions is also crucial. The consultation within Swedish public administration is extensive and will become increasingly important when issues are internationalised or developed into multi-sector issues that cut across ministerial boundaries.

The Committee proposes that *responsibility* for meeting the first objective for PGD should be borne by all affected ministries and ministers. It is also proposed that a *coordination function* be established at the Government Offices with responsibility for requesting reports from the respective ministries, and for reporting back to the Parliament for the overall PGD. This coordination function should have responsibility for producing background analyses and establishing interministerial task forces for different thematic issues within PGD, where these are deemed necessary. The coordination function could also have responsibility for identifying cross-ministerial and inter-ministerial issues whose policy formulation affects the development of poverty in the world, and for proposing where the main responsibility for each issue should lie. Further, the function could also be responsible for ensuring that all ministries identify which instruments can contribute to the fight against poverty within each policy area, and carry out impact analyses of effects on poverty in connection with establishing the policy in key areas.

The function should also be able to ensure that each ministry concerned establishes which international development goals and targets are relevant for each policy area, and that *action plans* are produced in respect of contributions for the fulfilment of these.

⁴ OECD-DAC, 2001b.

⁵ OECD-DAC, 2001b.

Each ministry is responsible in turn for ensuring that the objectives are passed on to relevant subordinate authorities.

The fact that an increasing number of questions now include an international dimension and are complex in that they involve a range of different specialist ministries also affects the elected representatives' control and management of these issues more complex. A range of new working methods have emerged in the Parliament as a result of these developments. These involve temporary committees and the gathering of statements from other affected committees and task forces by the Committee with main responsibility for a particular issue. A suitable working method should be identified to ensure *the Parliament's access to information and its cooperation* in PGD's implementation in all affected policy areas.

8.1.3 Global public goods – cooperation and co-financing

This report proposes expanded cooperation and increased co-financing between development assistance and other relevant policy areas for the production of global public goods. It is also proposed that Swedish resources should be concentrated on a *selection of global public goods* within, among others, specialist areas where Sweden has expertise and where it is possible that measures can contribute to positive development and to sustainable results.

It is recommended that the *coordination function* discussed in the previous section also be given responsibility for *drafting proposals*, after close consultation with the concerned ministries, to government and the Riksdag about which public goods should be prioritised and where the main responsibility should lie, as well as for organising the *reporting of results* to the Parliament.

To ensure that the experiences and expertise of the Swedish human resource base are utilised, the Committee recommends that new working methods be tried out with task forces for each global public good, with assistance from the concerned ministries and authorities, industry, the business sector, NGOs, academic institutions and developing countries. Their task should include the drafting of proposals for operational objectives based on relevant international development objectives, as well as of action plans for Swedish measures to achieve the proposed objectives. In addition

to this, suitable instruments and financing possibilities both at national and international levels should be identified. From this analysis, it will then be possible to propose appropriate cooperation constellations that ensure that all synergy effects are made use of and that the development assistance fulfils its role as a *catalyst*. An action plan for a chosen public good will probably include many different types of inputs and interventions in order to achieve the specified operational objective. This may involve assistance to support measures at national level in developing countries, inputs via multilateral organisations, support to activities in high-income countries, commercial projects and inputs from civil society.

Within the development cooperation inputs, a large number of interventions that are characterised as measures to promote global public goods are already being carried out. Sida's expertise in a number of areas will constitute a valuable starting point for the expanded cooperation across ministerial boundaries, as will the expertise within a large number of other authorities. There may also be a need to strengthen *specialist expertise* at Sida in some of the areas that Sweden chooses to prioritise. The Committee foresees a need for competent analytical capacity for the selected issues, both at the Government Offices and at Sida and other concerned authorities.

To ensure that resources intended for the fight against poverty, both at national and international levels, are used for this purpose, there must be a sound analysis of the distribution of costs and benefits of different programmes and measures that aim to promote the production of global public goods. UNDP estimates that one development assistance dollar of four now finances production of global public goods⁶. Certain developing countries believe that development assistance resources are being "hijacked" to manage and finance the production of global public goods, goods that in certain cases primarily satisfy the needs and interests of high-income countries. The Committee believes that Sweden should advocate and work actively for high-income countries' investing a greater degree of their own resources in these measures.

One of the basic points of departure in this report is that there are two motives for fighting poverty – solidarity and enlightened self-interest. In the implementation of this basic idea, the question of *financing* is central. Active co-financing and active collaboration

⁶ Kaul et al, 1999.

across ministerial boundaries in working with each issue will ensure broad responsibility and involvement, greater access to expertise and a clarity of approach that will ensure that measures promote both national targets and the objectives of Swedish PGD. The Committee is of the opinion that methods to facilitate co-financing should be developed further.

8.1.4 Reporting and monitoring development assistance

The DAC's review of Swedish development assistance in the year 2000⁷ noted that there was a need to *more precisely define the objectives* for Sweden's development assistance, and also to improve results-based management in general. However, the DAC provides no further detailed recommendations with regard to how this might be achieved.

In many cases it is technically difficult to measure the fulfilment of objectives. There is little possibility of registering the results of activities, at least in the form of distinct or palpable effects. Moreover, the possibilities of tracing results back to specific measures are limited since there can be a vague, almost *unmeasurable* direct connection between measures and effects. When it comes to development assistance, it can also be difficult to demonstrate the specific effects of a particular donor's contribution. The task of further developing the results-based management needs therefore to continue.

For partner countries with a *long-term general budget support*, a careful monitoring of results is required, preferably carried out by the country itself or alternatively in collaboration between the donor's and the recipient's audit offices and/or evaluation functions. The Committee predicts that support for national auditing activities will be required in many countries. The international development goals and the targets and indicators that the world community has agreed upon should be the starting point when choosing which objectives should be achieved within an agreed timeframe. It should also be noted that certain dimensions of poverty such as democracy, security and the rule of law, and human rights are not covered by these objectives and indicators. An additional number of intermediate objectives and indicators should therefore be formulated by the recipient country.

⁷ OECD-DAC, 2000.

It is, however, important to note that with this kind of administrative procedural system, it will not be possible to evaluate in precise detail what the Swedish funds have helped to achieve, since they will have been allocated to the recipient country's budget⁸. There is instead a greater need to coordinate the auditing work between donors and the recipient country's auditing authority. This has been pointed out by a number of donors, and a study of the views of different countries on the subject of examining other countries' national auditing authorities has, according to the Swedish National Audit Office, been recently carried out by a number of donor countries. The Office believes that a national auditing body cannot disassociate itself from or through negotiation break free from its right and opportunity to inspect the use of national funds. The course of action that can be taken is to create on a voluntary basis, through quality control etc, forms of collaboration to reduce the need to inspect what another national auditing body has already inspected or is planning to inspect without taking away the unconditional right. The Committee proposes that Sweden should take the initiative for such a voluntary *collaboration between different national auditing bodies*.

Objectives-oriented and results-based management of Swedish-financed operations in countries that *do not fulfil the criteria for unrestricted budget support* with independent responsibility for results must of course be formulated and dealt with differently.

Proposals for strategies and implementation of interventions in countries receiving *selective support* should be drafted by Sida in close collaboration with external stakeholders, including cooperation partners in the South. The fight against poverty, as it has been formulated in the third objective for PGD, should constitute a strategic focus for all Swedish development assistance to these countries. This means that the choice of inputs should be based on its potential to contribute to or carry out in the most effective way possible a sustainable fight against poverty in all or some of the dimensions included in the broadened poverty concept. This means that inputs, measures and actions will vary in different countries and will be intimately associated with the specific starting or baseline position, and conditions for implementation. Given this starting point, Sida's investigative and

⁸ This is not a new phenomenon. For a description of fungibility and attribution, see Svensson, 2001.

analytical resources should focus on devising *strategies for supporting the fight against poverty in partner countries* with clear result objectives. There are grounds for looking at the need for competence development within Sida to ensure that these country analyses include all the various dimensions of poverty.

The country strategies are at present the government's most important instrument for the management of development cooperation with individual countries and regions. However, according to more recent studies of a number of approved country strategies, there are flaws in terms of focusing on the poverty reduction goal, and discrepancies between the country analysis and the proposals relating to further development cooperation, i.e. the country strategy itself. The country analyses tend to be descriptive rather than analytic, and in the opinion of some analysts, the content of the strategies is often governed by the current composition of the "project portfolio" in the respective country, and also by the traditional sector-oriented approach and expertise of Sida's specialist departments⁹. The Committee believes that the country strategies should be based on the developing countries' own national strategies for combating poverty, and on other national, relevant strategy documents. They should also take into account the country strategies of the multilateral organisations, and note the importance of seeing to it that all strategies move in the same direction. The analysis should lead, among other things, to an understanding of which international development goals should be prioritised in order to achieve effective poverty reduction in the country concerned, while at the same time objectives must be formulated and agreed on for the dimensions of the poverty concept that are difficult to measure.

Increased use of *external forces*, including participation from the South, should be striven for. NGOs and the private business sector have experience of local conditions in a large number of countries, and professional organisations possess in-depth knowledge of issues affecting working life in different countries. A number of other actors possess other expertise which, depending on the country and the activity, can be of value to include at an early stage. Most importantly, however, stakeholders from the country concerned should participate in devising the strategy. The starting point must be the collective development assistance to a specific

⁹ Fruhling, 2001.

country, and a logical, international division of work and responsibilities in the respective country.

An important consequence of the proposal to base strategies and action on local conditions is that qualified analytical, implementation-related and monitoring capacity should be shifted from Sida's head office in Stockholm to the embassies and in-country offices in the partner countries. One precondition for this is that the number of partner countries for long-term cooperation should not be too great. The capacity for active involvement of this kind can also be shared with like-minded donor countries. A good example is the cooperation between the Nordic countries in Mozambique. The administration of Swedish resources in a number of other countries can thus be transferred to like-minded collaborators while at the same time Sweden must be prepared to take over responsibility for the resources of other donor countries in certain selected countries should this be requested.

The proposed changes will probably lead in time to fewer employees at Sida's head office in Stockholm, while simultaneously the need for the expertise there will be sought from an increasing number of ministries and authorities, as well as probably also from the private business sector and various organisations.

8.1.5 Evaluation and learning

Evaluation forms a central part of objectives-oriented and results-based management, and is a means of exercising control and guidance, and of increasing knowledge of operations. Depending upon how the evaluation system is organised, the balance between these functions will be affected. The closer to the actual operation the evaluation function is, the greater the likelihood that the results of the evaluation will be noted and used. An evaluation authority should also have a certain distance from the operation in order to guarantee impartiality and credibility.

When it comes to bilateral development assistance, the chances of evaluation results being used increase if the evaluated parties themselves take part in the evaluation, for example by identifying problems and collecting data. This way, the evaluation process itself rather than the completed report that creates knowledge for those involved. The biggest problem with today's development assistance evaluations is, according to some analysts, that the host

countries themselves rarely if ever take part in the evaluation process¹⁰.

The overwhelming majority of reports that are produced lack, according to those same analysts¹¹, methodological discussion and therefore analysis of the reliability and applicability of the results. Most evaluations are also based on background material that has not been systematically collected, and rarely consists of anything other than interview-based data. This is partly due to the special circumstances that characterise the evaluation of development assistance. The objectives are often vague and generalised and this makes the task of evaluation even more difficult. Cultural and linguistic differences also reinforce the difficulties that are always present when gathering factual material. Ongoing monitoring of the quality of the evaluations is required. One possibility is to open up the nationally-organised market for evaluations. Increased competition in this regard would leave the evaluators themselves open to evaluation.

In many developing countries, the institutions required for evaluation are weak and support for building up an evaluation function is vital. It is also extremely important to integrate the host countries into the evaluation of common projects. This will increase the recipient country's knowledge of development cooperation and its consequences, and can also build up evaluation expertise that can be utilised in several areas.

In most developing countries there is no external audit function. This helps to perpetuate widespread corruption, mismanagement of public funds, lack of confidence in civil servants and other public employees, inadequate transparency and a crude view of the content and meaning of democratic development. At a more concrete level there are clear shortages in the number of trained personnel available.

A review of evaluation issues in Swedish development assistance was carried out by the Swedish Ministry for Foreign Affairs on commission from the Parliament during autumn 2001. The Riksdag requested that the government review the ways in which evaluation operations that exist outside the development assistance administration can be strengthened. In connection with the government decision that EGDI¹² should be evaluated five years

¹⁰ Forss, 2001.

¹¹ Forss, 2001.

¹² Expert Group on Development Issues.

after its inception, the government employed a group of consultants to carry out the evaluation and to put forward proposals for ways of reinforcing evaluation operations within development cooperation.

The group of consultants¹³ states in its conclusions that in its opinion *EGDI* has only partly worked with the appropriate issues, and that the work could have been carried out more effectively with a more clearly defined Terms of reference. The group also feels that *EGDI* with its present organisation and operation is *not* suitable for the task as an *evaluating function*, irrespective of which of the studied alternative forms one might choose – temporary committee, research programme at a number of faculties or independent evaluation institute.

The consultation report proposes that *EGDI* concentrate in the future on *policy development and knowledge development*. The current report production, however, should cease, and activities should concentrate on advisory services, synthesising research reports and organising meetings between decision makers and researchers.

In a further study another expert¹⁴ states that the boundary between evaluation and research is fluid, and that it is only in exceptional cases that researcher expertise is not required in order to carry out a credible evaluation. Evaluations can, according to this study, be carried out in principle by an internal evaluation unit, by an auditing body or by independent research groups. The differences will lie in the probability that certain questions rather than others will be asked, and in the way in which the acquired knowledge is used.

The study states that since the beginning of the 1990s, a number of independent evaluation authorities have been set up within Swedish public administration. All of these appear to have started from a perception on the part of the Government Offices that there was insufficient capacity for strategic analyses. Efforts have been made to guarantee credibility through association with the research world rather than through a strengthening of the Government Offices. According to the study, it would be logical to consider a similar solution in the area of development policy. This, however, does not reduce the need in the Government Offices for formulation of policy and strategies. According to the

¹³ Nilsson, et al, 2001.

¹⁴ Molander, 2001.

study, many evaluation reports currently have no effect on policy formulation, since there is no self-evident recipient with the responsibility of ensuring that the report is taken charge of, studied and commented upon.

The Committee wishes to stress a few principles that should guide the formation of the future evaluation system. Since the Committee proposes a broadening of the policy area, the evaluation operation should also have this breadth. Monitoring and evaluation should be carried out in relation to the PGD objectives and the international operational objectives and targets. The development cooperation-related evaluation work will take a different form with regard to different country categories. In the category of countries with *general budget support and independent responsibility for results* the objective should be for the recipient to be responsible as far as possible for the evaluation work, with donors carefully following up this work. In countries with *selective support*, however, there will continue to be evaluation from Sweden or by another donor.

Objectives-oriented and results-based management, including evaluation, is increasingly being introduced in the various *international organisations*. The Committee feels that there is room for a more systematic follow-up of this work.

The Committee believes that *the evaluation function and analytical work* relating to global development issues in Sweden in general *should be enhanced*. How the work should be organised is not something the Committee feels needs to be specified in detail, but it emphasises the need for independent inspection and parliamentary control. Operations and activities should be carried out with a participatory perspective and in close collaboration with international experts and colleges and universities. Evaluations that measure the achievement of development assistance objectives must be supplemented by research that can identify unexpected factors and provide further understanding of the societal development that the development cooperation interacts with. For this, *collaboration with academic institutions* in Sweden and in the developing countries should be *strengthened*. At the same time, Sida's extensive internal evaluation operations must also continue. Reinforcement is, however, needed at ministerial level with regard to drawing conclusions from evaluations of development cooperation measures, development policy and evaluations of the work of the international organisations. Such work should be able

to constitute a valuable source of information in the formulation of Swedish policy. The absence of this is, in the view of the committee, a *weak link* in the current system of evaluation.

8.1.6 Financing and effectiveness

Urgent discussion is needed to decide where the responsibility for and financing through development assistance appropriations begin, and where they end. When it comes to cooperation at country level, *the development assistance instrument* should be organised within the overall framework of foreign affairs administration, i.e. the Ministry for Foreign Affairs, Sida and the embassies. Collaboration with a wider circle of actors is also both pressing and necessary. International development cooperation has a range of positive side-effects for Swedish society, which should, of course, be sought and utilised, but they must be treated correctly as desirable side-effects and not allowed to come into conflict with the overriding development cooperation goal.

There is, however, great potential for *co-financing* activities that meet both the PGD objectives and those of the other policy areas, especially when it comes to different global public goods. The Committee believes that a method development initiative should be started to find new forms of work.

Greater importance shall be given to ensuring that a particular development assistance volume achieves maximum effect. Open competition and appropriate tendering procedures are generally always applied when procuring inputs from the private business sector, but not in other cases. One example is the activities of Swedish authorities and their consulting companies in connection with institution building. *The cost effectiveness* of such development assistance cannot be taken for granted, and increased use of open competition procedures should be aimed at. Another example is development assistance measures carried out by independent organisations on commissioned assignment. *Open competition principles and procedures* are not applied in these cases. Instead, funds are allocated on an application basis. It is important to develop models that promote effectiveness in achieving objectives that can be applied to all actors in the commissioned assignments where this is relevant and achievable.

8.1.7 Information and communication

Creating awareness of globalisation requires more information measures and activities about multilateral cooperation and global public goods. This work can be carried out advantageously in collaboration with multilateral organisations.

A realistic picture of how the world looks and what causes poverty also provides enhanced prerequisites for support for a Swedish PGD. Polls show that nine out of ten Swedes today want to see greater efforts made to halve poverty by the year 2015, but that only a few, just 14 per cent, believe that this will be achieved¹⁵. On the whole, Swedes are highly sceptical that it will be possible to achieve progress in the developing countries. The vast majority, 71 per cent, believe that there have been no substantial improvements in living conditions in these countries in the last 30 years. *The image Swedes have of the developing countries* is often one of catastrophes and misery. The outlook for the people in developing countries is gloomy. Long-term work is needed to nuance these images, which are often created or upheld by the media, fund-raising campaigns and poorly-updated textbooks.

As globalisation increases, so too does the importance of knowledge of information and communication processes. Such knowledge is necessary in all advocacy work. It is also becoming increasingly evident that knowledge and communication are *valuable tools* in *direct development assistance work*, i.e. communicative competence is an effective tool in project and programme collaboration. The new information and communication technology (ICT) is an important tool in all development work.

The Committee believes that information, communication and opinion mobilisation are important ingredients in a Swedish PGD for a number of reasons:

- As a way of making programmes and projects in development cooperation more effective.
- To create debate on policy issues.
- To strengthen the support for Swedish PGD and increase knowledge among the Swedish public for the purpose of enhancing Swedish opinion on development assistance.
- To increase awareness of Sweden's role in global development.

¹⁵ Sifo, 2001.

- To provide information on the results of development assistance and other measures.

8.2 Analysis and formulation of policy

8.2.1 Need for analysis and build-up of knowledge

National governments and authorities are facing new agendas and increasingly complex problems as a result of globalisation and increasing trans national activity. Ensuring Swedish involvement in the knowledge-intensive international networks that drive many of the issues forward requires access to expert knowledge on the part of officials and other civil servants. Often participation in these contexts depends on personal expertise, given that the networks are person-related, knowledge-intensive and informal. Increased awareness of this will probably have an effect on both staff policy and policy management, e.g. through conscious investments in *specialist expertise* within prioritised areas and the establishment of clear channels between the political level and the people who operate in these networks in a personal capacity. Sustainable structures and incentive systems must be established within Swedish authorities and ministries in order to build up the broad expert knowledge that is needed internally, in other words not just through consultants. Internal expertise will also be required to an increasing extent within authorities and ministries in order to assess proposals, consultancy reports and studies. The capacity of authorities and ministries to utilise experience acquired over a long period of time is often poorly developed, partly due to high levels of staff turnover and the emphasis on generalist competence. The area of genetic policy is an example¹⁶.

The proposed changes in terms of responsibility and the need for analysis and follow-up also lead to the conclusion that the ministries and authorities concerned need to be strengthened with regard to, among other things, knowledge about development, in the broad sense of the term. They probably also imply an increased need for *analytical expertise* within the proposed coordination function. This expertise should have as its purpose the ability to produce when so required background analyses for the ministries concerned, and to assist with the necessary basic data and evidence

¹⁶ Thornström, 2001.

when adjustments need to be made between strictly national targets and the targets for PGD within different policy areas. A further requirement would be the ability to assemble background data and provide a basis for decisions on the selection of prioritised global public goods and what the balance should be in cases of co-financing.

A lasting impression from the investigative work is that a large number of studies, reports and research reports are produced in Sweden and internationally on various important themes, yet the routines for making use of this material are undeveloped. A great potential for increased *cross-fertilisation of knowledge* has been noted in this inquiry's contacts with ministries and authorities. Within Sida a number of operations and preparations have been initiated to deal with cross-sector and cross-boundary issues. Prior to future preparation of Swedish positions on different cross-cutting issues it is important to create forms of preparation that allow *cross-sector exchanges* – not just within ministries but also between ministries and authorities. The Committee predicts that specialist expertise will be needed in several areas, partly at Sida, partly for development aspects in authorities and ministries that have responsibility for thematic issues from other perspectives. The Committee also proposes that a database be established for all reports and studies produced in administrative authorities for PGD. This archive should be accessible to all interested parties.

Advanced training of officials and other civil servants will probably become increasingly important in the future as a greater number of issues becomes more complex. Such training should be carried out in close collaboration with colleges and universities. The Committee believes that training measures with the participation of developing countries, other high-income countries and multilateral organisations, the private business sector and civil society in the North and South would be valuable, not just in terms of enhancing competence, but also as a method of building alliances with regard to certain prioritised thematic issues. The Committee would like to see a training programme relating to certain prioritised issues, e.g. HR issues and other international norms and regulatory frameworks.

A number of proposals have been submitted to the Committee with regard to how forward-looking planning and expertise in thematic and cross-cutting issues within PGD can be strengthened. The following proposals fall into this category:

- “Free thinking groups in staff positions” at ministerial level.
- The possibility of shared employment between ministry and university to ensure academic expertise in the administration.
- Training measures for how to deal with complex issues with the participation of developing countries.
- Increased support for policy analysis and research.

There is a need to develop both nationally and internationally *new forms of work* that contribute to increasing the exchange of knowledge and the build up of trust between different actors. This is especially important if we are to meet the pressures of change generated by globalisation and the development of experience and knowledge. These forms of work should be flexible and should involve broad participation. Some analysts believe that new forms of work could be a way of reinforcing preparedness for change in the Swedish administration, the EU and other international organisations. Greater collaboration with actors outside these organisations could help to break down institutional rigidities and make it easier for innovative proposals to take shape. Solutions and proposals put forward by a shared ownership promote greater efficiency and long-term sustainability.

For the work to be effective, sustainable and innovative there must be *strong political leadership*, a common agenda, explicitly formulated common objectives, and sound expertise together with trust and a willingness to listen. There must also be a realistic time frame and financial resources to support the process. The end result will probably be a blend of the process-oriented results thinking that is a feature of public administration and independent organisations, in addition to the need for concrete results that often characterises result thinking in the business sector.

8.3 Control and analysis at global level

8.3.1 Managing global problems

Most countries have a long tradition of dealing with changes at national level. The task of managing changes at global level is a much more recent one. The emergence of a global society and a global economy demands more effective global management. The solution to a long list of common global problems requires

international cooperation. Institutions have already been created for some of these, but others have no self-evident seat. Most people would probably agree at present that there are clear *discrepancies in the system for global control*. Various proposals for how the international community should handle this key problem for humanity have been discussed over a long period of time. A number of initiatives have also been put into effect for the purpose of dealing with common problems.

However, many of the problems facing the world require *very prompt action*. An international discussion is taking place on the subject of suitable forms of management and institutions based on the various alternatives that have emerged in recent years¹⁷. There are currently a number of mechanisms for handling global issues, all with their respective advantages and disadvantages:

- *Agreements and conventions* exist for some issues. Negotiating new ones for those without effective agreements and sanction systems, or for those with agreements and sanction systems that are considered too weak, will take time.
- *The texts and agreements of the UN conferences* often lack effective monitoring mechanisms and sanction systems.
- *The “agreements” and guidelines from the G7/G8 meetings* exclude a large proportion of the countries in the world, and are criticised for being too far removed from the actual problems.
- *Multilateral organisations* do not have the capacity to deal with the global challenges on their own.

There appear to be two main alternative paths with ideas and proposals for how these mechanisms should be supplemented.

The first path leads to the establishment of some type of *world government* with responsibility for all issues. It is, however, clear that the creation of such an institution would require a considerable amount of time – time that does not exist for many of today’s burning issues. Moreover, the likelihood of the end result being an active and effective institution is probably very small.

The second path is based on the idea of taking forceful, limited initiatives and dealing with one global issue at a time. A number of different institutional frameworks with this starting point have arisen during recent years. Examples include informal *associations at government level* such as G20, FATF and the Financial Stability

¹⁷ Rischard, 2002; Swedish Ministry for Foreign Affairs, 2001.

Forum. These associations hold meetings for government representatives from a number of high-income and developing countries to discuss selected issues. A special association is created for each issue, or else the content of the issue determines who takes part. The association is usually non-permanent but through its formation excludes a large number of countries and other interested parties. The results of the work carried out by such associations are thought to affect the content of discussions conducted within the framework of G7/G8 and also, of course, the handling of issues within the framework of any ongoing international negotiations, including national legislation in different countries.

The emergence and growth of *global networks* for individual issues with participation of governments, civil society and the private business sector is another example. Until now the issues dealt with through this type of network have included such topics as forests and dams. Working procedures consist of a number of phases in which the initiative is often taken by a multilateral organisation¹⁸. The basic idea is that the initial phase should be so fundamental that it attracts participation that is perceived to be representative by all parties. After the initial phase comes the main task, i.e. the creation of norms and guidelines to steer the future work within the area concerned. The aim is to create a permanent organisation whose brief in the subsequent phase is to monitor compliance with the norms and guidelines. The sanction instrument is not, therefore, legislation or international agreements but rather pressure on governments and companies through threats to “name and shame” them if they fail to follow the agreed guidelines.

One example is the change in the form of collaboration with respect to large-scale investment projects such as dam construction. Failures and strong criticism have led to a readiness on the part of the industry and other parties to find new ways of collaborating.

The Dam Commission WCD, part-financed by, among other funding agencies and organisations, Sida, Skanska and ABB, is an example of a situation where efforts have been made to identify *new forms of collaboration* between different interested parties. It is an experiment from which the Committee has seen reason to learn

¹⁸ Halle, 2001.

from, both in terms of its positive as well as its negative experiences. The Commission's work has been an innovative process and the first international attempt to achieve multi-stakeholder arbitration¹⁹ with participation from the world's largest entrepreneurs in dam construction, a large number of independent organisations and individual experts. All the participants support an independent process which involves the establishment of a common view of previous experiences and a common plan for future activities, including a number of fundamental principles for deciding on future measures. A number of weaknesses have, however, been discovered in the implementation and follow-up of the Commission's work and these have led to a break-up of support for the implementation.

Proposals for establishing global funds and global alliances for individual issues, e.g. free basic and primary school education, are increasingly being put forward. A number of initiatives have been started in the area of health; these are briefly summarised in Chapter 4.

Another example is the idea from several different quarters of attempting to broaden the base for the global issues in national administrations, not just in terms of responsibility but financially as well²⁰. In high-income countries it is proposed that *two budget lines for ministries* be set up, one for national issues and one for activities that require global collaboration. The proposals put forward above from the committee are in line with this reasoning. As has been stated above, the aim is not just to broaden the financial base but also to ensure "ownership" on the part of the responsible ministries and officials at national level.

To achieve a corresponding broadening of responsibility and involvement in national administrations in developing countries, various proposals have been put forward for the establishment of so-called "Global Participation Funds". One reason for this is to enable the *participation of developing countries* in international negotiations; another is to ensure that these countries have sufficient funds to implement agreements. Since both these factors are often crucial to success in the management of common global problems, the Committee finds it logical that contributions to

¹⁹ Negotiations between a number of different interested parties including representatives of the civil society and industry.

²⁰ Kaul, et al, 1999.

funds of this type should be partly taken from the budget items that are intended for the particular issue in question.

The number of question marks about how global problems should be dealt with and managed has, however, grown during the last year. Difficulties in obtaining sufficient active support for negotiated agreements on issues concerning our common global destiny, e.g. the issue of climate, and the growing number of protests at various international meetings, are evidence of the need for urgent discussion of the methodological issues. One of the issues that must be addressed in this discussion is whether it is the control functions, compliance issues or the forms of financing that need to be developed for each respective issue.

8.4 Considerations and proposals

8.4.1 Considerations

Globalisation is characterised by rapid changes in the world around us with the constant emergence of new issues which do not fit into existing structures. Dealing with this requires constant adjustment and *flexibility*, not only in the choice of prioritised issues, but also in terms of how they should be dealt with and which actors should be involved in policy formation concerning them.

A *coordination function* with a mandate to promote inter-ministerial cooperation is proposed. Proposals for work content have been mentioned earlier in this report. The forms of work should be characterised by breadth, they should cross boundaries in several dimensions, and they should have broad general expertise and in-depth thematic and specialist knowledge, flexibility, as well as active and systematic learning from experiences. One task should be to promote and hasten a transition from being passive, reactive actors to becoming proactive actors in a number of selected prioritised issues. Identification of possible synergy effects should be a key task.

Since PGD covers a wide range of policy areas, it is reasonable to record objectives and results both for the policy area as a whole, and on a sector basis. The *overall reporting* should, one might suggest, be in the form of a special document submitted to the Riksdag at least twice during a mandate period.

Cooperation at global level must be enhanced. With more powerful global regulatory frameworks, the elected representatives can take a firmer grip on global development and help to ensure that the balance between economic, social and environmental legislation is improved. The Committee believes that the time is right for Sweden, together with a selected group of countries and representatives from civil society and the private business sector, to take the initiative in bringing about a *new international discussion* on how *issues concerning our common global destiny* should be handled organisationally and methodologically. The need for leadership and credibility has been highlighted. Along with, among others, the other Nordic countries, Sweden has especially sound basis for pushing this issue forward. One initiative would be a logical follow-up to the work that the world community invested in, in the UN conferences of the 1990s, and now most recently in the processes within "Financing for Development" and the World Summit on Sustainable Development. A central starting point for a Swedish/Nordic initiative is the Carlsson-Ramphal Commission's report. The same applies to the various initiatives that have been taken within a large number of different international organisations and that have received financial support from Sweden.

The work should focus on *strengthening the implementation of* existing agreements within the framework of international law, and also on identifying the vacuum that currently exists with regard to norms, regulations and management mechanisms for a wide range of issues. The Committee believes that key issues in a task of this nature should be to examine how *democracy* can be formed and enhanced at *global level*, how an equitable distribution should be ensured and financing guaranteed, and how effective sanction instruments can be created.

Sweden should also continue to give *support to broad global networks* and actively support the global funds that are established for different thematic issues. A basic objective with these investments should be to create support for the multilateral work within PGD.

Global control, like national control, needs to be democratic if it is to be as fair and equitable as possible. Greater participation and involvement on the part of poor people and of small and poor countries is necessary to ensure that the right to participation can be realised. Increased and *enhanced participation* on the part of developing countries in the multilateral organisations and in

international negotiations is key – not just in terms of their formal parts but in their informal ones as well. Consideration must also be given to the limitations on capacity that exist in many developing countries when it comes to the possibility of taking part in international negotiations.

To make active involvement from developing countries possible in spite of their lack of capacity, a number of measures can be taken by high-income countries in connection with important international negotiations. High-income countries can²¹:

- Guarantee financing of *international high-quality expertise* without insisting on having any influence over the choice of experts. Experts should be able to function as a reinforcement of developing countries' negotiating delegations and help in establishing negotiating positions and strategies.
- Give support to the establishment of *analytical and research institutes* run by developing countries but staffed by experts from countries that have expertise to spare.
- Give support to regional collaboration.
- Ensure that all new institutions and regulatory frameworks that have been proposed to developing countries are evaluated on the basis of how much *capacity* they require.
- Initiate new negotiating models where most of *the preparatory work* is carried out by the secretariat concerned and by high-income countries, and where developing countries can come in later in the process with full negotiating freedom.

Effective *information and communication work* is essential when it comes to obtaining and maintaining strong support for PGD. The public's level of knowledge about multilateral global cooperation must be strengthened, and this requires increased investment in information and communication from the Government Offices. Opinion mobilisation should primarily be engaged in by independent, non-governmental and voluntary organisations.

²¹ Winters, 2001.

8.4.2 Recommendations

The Committee proposes the following:

- A coordination function for PGD should be established and supplemented by an analysis function from which all ministries can order basic data and background information.
- The Committee believes that further development of a way of thinking focused on objectives and results is of the utmost importance in making global development policy more effective in all its three components. Methods for strengthening objectives-oriented and results-based management and coordination in the operations of independent organisations should be developed.
- The Committee proposes that the evaluation function and the work of policy analysis be strengthened, and stresses the importance of independent inspection and parliamentary control. Operations should be run in terms of a participatory perspective and in close collaboration with international experts and institutions of higher education.
- The Committee feels that there needs to be a strengthening of knowledge about global development and the fight against poverty in authorities and ministries, partly to facilitate the analysis of a development perspective in different policy areas, and partly to pave the way for more fruitful and innovative collaboration between different ministries and authorities.
- Sida and the Ministry for Foreign Affairs should be strengthened with specialist expertise in prioritised areas.
- All policy areas within PGD should develop their information work with regard to international collaboration with the focus on PGD, its requirements, rationales for action, objectives, measures and results. Methods should be developed to stimulate and make use of the knowledge and capacity that exists in civil society organisations, the private business sector and in professional organisations in opinion mobilisation and adult education with regard to PGD.
- When formulating country strategies, external forces should be involved more, especially from partner countries, NGOs, professional organisations and the private business sector.

- There should be greater movement of qualified analytical, implementation-related and monitoring capacity from Sida's head office in Stockholm to the embassies and in-country offices in the partner countries.
- A citizens' forum should be set up with representatives from the government and its authorities, and also from the Parliament, the business sector, the research community, the media and from independent organisations. The purpose should be to enhance insight into, broaden the monitoring and control of and promote dialogue on the Swedish policy of global development.
- Sweden should establish international working groups with broad participation, both subject-related and institutional, for a selected number of prioritised, cross-boundary future issues that require a broad approach.
- Sweden should continue to give support to broad global networks and to the global funds that are being established for various common global issues.
- Sweden should take the initiative in bringing about continued, more far-reaching international discussion of how the issues concerning our common global destiny should be managed and financed.

Reservations and special statements

Reservations

By Göran Lennmarker (Moderate Party) and Bertil Persson (Moderate Party)

The fastest reduction of poverty in humanity's history has taken place in the past two decades. This is due to fast economic growth in the major part of the developing world.

Growth has also led to rapid social development; the average life expectancy has increased dramatically, to almost 70 years, infant mortality rates have been halved and birth rates are now considerably lower than three children per woman on average among developing countries. The experience of the past three decades has been very optimistic. A country can pass in a single generation from absolute poverty to relative prosperity. Even a country that has been previously very badly run governed can in a few years achieve rapid growth. It is possible to eradicate poverty at a fast pace. No country is doomed to become stuck in stagnation and misery.

This was illustrated during Globkom's visit to Vietnam. The rapid phasing out of socialism has enabled the country to go from hunger to a surplus of food supplies. Agriculture has been privatised, entrepreneurship encouraged instead of prohibited, central planning phased out, government-owned companies sold and trade and investment are flourishing. The most important task now is to build a state governed by the rule of law and to introduce democracy.

New gap among the developing countries

However, although optimism is predominant, there are nonetheless pessimistic aspects of the situation. There are still over fifty low-income countries, primarily in Africa. In many cases, these are countries that are stagnating, and where the population is becoming increasingly poorer. A new gap is developing – between the developing countries that are catching up with the industrialised countries and those that are stagnating and become poorer. It is alarming that 250 years after humanity began development efforts in earnest that there are still so many countries where the population is starving, where not all girls and boys are able to go to school, where serious diseases go untreated and where most people have no rights. These are countries whose regimes prevent their people from developing. Feudalism, socialism and mercantilism, sometimes combined with fundamentalism or a caste system, are often responsible. The biggest problem is among Africa's 38 low-income countries with a tenth of the world's population. In many of these countries, poverty and diseases, in particular HIV /AIDS, still take a terrible toll with a dramatic decrease in the average life expectancy, often to under 50 years. The focus must now be placed on this category of stagnating developing countries. It is possible to eradicate poverty quickly. It must also be possible in the countries that are now stagnating.

Trade and investments are most important

Export income is predominant among the developing countries' external revenues, followed by foreign investments and private development assistance, mainly remittances. The official development assistance (ODA) is responsible for around three per cent of revenues. Even if ODA has a marginal role, it is important for the transfer of knowledge in key areas. The most important action the industrialised world can take to promote development and reduce poverty is to remove barriers to trade and promote investments. For low-income countries, official development assistance is more important, since trade and investments are often not particularly developed. In the African low-income countries, which do not have major oil income, development assistance accounts for over ten per cent of their GDP. Certain countries have had extensive develop-

ment assistance (10-30 per cent of GDP) for several decades and have still not succeeded in reducing poverty. This experience indicates how important it is that development assistance is structured in such a way that it contributes to reducing poverty. It is therefore not correct to set up disbursement targets for development assistance. Poverty reduction must be the goal.

A new start

In the past thirty to forty years, development cooperation has not been very successful in many of Africa's low-income countries. A lot of development assistance has for a long time not led to rapid progress, in fact it has sometimes even led to a reversal. A new start is therefore required to quickly break the vicious circle of stagnation so that poverty eradication can begin.

The goals

The main goal for Swedish development policy at all levels shall be a rapid eradication of poverty. By commitment to the Millennium Development Goals and Targets, Sweden can also move in the same direction as the developing countries and other industrialised countries. However, the goal of promoting the rule of law, increasing respect for human rights, and development towards democracy should be included. This key point is not among the Millennium Development goals since a number of countries were opposed to formulations including democracy. This is unacceptable.

Debt write-off

Sweden is to take the initiative to a total debt write-off in 2004 for highly-indebted low-income countries, most of which are in Africa. Four conditions are to be attached to a debt write-off of this kind: there should be no new borrowing, it should not promote corruption and bad governance, nor contribute to financing of wars of aggression, and it should benefit the poor.

Focusing on good experiences

In its development cooperation work, Sweden must focus on experiences from countries that have succeeded in quickly eradicating poverty. Even a previously very poorly run economy can achieve development away from hunger to fast growth by a deliberate change of policy. Competence building with the participation of countries such as Vietnam, Taiwan and the more successful African countries can provide good examples. Sweden should invest in tripartite cooperation on this basis to a considerably greater extent.

Concentration on Africa

Swedish development initiatives should in the first place be concentrated on the low-income countries in Africa. The problems are most severe there and inputs are also most significant there. These countries often have a very modest level of trade, and they cannot therefore enjoy or make use of the benefits of globalisation.

Compulsory education

All girls and boys must receive basic education. Within five years after debt write-off, all children in an age group should start school within an education system that works properly. Compulsory education was introduced in Sweden in 1842. It is high time that the partner countries introduced compulsory education.

Focus on health care

Sick and dying people cannot develop a country. Therefore, basic health care must be prioritised. A market should be guaranteed in order to develop effective medicines and vaccines against tropical diseases. Basic education is the most important health care investment.

Regional cooperation

Trade and cooperation normally take place primarily between neighbouring countries. Tariff barriers and other protectionism in developing countries make regional cooperation more difficult and lead to persistent poverty. Weak, fragile economies need to work together with one another and build up common markets, common systems for promoting human rights and democracy, and not least, common security arrangements. European integration, which is changing the world's bloodiest continent into a model of freedom, peace and welfare, can set a good example. Without regional cooperation, many countries are doomed to eternal poverty.

Protectionism and the Tobin tax

The poorest developing countries have a modest degree of trade and hardly any investments. Tax on movements of capital would be very expensive for many developing countries. A Tobin tax for Vietnam, for instance, would cost far more than the total amount of Swedish developing assistance. A Tobin tax should not be introduced.

Development unit in Africa

Successful development assistance activities cannot be developed without contact with reality. Sida should therefore set up a development unit located in southern Africa. A lot of wrongly-targeted development assistance would be avoided if the inputs were designed in the setting where the problems exist.

Energy

Every third person lacks electricity in their household. This is an important cause of poverty. It is difficult to study when there is no light. A lot of wood is used to cook food. When it is damp and cold, TB and other diseases spread.

The industrialised countries must reduce their competition for fuel if the electricity requirements of developing countries are to be solved. Therefore, Sweden should not decommission safe nuclear

power and thereby increase the use of fossil fuels. Swedish energy policy must be changed so that it does not counteract the developing countries' energy requirements.

By Göran Lennmarker (Moderate Party) and Bertil Persson (Moderate Party)

The work of the Committee began in an exemplary fashion. All those in Sweden interested in development assistance were involved in meetings and seminars, as well as through the Committee's website. Key partner countries were studied on site. Leading experts from all over the world participated in various ways.

However, the timetable was not viable.

When it was time to draw conclusions and the report was to be written, the Committee was extremely short of time. Some sections contain very commendable new and innovative thinking. However, the Committee has not been able to devote enough time to drawing conclusions from the experiences to date of development cooperation work at the level of close detail. Unfortunately, many difficult issues have been left relatively unexamined. This includes issues relating to prioritisation of global public goods, how concentration of resource transfers is to take place, how to work in countries with "bad governance", how development assistance should be designed in order to facilitate a successive phasing out apace with increasing growth, and how the allocation of funds within the coherent Swedish policy is actually to take place.

By Bertil Persson (Moderate Party), Göran Lennmarker (Moderate Party) and Anders Wijkman (Christian Democratic Party)

Tax relief for private development assistance

Voluntary initiatives should not be taxed. Tax relief should therefore be introduced for private development assistance inputs.

By Anders Wijkman (Christian Democratic Party)

A. The Committee's terms of reference and mandate were very broad. Some issues have been clarified with great exactitude, while only limited scope or attention has been devoted to others. The report contains a range of important arguments and proposals, and comprised new ways of thinking in a number of areas. These include proposals for the criteria that are to govern the choice of partner countries, greater coherence in international policy, on the application of a "South perspective" in development assistance and broad initiatives to support the production and management of global public goods, as well as the increased attention the Committee wants to give cooperation in the technical sectors, above all ICT and environmental technology.

However, in my opinion, the review and its report should have devoted considerably more attention to a number of issues that must have very important consequences for the choice of development strategy and relationship to both globalisation and cooperation with developing countries:

1. As early as 1992, the Rio Conference established that present patterns of consumption and production are not sustainable in the long-term. The well-known biologist E.O. Wilson writes in the latest number of *Scientific American* : "For every person in the world to reach present U.S. levels of consumption with existing technology would require four more planet Earths." The reason for this is not primarily shortage of finite resources such as minerals, but the ecosystem's ability to cope with a continually increased demand for meat, fibre, fresh water, etc. and not least, to handle all the waste and other residual products that modern society generates. The great challenge consists of changing behaviour and technology so that energy and resource use becomes many times more efficient. Experts have described this in terms of a factor of 10, i.e. to develop consumption and production systems which are at least ten times more efficient over a number of decades.

The report comments on this problem complex, partly in terms of proposals for increased support for the production of global public goods, and partly through proposals for increased technical cooperation with developing countries to support investments in environmentally compatible technology. This is good, but it's not sufficient. We must also dare to ask the question of whether the current very shortsighted economic systems which are moreover

highly sectorised in their organisation and structure – really contain the incentives and driving forces that are required to lead development towards greater efficiency in resource management. Some limited progress has been made in recent years, for instance, within the framework of concepts such as “eco-efficiency”, although the efficiency improvements made in the handling of energy and materials have been regularly “eaten up” due to increased incomes and a continued rapid increase of the world’s population. Consequently, the large majority of important ecological indicators are pointing downwards. The only limited advance that has been achieved after the Rio meeting is that the use of ozone-depleting substances has decreased. However, the situation appears today as far more serious as regards climate issues, deforestation, soil erosion, overfishing, destruction of large coastal areas, the fresh water crisis, the undermining of biological diversity, the weakening of ecological services in many regions such as climate and water control, the purification of air by plants, etc. Globalisation accentuates many of these problems, in particular when our non-sustainable production and consumption patterns spread forcefully all over the world. Paradoxically, it is globalisation that also offers good opportunities to attack the problems gradually through close collaboration, not least as regards knowledge and technology, between industrialised and developing countries. However, the prerequisite is then that technology and knowledge have direction and a focus that makes it possible to master the environmental threats, and not as at present worsen it. The rich countries bear great responsibility here. Ultimately, the issue is about how we can take the step from a model with a pronounced reductionist or vertical perspective and organisation to a model with a far greater holistic vision and approach. At present, an enormous process of denial is taking place of this type of problem. It should be Sweden’s task to far more powerfully than to date pursue these issues internationally, also as part of the development cooperation discussion. What type of capacity and competence is it that we are contributing to building up? In my opinion, the Committee does not take these issues sufficiently seriously and I hope that there will be scope for comments and proposals when the report is circulated for comment.

2. Another weakness is that the report in all essential respects accepts that free trade is the best recipe in every situation for promoting growth in a poor country. Free trade has in some way become a goal in itself. I am an enthusiastic advocate of free trade.

However, I think that there is a lot of research that indicates that a trading system that is essentially symmetric, e.g. WTO, is not the organisation best suited to assist the very poorest countries. Rodrik and Amsden have both shown, amongst other things, that poor countries with little to offer the world market other than raw materials, need special terms in the sphere of trade if they are not to be completely marginalised. Subsidies may be needed both for domestic industry during a build-up phase as well as for domestic agriculture, not least small-scale farmers. I feel that the Committee should have studied these issues in greater detail in order to be able to make proposals for a rather different approach on the part of Sweden in trade policy.

3. A further weakness is that the Committee does not make any real analysis of how development assistance works in closer detail. The analyses that are referred to are of a general character. The report makes few attempts to establish the type of development assistance which has functioned well or poorly respectively. It therefore gives relatively little guidance to the Ministry for Foreign Affairs and Sida for future approaches and actions.

B. The multilateral system

The report is permeated by a strong belief in multilateralism and proposes a stronger role for the UN. I agree wholeheartedly with that view. However, I consider that it is absolutely essential that the UN system is thoroughly reformed. There are serious weaknesses in the UN's organisation, coordination and management. Important parts of activities are characterised by ineffectiveness, bureaucracy and difficulties of obtaining any insight into what is happening whatsoever.

The general position of the UN has improved in recent years. This is much due to Kofi Annan. He has implemented a number of reforms that have led to some modernisation in working routines. With his sensible approach, his well-balanced statements and feeling for diplomacy, he has strengthened the UN's influence, not least in various crisis situations. My criticism does not then apply to everything the UN does. Parts of its operations work well, such as its norm-building activity and the peacekeeping operations. The UN has a quite unique role in peacekeeping work, and largely does this well. To the extent that criticism can be targeted, it is above all

against the members of the Security Council for their sometimes late or unclear decisions. In other areas, above all in development cooperation, the organisation has a long way to go before it can be described as effective, transparent and result-focused. There are deficiencies at a number of levels. It may be difficult for an outsider to put their finger on the problems. It is probably the case that you have to have worked within the system or extremely close to it in order to really understand how great the needs for change are.

Sweden has, together with the Nordic countries, attempted on a number of occasions, to shed light on the organisation as regards control, management and supervision. Various proposals for improvements have been presented and partly taken up for discussion in conjunction with the reform processes that have taken place since the end of the 1990s. However, the UN structural organisation and management is still characterised by considerable weaknesses. Care should, of course, be taken not to avoid criticism being too general. So, for instance, both WHO and UNICEF under Gro Harlem Brundtland and Carol Bellamy's leadership respectively have made clear changes for the better as regards organisation and efficiency. However, the deficiencies are very evident in other parts of the organisation.

My proposal is that the government in the EU sphere – or together with the other Nordic governments – initiate without delay an extensive review of the UN work with the focus on development assistance activities. However, this review should apply only to the UN system as a whole, since a large part of the organisational culture, staff policy, etc. is common to all bodies and subsidiary organisations.

The most important issues to take up by far are work on the boards of the various UN bodies, recruitment principles, the organisational culture as a whole, the rivalry between different UN bodies and the issue of how other important actors at the international level – such as civil society, the private sector and research – could be given a greater formal influence over the work of the organisation.

Board work

UN boards are generally far too large. To be effective and to create a feeling of participation and responsibility, a board should not be more than 10-12 people. In addition, members should be appointed in their personal capacity. In the majority of UN bodies, the situation is diametrically opposite. The boards consist of 30-36 members from different member states. Each member state participates as a rule with 3-5 representatives at board meetings, which gives the boards the character of large meetings. The issues discussed are seldom of a strategic nature. Sensitive issues concerning projects that function in a questionable way as well as important staff and management issues are not discussed either. Due to the character of the meetings, the managements of the respective UN body do everything they can to avoid important or contentious issues being dealt with by the board. It becomes a type of cat and mouse game. Since the persons who represent their respective governments on the boards often lack real expertise and experience of the specialist area that the particular organisation is intended to be responsible for, the boards very seldom act as a useful "sounding board" for the management. UNDP's board which I know well, should, of course, consist of people with documented experience of development work, or researchers specialising in development economics. Board work would then be meaningful. Instead, the board consists of diplomats who only exceptionally have the requisite experience of development issues.

Recruitment principles

The member state governments have a great influence on the selection of senior officials. This means that political merits weigh heavily. There are many instances where clearly unsuitable people, not infrequently professional diplomats or ex-ministers have been appointed as heads or assistant heads of organisations such as WHO, UNDP, FAO, etc. The requirements on leadership in this type of organisations are exceptionally great. The working environment is complex, and operational tasks often extremely difficult. In addition, there is often an uneven struggle to acquire resources for operations.

As the system works at present, it is often only by chance that the head has the qualities that reasonably are required for the task. Since the respective organisation is moreover very top-governed – with formally practically all power in the hands of the head of the organisation – the choice of top official is very important. Sometimes, this works out well, as in the case of WHO under Gro Harlem Brundtland. Harlem Brundtland succeeded in a few years in reversing WHO's long downward trend. However, it is very possible that a less suitable head will replace her – of the same quality as her predecessor who during a ten-year leadership period contributed to WHO being largely marginalised. Bearing in mind the important role that most UN bodies have to play, it is unreasonable for the recruitment process not to be characterised by greater professionalism.

Rivalry between different UN bodies.

Everyone who has worked close to the UN system is aware of the high level of competition and rivalry that marks the relations between different UN bodies. The marked guarding of one's own territory makes cooperation difficult and often leads to a sub-optimisation of activities. A review of the present structure is absolutely necessary to achieve rules and frameworks that compel better cooperation and to consider the extent to which the existing UN bodies are really needed. There are for example strong reasons for a merger of e.g. UNDP, UNIDO, FAO and UNEP.

Management culture

The strongly hierarchical organisational structure has already been mentioned. There are too many levels of posts and salaries. This is one of many problems with the internal culture. Too many persons tend to think in terms of level instead of competence.

Another major problem is the time that it takes after a decision has been made on, for instance, project support before funds are disbursed. The decision process is quite simply far too cumbersome. In order, for instance, to reduce the risk of funds being misappropriated, a number of different rules of a control character have been introduced over the years. This means that a large num-

ber of signatures are often needed on one and the same decision for it to be executed. The intentions may have been good, but the system is made to appear a parody of management and responsibility. The decision-making rules are so complex that a fast decision-making process is an impossibility. Everywhere in society, the requirements for flexibility and swiftness in management culture have been increased. However, in many ways, the UN is standing still on the same spot. There is an incredible inertia in the system. This also means that various types of partnership to tackle serious problems, for instance with the private sector, find it difficult to take shape and become reality. Arrangements for this kind of cooperation often have to be made outside of the UN administration for it to happen at all.

Influence for civil society organisations, the private sector, research etc.

Today, the UN is a body for governments. In the modern world, it is becoming increasingly evident that decisions in various issues at the international level that do not also include NGOs of various kinds or the private sector, will hardly receive the desired legitimacy. Governments represent important players, but not the only ones.

In addition, many governments are not regarded as being representative of their population.

Kofi Annan has taken a number of initiatives to broaden participation in UN work in recent years. This is positive but needs to be followed up by a more formal process where the whole governance issue is subject to formalised review.

To summarise: I believe strongly in the UN idea and in the value of multilateralism. At the same time, after many years of work in international organisations, I cannot disregard the serious deficiencies in today's UN with regard to organisation, management, effectiveness, scrutiny from outside, and achievement of results. These deficiencies must be remedied. The responsibility for the old-fashioned and ineffective organisation lies both with the UN leadership and the governments that are the UN's principals. In my view, in order for the necessary reforms to take place, considerable pressure must be brought to bear on both the leadership and member states. We live in a country with proud humanitarian traditions.

The UN idea and vision has strong support. However, this support should not be used as a pretext for concealing and glossing over or covering up the serious deficiencies in the UN's organisation. This is the background to my now, in conjunction with this review of Swedish development assistance, taking the initiative to an immediate review of the UN organisation and its activities. As one of the staunchest proponents of the UN idea and UN's activities, we have a great responsibility for the organisation. The best support the organisation can have at present is help to develop the organisation and management towards greater efficiency, openness and focus on results! At the same time, finances must be strengthened. Many of the UN bodies have been on a starvation diet for a long time while their tasks and responsibilities have increased. This is not sustainable in the long term!

By Madeleine Sjöstedt (Liberal Party)

In a time when an ever-increasing number of international issues also become national, and an increasing number of national issues have international consequences, it is high time for Sweden to re-examine closely its policy for global development. When the Liberal Party demanded that this committee of enquiry be set up, we did so in the light of many years of experience of Swedish development assistance after its breakthrough in the early 1970s, the shift by many countries to export-led growth since the 1980s, and the consequences of the fall of the Berlin Wall in 1989. Conclusions can be drawn today from the fact that certain countries have succeeded in pulling themselves up out of poverty while others force their citizens to continue to live in dehumanising misery. Few Parliamentary reviews and reports have therefore been more timely than Globkom.

Many so-called globalisation issues pose new challenges for Swedish policy. The ambition in the enquiry has been at a high level. The report wishes to reflect discussions in Sweden and also, by linking the Swedish discussion to international discussions, to attempt to contribute new insights and conclusions from a Swedish perspective. This high ambition could unfortunately – due to inadequate time planning – not be achieved, which I find very regrettable. An excessively long-term perspective of globalisation and development assistance issues has also resulted in the enquiry not leading to the concrete results that I had hoped for.

In this statement, I wish to draw attention to the following points of view where I consider that the report is incorrect or misleading, or could have been clearer:

The individual perspective

On one important point, Globkom's report signifies a breakthrough for liberal values. In the discussion of the consequences of Swedish policy, Globkom takes as a starting point the question of how policy affects the individual's situation, the individual's perspective and conformity to rights issues and frameworks. Few shifts of perspective in Swedish policy can be more important than this for the twenty-first century.

In my opinion, this – seeing to the best interests of the individual regardless of the country in which the person is born – is the Committee's really important new orientation. If the proposals of the report are allowed to have an impact in the policy actually carried out, it would entail a new trend in Swedish foreign and development assistance policy. To date, policy has been far too dominated by an official, authoritative perspective shaped through the cooperation of states working together at government level.

Problems and difficulties with this international government perspective are well-known. Good relations have been maintained despite the partner country sometimes being responsible for grave breaches of human rights in relation to their own population. With the road that Globkom is now recommending for Swedish development assistance policy, such palliative and excusing policy would be impossible. Other important liberal advances in the work of the enquiry are that the majority of the persons on the Committee have strongly indicated at a number of places in the report that a partner country must choose the road of democracy and representative government if bilateral cooperation with Sweden is to be possible.

Gender equality

With a marked individual perspective, the ambition to allow gender equality to mainstream Swedish policy for global development could finally become a reality. Despite the goal of equality between women and men for Swedish development cooperation having existed for several years (since 1996), it has been difficult to show concrete results to any significant extent. A basic prerequisite for a better world to be possible is that the widespread discrimination of the world's women and girls should cease. Not only for reasons of principle, such as the equal treatment of all people, but also for practical reasons: women are often those who support their families, and also those who are bearers of cultural values. The position of women is fundamental for how future generations will be able to develop,

The goal of Sweden's development policy

To my disappointment, the Committee has not wanted to pursue fully the idea of the individual's right to power over their own situation. A democratic form of government is the only one that makes it possible to realise human rights. It is, through popular participation in elections and openness in voicing criticism and alternatives, the only form of government that can overcome the mechanisms that today keep billions of people in poverty and human degradation.

I therefore consider that the introduction of democracy should be defined as the overall goal for Swedish policy for global development. I therefore here register a reservation in favour of this goal as regards that part of the report that deals with the overall goal of Swedish policy for global development.

The need for a review of the objectives for Swedish development cooperation was one of the Liberal Party's reasons for demanding this report. We hoped that it would lead to more concrete guidance in the delicate work that is being carried out within development cooperation. This will not be the case if the proposals in the report are implemented.

It is deeply regrettable that democracy is not included among the goals for Swedish policy for global development that the majority of the Committee propose.

The rights perspective is a consistent theme in the report. This is new and welcome although some clarifications are in order. The rights perspective is the basis which guarantees the individual's basic human rights. These are best pursued in a democratic process.

Due to differences in political orientation, it has been difficult to agree on a common view of human rights. These differences of opinion have not been put aside in the case of Globkom. In reality, a division between political and economic rights is often appropriate.

The communist regimes which only a decade ago controlled half of Europe claimed that civil and civic rights, in other words individual rights focused on guaranteeing the personal freedom of the individual and the ability to take part in political life on the same terms as others, were irrelevant "under socialism". Instead, these regimes claimed to have realised rights of another kind, the right to work, the right to health care, etc. In reality, the claims were false, since these "social rights" were generally more poorly catered for

under socialism than in democratic market economies. "Social rights" of the kind that these regimes incorrectly lay claim to realising are of another character than the rights that aim to protect the individual against various forms of abuse. Most civil and citizen's rights are absolute and can and should, even in poor countries, be implemented immediately, while social, economic and cultural rights are to a greater extent process-related - i.e. they are implemented over time as opportunities are created. They often require prioritisation and are not infrequently dependent on changed economic conditions.

In the view of the Liberal Party, it is in any case unacceptable to try to defend the absence of, for instance, the right of freedom of the press, the right to an impartial trial or the like with reference to a so-called social right being maintained. It is important for me that this basic liberal distinction has been made in the report.

It is important to point out that all rights are carefully detailed and interpreted as to their content. Nonetheless, a misinterpretation often takes place of economic, social and cultural rights. They are often alleged to have a broader scope than there is basis for in conventions and legal usage. It is therefore important now that the rights concept be mainstreamed in the Swedish policy for global development, that it is a well-defined view based on international law and that political wishes at a general level are not permitted to dominate the interpretation of what a rights perspective involves.

Partnership

Further clarifications are also needed on what is called the partnership idea. The focus in Swedish development assistance policy and discussions should be on how development assistance can be made as effective and as well-suited to its purpose as possible in the long term. The quality of development assistance is of crucial importance for the recipient but also for the donor. Just as in the case of other tax-financed activities, the aim must be to gain as much as possible from each invested krona. The effectiveness and appropriateness of development assistance has been called into question many times, and criticism against development assistance activities has at times been justifiably strong, also from the Liberal Party. Nevertheless, a continued ambitious level of development assistance to developing countries is necessary. Individual failures can-

not be permitted to be an excuse for reducing the level of ambition for support to those in need.

In this context, it is of fundamental importance that the donor of development assistance feels confidence in the policy pursued in the recipient country. This is the case both for policy as a whole and for policy in the sector concerned. We know quite a bit today about the methods that actually work for promoting development. The element of conditions or demands, so-called conditionality, thus becomes essential for Swedish development assistance activity. Lack of clarity is disastrous in all forms of cooperation. The partnership idea is important but it must not lead to Sweden attempting to treat, for instance dictatorships as equal partners. It provides legitimacy to those wielding power who should not be supported.

The report emphasises the responsibility of every country for its own development. What is best for the individual country is arrived at through a democratic process. However, there are far too many countries which do not allow their population to have a say. It goes without saying that Sweden should also bear responsibility for all people enjoying human freedoms and rights. Since Sweden's responsibility – in my view – is to the individual poor person – other ways must be sought to reach these individuals. There is unfortunately far too little discussion in the report on the practical consequences of a tough Swedish policy focusing and being on the side of the individual. There is a tension, both between state and individual, and between international and national influence. Both these areas of tension should have been analysed and discussed at the practical, political level in the report.

Enlightened self-interest has been drawn attention to in the report although it has its limitations. This is, of course, a reason why we should become involved in global development. However, even if this interest did not exist, commitment for people regardless of where they live is sufficient reason for Sweden to pursue a forward-looking international policy for development and lead the way in a generous development assistance policy.

The volume of development assistance

Globkom's majority avoids discussing the volume of development assistance. It emerges from the report that development assistance will in future be an important part of Swedish development policy, although not the single most important part. Globalisation, in particular freer trade and openness towards the surrounding world, will probably be the single factor that plays the most important role for the development of poor countries. However, globalisation will not solve all our problems. Hundreds of millions of people have been left by the wayside, and have to date not shared in the benefits of globalisation. They will continue to need development assistance. Unfortunately however, the rich countries' development assistance continues to be at a shamefully low level. Only four EU Member States achieve the goal of 0.7 per cent of GNP set by the UN. Sweden does not have a lot to be proud of. During the 1990s, the social democrats implemented a historic reduction of the level of development assistance. 1999 was a real low-water mark when the level fell below 0.7 per cent of GNP. Sweden is not particularly far above that level today, and the ambition on the part of the Parliament's majority to increase the level is modest. It would have been important for the report to confirm that the one per cent target should be complied with.

Right to tax relief for donations to international development assistance activities

Globkom's majority do not address the important issue of an increased encouragement of grants to NGOs. They should have done this. A right to income tax relief for donations to international development assistance activities should be introduced. Voluntary development assistance activities are significant. They are primarily important since they often provide a way to circumvent unjust governmental regimes, and can thus serve as a direct channel to individuals in the recipient country, unlike government-to-government development assistance in many countries. In certain cases, the NGOs are in fact the only channel for the provision of foreign development assistance. Those active in these organisations are often driven by a strong idealist commitment and are able to achieve considerable results with relatively small resources. Voluntary support is also important to gain support for international solidarity among the Swedish people.

The child sponsoring activities, the Red Cross, Amnesty, Save the Children and Diaconia are examples of activities and organisations which not only make fantastic contributions in distant countries, but which also bring developing countries into our everyday Swedish activities. The Swedish people make donations in the range of one and a half billion Swedish kronor each year to international aid activities.

The right to tax relief should be designed so that it applies to gifts to NGOs which engage in international development assistance activities, or in some other way work for international understanding, democracy or respect for human rights.

International tax on currency flows

Globkom refers to Parliament's consideration of the so-called Tobin tax and other proposals to increase the stability of the international financial system. The Globkom Committee could have been clearer on this point. A so-called Tobin tax has been put forward as a solution, inter alia, to the global challenges we are confronted with. However, it is not lack of tax bases or even tax revenues that hinders the development assistance of the richer countries. It is quite simply a lack of firm political will. If there was a genuine will to increase international solidarity investments, it would of course be possible to achieve this, without inventing a new source of tax. Increased development assistance is the most important input. However, there are reasons for continuing to discuss whether the various objects that are taxed are the right ones, and whether the distribution between different objects is optimal.

The Liberal Party – and also other liberal parties around the world – have put forward the idea that the emission of greenhouse gases, in the first place, carbon dioxide, is a source of revenue that should be subject to higher taxation, with a view to reducing the use of fossil fuels. If a global carbon dioxide tax was introduced, it would make possible a tax shift of at least the same magnitude as the Tobin tax. If one believes that tax increases are necessary to increase development assistance, such a tax would suffice for at least as much development assistance as the Tobin tax. There are accordingly more objective reasons to introduce a global carbon dioxide tax than a Tobin tax.

In the view of the Liberal Party, neither would the introduction of a so-called Tobin tax be a measure that would increase stability in the international finance markets. However, on the other hand it could have a number of harmful effects. Practically all evaluations show that the Tobin tax would not prevent acute financial and currency crises.

The introduction of a Tobin tax risks above all affecting developing countries, i.e. the countries that the advocates of the tax say that they wish to help. If a tax is introduced on currency transactions, it means in all probability increasing capital costs and a reduced supply of capital, which would primarily affect developing countries, since they are often the recipients in transactions with investment capital.

The importance of trade for development is to be given a key role in Swedish policy for global development. Unfortunately, Globkom is not crystal clear on this point and clarification is required. Poverty in the world can be alleviated by economic growth, in particular if it is combined with measures at the national level that improve the distribution of income and wealth. One of the most important measures for increased growth is to open up for free foreign trade, and then maintain trade that is truly free. This is the reason why free trade is key in all discussions on globalisation and development even if it is in no way the only issue.

When the report puts forwards arguments that asymmetry in development towards increased free trade is desirable, such a contention can lead in the wrong direction. The fact that the majority of the Committee do not believe in the ability of free trade to create prosperity has been shown in the process of the enquiry by, for instances, sentences such as "it is undoubtedly the case that free trade as a principle confers many benefits" being deleted from the text by the majority. Likewise when the majority of the Committee allege that "free trade should not be superordinate to other objectives". Free trade is a crucial instrument to achieve liberal goals of prosperity and freedom, and, for me, this conclusion has only been confirmed over the decades and years since the (old) colonialism was abolished. Introducing free trade and a stronger international regulatory system in WTO is a measure for increased growth and reduced poverty. Both these measures are crucial steps towards being on the side of the individual poor person against, for example, big international companies and corrupt domestic holders of power who have their interests to safeguard.

Development in past decades has shown that the developing countries that open up to international capital and trade flows have had higher growth and greater prosperity compared with the developing countries that have applied extensive foreign currency regulation, capital restrictions and other types of protectionist measures. This is also the road that Sweden has followed since the 1870s. Should Sweden in 2002 deny the poor countries of today a policy that Sweden used to lift itself out of poverty?

Globalisation of production, consumption and foreign trade means that a country can increase its total income in a number of ways:

In the first place, this would take place by the country concentrating its production on the goods and services that it is good at in a comparative sense. A country which has plenty of untrained labour, thus specialises on production and export of goods and services that require a large input of untrained labour. A country which has plenty of capital specialises on production and export of capital-intensive goods and services. Specialisation in line with countries' "comparative advantages" thus means that the total resources of the world are used in a more productive way, and the higher productivity means higher income and prosperity. All countries quite simply do what they are relatively best at. An international division of labour of this kind would be impossible without extensive foreign trade made possible by low tariffs and other barriers to trade.

A second economic benefit is that businesses can make use of scale advantages and thus produce at lower costs and prices. In many contexts, for instance, the automobile industry, the cost per unit is lower the more cars that are produced. If Swedish companies like Volvo and Saab and Scania had not been able to produce for the world market, but had had to rely on the small Swedish market, the cost per car would perhaps have been two to three times as great, quality poorer and the companies would perhaps not have existed at all.

A third benefit of foreign trade is that consumers have a wider range of goods and services to choose from. They do not only have to rely on goods and services that could be produced domestically.

A fourth benefit is the free or very cheap transfer of knowledge, if, for instance, technology, organisation and quality requirements accompany trade.

A fifth benefit is that freer trade removes an important basis for corruption, nepotism and wheeling and dealing. An example is that persons involved in foreign trade under free trade regulations are not tempted to give bribes to obtain import or export licences. Corruption can also be given more attention if there are foreign companies in the country that suffer from it or that are discriminated against in competition with domestic companies.

A sixth benefit is the security of livelihood. If the harvest fails in a country, it is possible to import food; if the water reservoirs are empty, to import electricity, etc. It is thus not the case as many at first seem to think that self-sufficiency leads to security. On the contrary, it is trade and mutual solidarity that lead to security. This is a security that is especially needed in many poor countries.

Free trade does not at all mean unregulated international trade, just as governance under the rule of law does not mean a society without legislation and courts. Free world trade assumes both a multilateral system of rules and regulatory mechanisms, and systems for resolving disputes in order for free trade to work for companies and to serve consumers. Therefore, the WTO plays an extremely important role for politically weak countries. (The WTO has, for instance, a demand for consensus in decision-making). The WTO is a forum in which both poor and rich countries can have a say and make their opinions known. It should certainly be further developed and reformed to further strengthen poor countries' ability to participate in negotiations with a strong influence.

Can the difficulties in the adjustment phase be reason to choose a more protectionist policy?

It may possibly seem considerate for the poor countries to wait with removing their barriers to trade until the EU and USA do the same. The conduct of the industrialised countries is reprehensible in many ways, although this does not mean that the same things should be recommended for developing countries. The idea of protection during a build-up or transformation phase is really not a new idea, but was widespread during the 1970s and 1980s. Since development has scuttled this idea, it has been abandoned. It was this idea that originally motivated Latin America's import substitution policy which is an important component of Argentina's deep crisis today – India's protectionism, etc. It is remarkable that this idea, through the slippery formulations of the majority, should turn up in the free trade country Sweden.

The majority of the Committee risks doing developing countries a disservice with this attitude. A policy with trade barriers will above all be an excuse to protect producer interests – and not consumers who also exist in the poor countries. The discussions on fair trade in the USA are illustrative: which are used to protect national companies against competition! Those who win from protectionism in poor countries are the established, ineffective enterprises, politicians and bureaucrats who can be bribed to grant export permits. This can be seen, for instance, in developments in Marco's Philippines or Suharto's Indonesia. Consumers in the poor country are forced to be content with poor quality products or to pay prices that are higher than they need to be.

Referring to the so-called tiger economies as examples that a protectionist policy might be desirable is quite simply incorrect. Export-led growth has been the main principle in their policies for thirty years. Others in Asia and Latin America have followed in their footsteps. The most spectacular example is China, which recently became a member of the WTO. Hong Kong and Singapore have not supported through special measures any section of their businesses. Taiwan has invested in small-scale enterprises and Korea in large enterprises. However, both have protected agriculture. Korea has subsidised parts of industry with severe political and economic reverses as a consequence. Asserting that a significant protection has been positive for them is factually incorrect. If Korea had chosen this path, South Korea might have avoided a number of crises. It must also be understood that communism's economic fiasco with its economic introversion and protectionism in 1990 has served as a both effective and horrifying model of development. It has not passed without notice in the Third World that Eastern Europe after 1989 immediately went over to free trade and WTO membership, or Russia's new free trade approach and hope for entry into WTO in the near future.

Today, there is a large system for "positive discrimination" (asymmetry). in the trade policy treatment by industrialised countries of developing countries (GSP, General System of Preferences). This has given minimal economic benefits to developing countries. The systems that industrialised countries use to particularly benefit developing countries (GSP, etc) are often almost insignificant since there are so many exceptions and counteracting rules in other areas (anti-dumping, etc.) that the end result is a great deal of bureaucracy and minimal benefits. Another effect is

that certain developing countries are favoured at the expense of others. If a country is sufficiently successful, it rapidly loses its benefits. When the poor countries have demanded equal treatment and stability, they have therefore succeeded in putting pressure on the industrialised countries. Poland and Estonia have done so, which caused the EU to put internal EU protectionists to shame.

In conclusion, it can be noted that Globkom has started important work in compiling and stimulating new Swedish and international findings around development issues. With a policy based on experiences and analysis, hopefully more people in future will have the opportunity of leading dignified lives.

Special statements

By Ann Schlyter (Left Party)

Globalisation, power and justice

The report views globalisation as a basically positive process, the benefits of which have not reached everyone. I would rather view globalisation as a basically neutral concept, which describes both positive and negative processes. The different approaches have consequences for how one views problems, trends, and the room for manoeuvre for a policy for global development.

I wholly agree with the report that global justice should be an overriding goal for a Swedish policy for global development. However, since few of globalisation's negative processes are subjected to analysis, the injustices are rather interpreted as a lagging behind or tradition, which leads to global power relations remaining invisible.

On equality between women and men

I wholly agree with the report that gender equality should be a profile issue in Swedish development assistance. Sweden took equality between women and men into consideration at an early stage in its development assistance work. Progress has been made, although pursuing gender equality is a difficult task, and many observers share my impression that work has stagnated. Nevertheless, the fact that equality was raised to one of the overall objectives for Swedish development cooperation, served as an inspiration for equality activists worldwide. It is important now to demonstrate that the goal formulation for global development policy does not mean that gender equality is to be given less weight in development work, that it is an important aspect of the third goal and that it is one of the international development objectives.

I would have liked the report to have more clearly pointed out gender discrimination as an important cause of poverty. Instead of suggesting gender analyses and work with equal opportunities for women as well as men as tools for combating poverty, this is reduced to one of a number of dimensions that are to be mainstreamed. Mainstreaming, i.e. the permeation, or consistent integration of equality aspects in all sectors of work is important, although it

entails the risk that the issue will be rendered invisible or disappear altogether instead. This was also seen during the work on the report. The issue tended to become invisible despite good intentions, and the fact that this danger was pointed out many times. The mainstreaming strategy has proven to be inadequate. It should not be abandoned but complemented with special gender analyses and measures, programmes and projects, the overall aim of which is to support processes towards gender equality.

The human rights perspective can be particularly applicable as regards coming to grips with discrimination, although the gender equality work in development cooperation is broader than this. It must be based on the fact of the whole of society's most fundamental organising principle being based on sex and gender, and that gender equality is a development issue that challenges power structures.

On coherence

It is a big step forward that attention has been drawn to the need of coherence between Swedish policy areas in all activities that affect global development. However, the report is content often to point out that goal conflicts will always arise and that these must be dealt with in democratic order. I would have liked to see a clearer taking of position in a number of issues that concern the EU. A difficult coherence issue such as the arms trade is not even mentioned. The demands for coherence in Swedish policy should lead to the same demands being made on countries that buy weapons, as the countries that are to qualify for budget support.

The report wishes to support the South's capacity to take part in WTO and other international negotiating fora, but should with its south perspective take factual arguments on specific issues and demands from the South more seriously.

Global public goods and their financing

The market cannot solve all problems at global level (either). The global public goods include financial stability and avoidance of economic shocks. Nevertheless, the report is not especially concerned about the risks of rapid global flows of money and does not

stress the importance of finding measures to reduce the risks in the “global casino”. Some form of global taxation of currency transactions could be a tool for financial stability although far from sufficient. A global tax is needed to finance global public goods. It is excellent that the need for global public goods is underlined in the report, although, as a direction for action, it remains nebulous since no strategy for global financing is proposed.

Debt write-off, budget support and parliamentary control

I of course agree with the demands for faster debt write-off. I would have preferred to have a demand for total, immediate debt write-off for the poorest countries. Since the size of the debts is quite small from the perspectives of the claimants and the costs for the debt relief programmes high, it can be suspected that they are propelled more with a view to exercising power than to recover money invested. Conditions have been attached to the limited debt write-offs that have taken place to date in the form of economic reforms that have not always been democratically based and placed under the control of parliament. In this way, there is a risk of democracy being undermined.

An advantage of development assistance in the form of budget support is that development assistance funds are then subordinated to the parliament of the recipient country, which can then decide on their use. Support to the development of democracy is important and emphasised in the report, which however devotes quite a lot of space to the need to build democratic structures from below to strengthen the social cement.

Commercialisation of development assistance?

It is somewhat unclear in this regard, but the report can be read as if the South perspective adopted is taken as a pretext for more development assistance to be commercialised by being offered through a market. Without having evaluated the sectors of development assistance that function in this way already, the report embraces the pious belief that development assistance will be more effective. There is a great deal of evidence to indicate the contrary. There is considerable risk that the possibility for a long-term build-

ding-up of trust, intensification of relationships and continuity on both sides will be lost. All experience indicates that a key feature of successful development cooperation is long-term partnership and trusting relations. It cannot be reduced to short-term services. It would have been desirable if the report had investigated in more detail development assistance in relation to the ways in which consultancy services are defined, and to competition legislation, and if it had made proposals as to how mutual, long-term cooperation could be strengthened regardless of the organisations through which it is channelled.

A Swedish fund for global cooperation

The South perspective should instead lead to forms of cooperation being developed which ensure a mutual, long-term exchange. This exists within culture and research, although to far too small an extent. Some municipalities have developed twinning in which administrations, schools and associations take part in exchange activities. Twinning with cities in the South is unfortunately uncommon and should be encouraged. Cooperation can also be developed in the form of twinning between organisations, entrepreneurial associations, etc. The report makes a strange distinction between development cooperation and cooperation between people, i.e. sub-national cooperation at the level of organisations. Meetings between people on an equal footing comprise the most effective form of transfer of knowledge and know-how.

Unfortunately, the report does not develop ideas around so-called international cooperation at sub-national levels, different forms are not identified and comparisons with similar approaches have not been made. A Sida consult report from August 2001 points to the positive aspects of exchange activities, although it considers that it is sufficient with the Sida department that supports NGOs taking care of such exchanges. I do not consider this to be sufficient. Nor does the report discuss how the costs which should not be met by development assistance funds, are to be covered. Experience has shown that it is very difficult in many sectors (local government, culture, research, etc.) to obtain funds for other than so-called core operations.

The report proposes that this should be investigated. I consider that a report of this kind is necessary, since, in my opinion, a gra-

dual transition to budget support in development assistance must be complemented by a gradual increase of international cooperation at sub-national levels at the same time. The new report enquiry should be directed to investigate how a fund for global cooperation should be set up and how mutual exchanges can be encouraged in other ways.

Solidarity and self-interest

Solidarity, unlike charity, is based on common interest. In the workers' movement, as in the women's movement and other popular movements, solidarity develops over borders in light of awareness that the situation for a "brother" or "sister" organisation in another country is eventually important for oneself. Within international development assistance, the solidarity concept was applied during a period when Sweden as a small country supported liberation movements and nation-building in other small countries which also had to exist in the context of and deal with the tension between the major powers.

In Globkom's report "enlightened self-interest" is emphasised as a basis for a new relation in global policy and development assistance. Self-interest is in the awareness that there is only one world. I wish to note that enlightened self-interest does not conflict with solidarity and that it entails a global policy that looks to the interest of the whole world, not to Sweden's or Europe's narrow short-term interests. The one-per cent goal should be restored both for reasons of solidarity and for self-interest.

By Åke Pettersson (Centre Party)

Globalisation and the rapid development of information technology loosens up boundaries and eliminates distances, although, at the same time, it reveals serious problems, growing gaps and the severe poverty of a large part of the world's population. Over a billion people live on less than ten kronor per day. Many lack elementary human rights and have no opportunity whatever for democratic influence. Women are especially vulnerable in all respects.

The progress that has been made in recent decades shows that it is possible to influence development. It is possible to strengthen human rights. It is possible to develop democracy. It is possible to improve educational levels, the state of health and material existence. At the same time, experiences show that support to countries with authoritarian or corrupt regimes often counteract its purpose. Globalisation, development assistance and other development inputs must go hand in hand with the demand for democracy as a universal human right.

In many important respects, Globkom has valued globalisation, the principles for trade and assistance in a way that I share as a representative of the Centre Party. The enquiry has been conducted with great openness and a large contact area, and it has been possible to obtain a response for proposals and points of view in many respects. In this special statement, I would like to make some additional comments of my own and some criticism.

The report has evaluated the experiences of the current development assistance objectives and noted that the overriding goal of Swedish development assistance, poverty reduction, has sometimes been sidelined by the more specific supporting objectives. This situation is clearly unfortunate. I therefore share the view that the poverty goal needs to be reinforced and clarified. According to the Committee's proposals, a more equitable global development will become the objective for, for instance, trade principles. A preventive and sustainable management of common global concerns will be the objective for producing and managing global public goods such as the environment, health issues and the international economy.

An improvement of the living conditions of poor individuals will be the objective for all development policy activity. The objective

includes not only material issues but also human rights and the demand for democratic influence.

Civil society must be strengthened as a protection for diversity, freedom of expression, and for people to organise to safeguard their rights. Civil society has a key role in the struggle against corruption and abuse of power. According to the Centre Party, an increased share of development assistance should be used to support the development of democracy and strengthening of civil society. I recommend in this context a collaboration between organisations and popular movements on the model of Norsk folkehjelp, where many work together for common development assistance inputs but where everyone makes their own contribution.

A development of industry and sectors such as agriculture, forestry and fisheries are necessary for every poor country. Development assistance inputs can never replace the role that the private business sector plays in a developing market economy. The experiences of Swedish industry not least with regard to environment-friendly technology, biotechnology and information technology must be taken into account in development work. The Committee proposes an untying of all Swedish development assistance. It is important that this process takes place in many countries, which motivates international collaboration.

The necessary development of agriculture in the poor countries must first and foremost aim at satisfying the country's own need of food supplies, at the same time as it is an important basis for economic and social development in the rural areas. It requires, as the report points out, great changes in the developing countries' own regulatory framework for food production and considerable educational inputs. But it also requires changes in the EU's and other trading blocks' agricultural policies. The EU and USA must, for example be able to establish demands for the quality of food, animal protection and other environmental demands for their agriculture and food, although the systems of export subsidies must be abolished if the poor countries' food production is to be developed.

Sweden is now renewing and strengthening its system for crisis management to meet the demands of modern society for preventive and operational inputs in severe periods of strain. In my view, it is important that the system for crisis management be organised to be a resource that can function at short notice for use in international crises and disasters as well. Both the UN and the EU must

moreover take greater responsibility than to date for coordinating international aid initiatives.

The report is far too taciturn as regards the consequences of the Committee's proposal for, e.g. the activities of the multilateral development assistance organisations, Swedish development policy in relation to the EU's development policy activities, the view of the UN organisation and the Bretton Woods institutions, the World Bank and the International Monetary Fund. I regret that the Committee has been unable to develop its arguments and make more concrete proposals in these sections. In my view, further considerations are required before a Swedish policy for globalisation can be fully implemented.

The Swedish development assistance body, Sida, has had the predominant part of its staff at the authority's headquarters in Stockholm. Few resources exist in the recipient environment, in the field and in the countries that are the main recipients of Swedish development assistance. An extensive travel activity cannot wholly create the South perspective that the Committee intends for Swedish development assistance. Sida moreover lacks its own expertise for the important area of human rights. In my view, a review of Sida's structure and organisation should be carried out based on the enquiry's proposals. In this context, I recommend a location of parts of Sida's activity to one or two development centres, for instance, in Africa.

The EU's development assistance organisation and development interventions have proven to be weak as regards goal fulfilment and the EU has been strongly criticised internally as well. It would have been desirable if the report had made more explicit its view on the changes required in the EU's development assistance organisation, and the important coordination with the Member States' own direct, bilateral development assistance.

The relation between the World Bank and the role of the IMF on the one hand, and the UN organisations on the other, should be made clearer in the report. This concerns, for instance, issues relating to influence, but also the question of collaboration. This would have been valuable at a time when both the World Bank and the International Monetary Fund have been exposed to strong contradictory criticism. This necessary analysis and clarification must now take place in another form.

By Marianne Samuelsson (Green Party)**A. General comments**

The review carried out by the Committee of the prerequisites for the development of developing countries is both extensive and interesting, but it also shows how complicated development issues and development assistance are. The situation varies a great deal from country to country, and from one point in time to another. Global justice and a vision of a world where all people have their basic social, economic and political rights respected is self-evident, but political ambitions are required in all industrialised countries as regards global justice to achieve the vision.

The new definitions of poverty in the report provide the prerequisites for great progress in development assistance issues and aid to poor countries, as well as the proposals for coordination of national policy and forceful action in the international organisations.

B. The Environment

However, I am critical to how environmental and natural resource issues have been dealt with, and I think that the Committee has as a whole devoted far too little space to dealing with water resources and agricultural issues. The environmental aspects of both sets of issues and their importance for development in poor countries can hardly be overestimated.

Water is a prerequisite for all life and is a crucial condition for possible development. Despite the fact that 2/3 of the world's population will have a shortage of water by 2025, this has almost been passed over in the Committee's work. 160 billion tonnes of fossil (non-renewable) water is consumed every year. The groundwater level under the plains in northern China is falling by 1.6 metres per year. 60 per cent of the world's fish stocks are overexploited. A large amount of soil is lost each year due to water and wind erosion. Large agricultural areas are toxic. More and more of the world's conflicts concern and arise due to the need for access to and use of natural resources. The issue of water access and use of common water resources risks increasing conflicts between countries and contradictory interests in development work.

Rather than the insight that environmental and natural resource issues constitute the basic conditions for all life and human development, the Committee communicates an outdated point of view, where these issues are referred to as a separate sector in the same way as gender equality previously was confined to its own sphere.

An example of this can be found in section 5.3 on policy for economic development which pays scant attention to environmental aspects. Environmental aspects are instead addressed in a separate section 5.4, concerning environment-friendly technology which takes up important aspects such as energy and transportation. Section 1.9 deals with sustainable development from the perspective of economic, environmental and social sustainability. Environmental and natural resource issues often disappear behind general phrases such as “sustainable management” or “global public goods”, end up at the end of the list, or are absent as “basic prerequisites” for poverty reduction. Among the criteria for choice of partner countries proposed in Chapter 6, for instance, the recipient country’s attitude to environmental and resource issues is not mentioned at all as a selection criterion.

Environmental and natural resource issues must, on the contrary, be the starting point and permeate all development thinking.

It is thus important that other arguments be based on the issue of ecological sustainability in parallel with equitable global distribution, and it should go without saying that economic thinking must include an environmental dimension. The limits set by natural resources for our possibilities for choosing policy in the way that the Committee discusses, should also be illuminated as a basis for reasons why development should be sustainable from the point of view of the environment and natural resources.

The “restrictions set by nature” as the Committee states, must, however, be viewed not only as restrictions, but also as a natural part of a positive development that improves the environment and makes more effective use of resources. One of the most important aspects of development efforts for poor people is that inputs must be environmentally friendly and sustainable from the beginning. Otherwise, investments are built into an incorrect pattern of development, which is difficult to get out of.

The Committee should also have been much clearer in Chapter 3 on the environmental demands that should be made on private business sector investments from Sweden among other countries. In the discussion on the rights perspective in Chapter 2, the issue

of obligations should be highlighted more clearly as regards environmental and natural resource dimensions.

In Chapter 7, Actors with new roles, arguments and proposals are lacking as regards the opportunities for influencing EU's development assistance policy. There must be an ambition to integrate environmental issues better in EU development assistance. Sweden should take on the task of being a driving force within the EU and internationally, both as regards integration within the different policy areas and also work for global public goods. In particular in the field of the environment, Sida has been successful in integrating environmental issues in development assistance. Sweden should take responsibility for both developing and spreading this knowledge in global cooperation.

C. Country selection, Sida's capacity and development assistance by popular movements

In order to achieve a good result in development assistance work, we in the Committee consider that the number of recipient countries should be limited. The selection of countries then becomes particularly important.

The proposed categorisation of countries that meet the selection criteria (poverty, suitable strategies, democratisation process, realisation of HR objectives) means investing in countries that are actually best equipped to solve their own poverty problems. Other countries (which perhaps do not comply with the criteria but which have extensive poverty) will thus be referred to support in other forms: in relation to global public goods, through NGOs/private organisations and via multilateral institutions. In other words, government-to-government development assistance will take least responsibility for those that are least well-equipped to come to grips with poverty, and leave this to the popular movements and organisations.

As a consequence of this, civil society and its popular movements will need additional resources for more responsible tasks in the project work of development assistance, but also to cope with the important roles of observers and rapporteurs in the poorer developing countries where the government development assistance authorities will not be involved.

When one of the objectives is to be able to focus government development assistance on budget support instead of concrete projects and programmes in the rural areas, there is a long-term risk that the Swedish development assistance authorities will lose contact with reality and with the recipients of development assistance. This should be avoided. Individual field visits can never replace longer sojourns and work in projects in the recipient country. Sida staff at the in-country assistance offices and above all during long sojourns in the field have been crucially important for understanding people's poverty and development efforts. Sida risks in the long term losing the intimate country and problem knowledge as work in the field is transferred to consultants or NGOs.

Knowledge and experience of this kind must be guaranteed in the government-to-government assistance so that we retain the highest possible competence on poverty and development problems when the number of actors increases. Coordination must take place between ministries, and contacts with multilateral organisations as well as with the civil society will increase. A coordinated policy for global development must include a high level of competence within all the areas that affect development opportunities in the countries.

D. Arms and the Tobin tax

A coordinated policy with a demand for coherence should also lead to at least the same demands being placed on the countries that are permitted to purchase arms in the EU Member States' common arms export programme, as the demands made on countries that are to qualify for budget support. Despite the Committee's demand for a coordinated policy, the Committee has avoided taking up the issue of arms export and the role of arms in development contexts.

In section 4.1.3, the Committee should have taken up the discussions around the Tobin tax in greater depth. The Committee notes that a system of financial inertia is required to limit the damaging effects of swift, short-term capital flows, and for financing joint undertakings in poor countries. I consider that this is an important challenge in what is called globalisation, and that it should be self-evident for Sweden to find solutions and to take action to meet it.

By Bo Landin, expert (Private Business Sector)

A main undertaking for Swedish global development work must be to contribute to sustainable and enduring growth and economic development primarily in the partner countries.

For me, inputs which create industrial and business development in the partner countries appear to be the most important means. The Swedish private business sector can play an important role in this regard. The report points out the importance of making use of the competence that exists in the Swedish resource base, not least in the private sector. At the same time, the report lacks concrete proposals as to how this is to be used to support the new objectives that are put forward in the report.

Swedish policy for global development, which is based on the competence of the Swedish resource base, is cost-effective and creates a two-way relationship that benefits both donors and recipients. It is therefore important that the areas where Swedish competence is best developed and internationally competitive are identified and serve as an important basis for the direction of Swedish development inputs. Areas that can be mentioned here are energy, water, telecommunications, transportation, food production, construction and environmental technology, as well as cutting-edge, specialist competence in new areas such as IT and biotechnology.

Such an approach also creates an important flow back to Sweden of the economic development assistance inputs. The 'flow back' is not to be based on tied assistance but on industry's international competitiveness in prioritised areas. The Swedish business sector supports an international untying of development assistance, but does not support the proposal of the Committee for a Swedish untying before there is broad international support for, and a realisation, of such a change. A unilateral Swedish untying would not favour the developing countries but would discriminate against Swedish industry in international competition.

I would like in this context to underline the importance of long-term partnership. The basis for effective partnership is continuity. This means forms of financing and procurement that do not jeopardise continuity in the logical chain that a project often consists of.

A developed partnership between the business sector, trade policy and development cooperation is also of the greatest importance. An important part of this is participation on the part of the

business sector in preparing strategies and plans for development assistance and individual projects.

The Swedish business sector strongly supports the Swedish commitment for a liberal, open trade policy, as a support for increased export opportunities from the developing countries. We consider that the report should also indicate the importance of active support to export from the recipient countries and should even make proposals as to such export promotion activities.

We also consider that the report should have proposed solutions to the issue of access to risk capital, not least for smaller, often privately-funded projects in the recipient countries. We are also opposed to conditions being put on Swedish export credits that differ from the ordinary international conditions.

Businesses, like all parts of society, have rights and obligations as well as responsibility for their actions. The report describes the demands of development cooperation, taking into consideration democracy, human rights, gender equality, etc. It is self-evident to perceive the responsible role of companies within the framework of this complicated area, in the same way as for other actors. Unfortunately, the report seems to be based on an idea or assumption that Swedish business interests act in conflict with the fundamental values mentioned above. However, no evidence of this is presented. Within the Swedish business sector, there is a strong awareness of these issues. Many internationally active Swedish companies work practically with these issues and the market-driven voluntary work in this area is undergoing dynamic expansion. An international regulatory framework, which can be applied by individual companies, based on their own situation, is a solution which we advocate and work for. In the light of this, we cannot support the report's approach and the proposals that aim at creating a special Swedish regulation in this area.

By Alfhild Petrén, expert (NGOs)

The Committee has had an extensive task to investigate further development of Swedish development policy in a period of globalisation. The policy area is by nature infinitely broad and complex. The task of synthesising the recent years' policy development, reviewing development policy objectives and defining strategic tasks requires analyses and considerations both as regards overall policy and points of view on implementation, and with respect to the organisation of work. The Committee's approach to this task has enabled a large amount of background material consisting of reports and other expert knowledge to be obtained in many areas, while there has been limited scope for striking a balance between this material, drawing conclusions, tying together and developing proposals. The report leaves a number of complexes of issues relatively open or half-digested for continued work and discussion. I would like to point out some of these.

1. As regards an overall policy platform for the future policy for global human and sustainable development for all on the basis of earlier policy documents, this mainly concerns integrating the international development policy approach to combating poverty with the realisation of human rights and a rights-based perspective. Both traditions have the same purpose of safeguarding every person's right to freedom, prosperity and a dignified life with non-discrimination, participation, and a holistic view as the bearing principles. The rights perspective's view of the state as ultimately responsible for guaranteeing human rights coincides with the development tradition's demands for democracy and good governance. It will take time to integrate the individual approach that is inherent to the rights perspective, and the macro perspective of the development discourse. The report is an expression of the fact that this is a process that is underway. Different perspectives are combined with some attempts at weaving them together. However, the task remains to integrate the different traditions consistently, which is both an educational task and a task for operational application.

2. As regards the application of the integrated poverty concept, which is emphasised in the report, there continues to be a bias towards the economic aspects. The political dimension needs to be developed beyond the formal arrangements of parliamentary democracy. In the light of the experiences from more long-lived

democracies, there are reasons to examine both in depth and breadth contributions to democratic culture at every level. The ability and will to solve conflicts of interest is relevant in all global development and development assistance activity. With the rights and poverty perspectives, issues relating to power and influence will be crucial and therefore need to be developed more systematically. Among other things, there is a need to discuss decentralisation of formal decision-making and the responsibility of decision-makers. The genuine influence of people over political decisions, and their prerequisites and their capabilities to examine the implementation of decisions.

The requirements to deal with the social and cultural dimensions of poverty in the form of discriminatory attitudes, stigmatisation and exclusion also demand attention and need to be developed. This also applies to the security dimension with respect to violence and lack of security in the everyday lives of poor people.

3. The report's South perspective can be regarded as a clarification of the partnership concept which emphasises the freedom of choice, independence and integrity of the partner organisations – they are often independent actors in a market. With globalisation, other components of mutual cooperation such as exchange, dependency, a common vision and solidarity will be at least as important. Relations of cooperation between governments, and relations between organisations need to be further analysed to make visible and understand the complexity of the situation. An increasing mutual dependence and the need for common solutions will make it of key importance to bring about dialogue characterised by trust and with respect for differences, and we therefore need to deepen our knowledge and enhance our competence to see how we can contribute to achieving this.

4. Starting from a globalised world requires a coherent analysis of the various aspects of the ongoing development which also shows how they may affect the individual. Further clarification is needed of several phenomena here, and a balance needs to be struck between various aspects of development.

For example, the report draws attention to how the new information technology affects large parts of the community's life and will create new mentalities. It will entail new leaps in growth but also risks of intensifying and creating new gaps between and within countries. At the same time, the world's population is increasing, in particular in the poor regions of the world. The ability of the

revolutionary development of technology to generate income and prosperity for the poor is a crucial issue that needs to be developed.

The continuous structural transformation is going faster than ever, bringing migration and urbanisation in its wake. Work and livelihoods have a bearing on social relations, violence and oppression. Questions relating to future work must be clarified as well as the survival strategies of poor peoples, so that their microperspectives and the macroperspectives of the development politicians meet.

The growing role of the media in the globalised economy and policy as well as the spread of lifestyles should also be clarified and taken into account.

A security policy analysis needs also to be taken into account. Relative military strengths and the character and spread of military violence, as well as the development of the arms market are factors that should be clarified and taken into account in an overall analysis.

5. As regards the coherence between different policy areas, security and defence policy should be mentioned among the most important.

As regards the coherence between the different components of foreign policy, space has been devoted to foreign trade considerations in the report although further discussion is needed on integration of global development policy in traditional foreign policy work and diplomacy.

6. As regards the actors and instruments of global development policy, it is noted in the report that the multilateral actors and channels for Swedish development assistance have become more important with globalisation, although better coordination is required. Discussion is required here on the special prerequisites and assets of each actor as regards their policy, resources and forms of development assistance, and how Sweden can best combine policy and concrete programme inputs through different actors and channels to make the overall impact of limited inputs more effective.

Future assistance will need to be adapted increasingly to a context involving many actors.

The directive underlines the increased importance of the EU's contribution to a global policy. Bearing in mind the growing role of the EU, the assessments and comments of the report need to be further developed.

7. As regards bilateral development assistance to a few selected countries, the report needs to be complemented by a discussion of how this form of development assistance – in addition to the primary aim of supporting a country's development policy – can serve as a complement and reinforcement to multilateral and other foreign policy initiatives, and as a Swedish fund of experience that can be mobilised for international policy dialogue.

The division of the country-based bilateral assistance into general budget support and selective support that is proposed in the report is to some extent artificial since hardly any country meets the criteria set. In practice, the forms of support will probably have to be combined as at present. Moreover, the proposal focuses on transfers of financial resources rather than the knowledge-based support and dialogue that many developing countries also express a need for.

The problem complex around support to countries that do not at all comply with the report's criteria for support also needs to be developed.

List of abbreviations

ACP countries	Africa, The Caribbean and the Pacific Ocean
BITS	Swedish Agency for International Technical and Economic Cooperation
CBD	Convention on Biodiversity
CCA	Country Common Assessment
CDF	Comprehensive Development Framework
CDM	Clean Development Mechanism
CIS	Commonwealth of Independent States
DAC	Development Assistance Committee/OECD
DfID	Department for International Development
EBA	Everything But Arms
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECHO	European Community Humanitarian Office
EDF	European Development Fund
EGDI	Expert Group on Development Issues
EKN	Swedish Export Credits Guarantee Board
ESC	European Security and Cooperation Conference
EU	European Union
FAO	Food and Agriculture Organisation
FATF	Financial Action Task Force on Money Laundering
FfD	Financing for Development
G20	Collaboration between 20 countries ¹ on finance sector issues
G7/8	Group of countries USA, Canada, Japan, France, United Kingdom, Germany,

¹ Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, UK, USA

	Italy/Russia (8)
GAVI	Global Alliance for Vaccines and Immunization
GEF	Global Environment Facility
GNP	Gross National Product
GPG	Global Public Goods
GSP	Generalized System of Preferences
HCNM	High Commissioner on National Minorities
HIPC	Heavily Indebted Poor Countries
HR	Human Rights
HRP	Human Reproduction Programme
ICT	Information- and Communication Technology
IDA	International Development Association (World Bank)
IDEA	Institute for Democracy and Electoral Assistance
IDG	International Development Goal
IDS	International Development Studies
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
ITC	International Trade Center
LDC	Least developed countries ²
LSU	Country Council for Swedish Youth Organisations
MDG	Millennium Development Goal
MDT	Millennium Development Target
NEPAD	New Partnership for African Development
NGO	Non-Governmental Organisation
OAS	Organisation of American States
OAU	Organisation of African Unity
OCHA	Office of the Coordinator for Human Affairs
ODA	Official Development Assistance

² Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, The Comoros, Democratic Republic of the Congo (Congo Kinshasa), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea Bissau, Haiti, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar (Burma), Nepal, Niger, Rwanda, Samoa, Sao Tomé and Príncipe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tanzania, Tchad, Togo, Tuvalu, Uganda, Vanuatu, Yemen, Zambia

OECD	Organisation for Economic Cooperation and Development
OSSE	Organization for Security and Cooperation in Europe
PGD	Policy for global development
PRSP	Poverty Reduction Strategy Paper
R&D	Research and development
SALA/IDA	Swedish Association of Local Authorities/International Development Agency (The Swedish Association of Local Authorities and the Federation of Swedish County Councils twinning cooperation)
SC	Supreme Commander of the Armed Forces
SAREC	Sida's department for research cooperation
SNGO	Swedish Non-Governmental Organisations
SHIA	The International Development Assistance Association of the Swedish Organisations of People with Disabilities
Sida	Swedish International Development Cooperation Agency
SIWI	Stockholm International Water Institute
SNS	The Centre for Business and Policy Studies – SNS
SPA	Strategic Partnership for Africa (World Bank)
TDR	Tropical Disease Research Programme
TRIPS	Trade-Related Aspects on Intellectual Property Rights
UD-GC	Swedish Ministry for Foreign Affairs section for global cooperation
UD-GU	Swedish Ministry for Foreign Affairs section for global development (from. 2002)
UD-IC	Swedish Ministry for Foreign Affairs section for international development cooperation, multilateral
UD-IH	Swedish Ministry for Foreign Affairs section for international trade policy
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS

UNCED	United Nations Conference on Environment and Development (Rio de Janeiro 1992)
UNCHS	United Nations Center for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WCD	World Commission on Dams
WDR	World Development Report (World Bank report)
WDR	World Disasters Report (Red Cross report)
WHO	World Health Organisation
WRI	World Resources Institute
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

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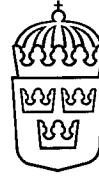
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Committee directive



Parliamentary committee of inquiry into Sweden's policy for global development

**Dir.
1999:80**

Decision at the Government meeting on 9 December 1999

Summary of the assignment

A parliamentary committee is to be appointed with the task of investigating how Sweden's policy for global economic, social and ecologically sustainable development should be further developed in the context of an approach based on solidarity in a time of ever-increasing global interdependence. The committee shall make a comprehensive proposal as to how policy should be formulated in key areas on the basis of the overriding goal of combating poverty and the new conditions created by globalisation. Continued improvement of development cooperation and its role and effectiveness as a special expression of Sweden's international solidarity are to constitute a key part of the task.

Background

In response to motions by a number of parties in Parliament and Viola Furubjelke's question (1998/99:60) on development cooperation on the threshold of the twenty-first century in December 1998, it was announced that a parliamentary review of the tasks and responsibilities of development cooperation would be carried out (Minutes of Parliament 1998/99:30). The government has now decided to conduct a broad review of the areas that are important for success in development efforts.

Globalisation and the new forms that this phenomenon has taken during the past 10–15 years serve as the point of departure for this review. The concept of globalisation refers to a number of processes where local and national issues must increasingly be viewed in a global context. This means that countries, groups of

people, institutions and companies are confronted with questions that have to be answered in a joint manner. Globalisation changes the prerequisites for the influence of states. It also makes increased demands on both international collaboration and interaction with civil society, as well as the private business sector also at the international level.

The discussion on globalisation has to a large extent centred on trade and the movement of capital, although technological development, international exchange of culture, information and ideas, support for human rights, striving for democracy and environmental effects are equally important.

The increased participation of developing countries in global exchanges as well as changes in national policies have led to a positive development in large parts of the world and to better living conditions for many of the world's poor. However, we see also risks and problems today whereby development in many countries is impeded or prevented by conflicts, mismanagement by governments, corruption and difficult transitions or adaptations in the face of new conditions, whereby environmental pollution threatens health and livelihood, and whereby demands for adjustment and other reformed structures become too overwhelming and poor people are excluded. Approximately one fifth of the world's population still live in conditions of extreme poverty.

Globalisation poses new challenges to international collaboration between states. Norms and rules of play are required for the increasingly intensive exchanges in different areas, which both facilitate for, include and protect the poor. The need for a holistic approach has become increasingly apparent with regard to how conditions and policies in different areas affect the possibility of development for all. Development cooperation and a willingness to assist comprise an important expression for collectively taking responsibility at a global level, and thereby contributing to solutions of common problems that take into consideration the interests of poor people.

Cooperation and initiatives in many areas are required in order to achieve a general positive development that also includes the poorest communities. Trade and economic relations are especially relevant. A discussion is also taking place about the kind of "architecture" required to make financial flows more accessible and less instable. Insurmountable debts must be dealt with. Environmental and health risks are often best counteracted by cross-border

collaboration. Although migration is often a source of development, it sometimes entails – particularly in mass flight – social strains that are better tackled by working together. The ability of the UN and other bodies to maintain peace and security is always a part of the picture. If the poor people of the world are not benefited by cooperation in these areas, progress will not be sustainable. At the major UN conferences on these issues during the 1990s, the international community came a long way in achieving a common view of what is required for sustainable development.

One key task is to reinforce the prerequisites of the poorest countries to participate in dialogue and negotiations at international levels. Relations in development cooperation must be based on an intensified and genuine partnership in both bilateral and multilateral work. Partnership aims at more egalitarian relations within a broader area based on mutual interests and explicitly stated goals. Partnership must be based on mutual trust and common values.

The principles of partnership for bilateral work are generally recognised, although much remains to be done to implement them in actual practice. This work includes greater sensitivity to the cooperation partner, increased participation by and consultations with civil society and the private business sector, and openness and flexibility of the cooperation.

It also requires increased coordination of initiatives and procedures between donors of assistance, and the integration of development assistance resources in the partner country's own administrative and political systems. Considerable progress has been made in recent years by donors, the UN and the World Bank in developing instruments for coordination. A large part of the overall bilateral development cooperation today takes place in a multilateral context. One of the key documents is the strategy, *Shaping the 21st Century: The Contribution of Development Cooperation*, which has been adopted within the framework of the OECD Development Assistance Committee (DAC) and which is based on conclusions from the major UN conferences in the 1990s. The main objective of this strategy is to at least halve the proportion of the extreme poor by 2015.

In recent years, both the government and Sida have carried out extensive changes in development cooperation work. The Swedish Parliament has both requested and confirmed this policy renewal. Parliament has developed guidelines for development cooperation in a number of documents, taking into consideration both changed

conditions and increased experience of what is required to achieve good societal development. This work has also resulted in new plans of actions and manuals for the implementation of development cooperation. At the same time, an extensive reorganisation of development assistance administration has taken place.

A broad spectrum of issues that are of key importance for the development of particular countries and for international collaboration has been brought together in the new organisation of the Ministry for Foreign Affairs. This, as well as the enhanced integration of the Government Offices has created favourable prerequisites for greater accord between development cooperation and, e.g. security, trade, environmental, agricultural, refugee and migration policies.

In a number of areas, Sweden's relationship with poor countries is formed by cooperation within the EU, and in international bodies such as the UN system, the World Bank and other, regional development banks, WTO, OECD and OSSE. EU joint trade policy, development cooperation and agreements with developing countries are of key importance. Sweden's ambitions in the field of development assistance therefore require activity and farsightedness in EU cooperation in the same way as Sweden has worked for a long time in other fora.

The holistic approach to development policy in the twenty-first century is based on the documents and the bill submitted by the government to Parliament on combating poverty, democracy and human rights in development cooperation, human rights in foreign policy, gender equality, sustainable development and on cooperation with Africa and Asia, as well as other relevant strategy documents, for instance, on Swedish trade policy on the threshold of a new WTO round and the action programme for conflict prevention (Ds 1999:24). The government is furthermore investigating child-rights related issues in the context of international development cooperation.

In these documents, the government has given an account of how the struggle against poverty as well as work with democracy and human rights can be given a sharper, clearer profile in development cooperation, strategically and methodologically, in Swedish bilateral development cooperation and in collaboration with the UN, EU, the World Bank and the regional development banks.

The document on poverty *The Rights of the Poor – Our Common Responsibility* (*De fattigas rätt – vårt gemensamma ansvar* (skr

1996/97:169) shows how combating poverty by development cooperation is essential to promote peace and global security, democracy, human rights, and an economically, socially and environmentally sustainable development.

The document *Democracy and Human Rights in Sweden's Development Co-operation* (*Demokrati och mänskliga rättigheter i Sveriges utvecklingssamarbete* (skr 1997/98:76) clarifies the prerequisites, possibilities and strengthened support for a sustainable democratic development and respect for human rights through development cooperation.

The Government Bill 1995/96:153 *Gender Equality as a New Goal for Sweden's International Co-operation* (*Jämställdhet som ett nytt mål för Sveriges internationella utvecklingssamarbete* led to "the promotion of equality between women and men" being accepted as a new goal for development assistance. Work on supporting the efforts of developing countries to put an end to discrimination of girls and women and to create equal conditions for women and men has thereafter been developed in a number of areas. Women are a resource in development efforts.

The document *Sweden's International Co-operation for Sustainable Development* (*Sveriges internationella samarbete för hållbar utveckling* (skr 1996:97:2) provides an overview of Sweden's international priorities for monitoring the 1992 Rio UNCED Conference's recommendations, and guidelines for how these priorities should be followed up in development cooperation. The importance of integrating environmental aspects in all operations is confirmed and emphasised.

Trade policy, as described in the document *Swedish Trade Policy in a new WTO-round* (*Svensk handelspolitik inför en ny WTO-runda*) aims at creating an international regulatory framework for free world trade. Development cooperation aims at strengthening the ability of poor countries to take part in free trade.

The documents were not designed with globalisation as a point of departure, although they concern to a greater or lesser extent its effects for development cooperation and other important areas in a coherent policy for development. Certain issues are only partly dealt with or not at all in these documents. There is therefore a need for a summary, a synthesis, which also broadens the discussion within certain areas. Development cooperation as a special expression of Sweden's international efforts to eradicate poverty needs to be clarified. The ambition is that Sweden should again

meet the one per cent target for development assistance when central government finances so permit.

The purpose of the review

The review is intended to propose measures on the basis of a vision of solidarity in an era of globalisation to further develop a coherent policy to promote global, economic, social and ecological development and to eradicate poverty. All relevant areas are to be clarified. The role of development cooperation as a catalyst for development for the benefit also of poor people in a world of ever stronger mutual interdependence is to be especially highlighted and made explicit, as well as the partner countries' own opportunities and responsibility. A holistic concept must permeate relations with the world's poor so that activities within different areas of policy can mutually support one another. The review shall at the same time aim at increasing understanding and commitment to these issues.

The committee shall have a poverty and rights perspective whereby the rights of the poor are clarified. Poverty can be eradicated and a broad participation in democratic systems be achieved within the foreseeable future. Power over the future shall be shared between an increasing numbers of people. This reinforces the prerequisites for peace and security, which in turn are necessary for a positive development in other areas. Sustainable development also requires functioning institutions and development that promotes norms and regulatory frameworks. On the basis of experiences and lessons learned concerning the role and effectiveness of development assistance, the proposals shall provide guidance for development-promoting cooperation based on partnership and increased equality.

The review shall adopt a global perspective that clarifies the needs and opportunities in all societies with major poverty and development problems, even those that have not been the subject of more extensive Swedish development initiatives. The cooperation of the 1990s with the transitional economies in Central and Eastern Europe shall be studied, and the validity of the experiences for general development policy shall be considered. Aspects that particularly affect Central and Eastern Europe should be clarified where relevant, even though this region is not to be a major focus for the review.

The terms of reference for the assignment

Synthesis of policymaking in recent years

The committee shall produce a synthesis that can serve as a platform for future development policy and the role of development assistance on the basis of the documents and strategies of recent years. This synthesis shall:

- develop a holistic view of Swedish and European development policy in a time of increasingly strong global interdependence;
- clarify the role of development cooperation in relation to how activities and policies in other areas determine the conditions for international cooperation and the prerequisites for the development of poor peoples and countries;
- provide a basis for a broad agreement in Parliament and among popular movements and the general public as to how development policy and development cooperation are to be organised in the Twenty-First century.

The development assistance goals

The committee shall review the goals for development cooperation both as a whole as well as from the point of view of the language used in their formulation. The present development assistance goals have broad parliamentary support and control the direction of development assistance. However, the goals have undergone a long process of development since the overall goal “raising the standard of living of poor people” was formulated in 1962. The sub-goals are interpretations of the overall goal. The independence goal originally aimed at decolonialisation but it has acquired another meaning in the era of globalisation when the issue of universal interdependence has come to the fore. Humanitarian aid and the importance of development assistance for conflict prevention and conflict management are not made explicit in the goals, nor the overall goal of sustainable development, promotion of human rights or the integration of developing countries in international trade.

The goals for collaboration with countries in Central and Eastern Europe, primarily around the Baltic Sea, have been formulated later and in the context of a specific political and economic situa-

tion. A comparison is to be made, although proposals are not to be made concerning this particular area. A special bill relating to development cooperation with Central and Eastern Europe will be submitted to Parliament in 2001.

Strategic tasks

The task of the committee is to develop a holistic approach to Sweden's development policy in light of the changes in the world previously described. On the basis of a development perspective, the committee shall analyse and where appropriate shall propose measures with regard to:

- increased concordance between areas of policy, for instance, security, trade, environment, agriculture, refugee and migration policies, and between different areas within development cooperation, e.g. investments and business sector issues, development financing and debt issues,
- the role of development cooperation in conjunction with conflict prevention and conflict management,
- the rights perspective, including children's rights, in development cooperation with the aim of combining the normative systems and frameworks, above all the international conventions on human rights and respect for international humanitarian law, with operational activities,
- the consequences for development cooperation of the content of and methods for partnership in both bilateral and multilateral cooperation,
- the consequences of the undertakings Sweden has made in OECD's development policy strategy *Shaping the 21st Century*,
- the prospects for promoting knowledge, capacity and institutional development, by inter alia modern information and communication technology, on the basis of the demands made on often far-reaching social reforms aiming to create a modern economy, and a vigorous democracy,
- how Sweden can best contribute to EU common policy in different areas, including within development cooperation, thereby to improving the European contribution to global development,

- how Swedish development cooperation can contribute to increase the prerequisites for participation by developing countries in world trade.

Organisation and working procedures

The inquiry shall also be carried out by a committee consisting of representatives from all parliamentary parties, as well as experts and special advisers. It will have a secretariat, which will be able to use external expertise. It is assumed that the committee will engage in close dialogue with representatives of different policy areas, as well as the concerned ministries and agencies.

The work shall be carried out in ways that strengthen and deepen commitment and understanding for the vision expressed in Sweden's overall development policy. Consultations and hearings shall be held with business sector and working life organisations, with popular movements and NGOs, as well as and with other parties and stakeholders in the Swedish public with experience of and commitment to development issues.

The committee shall consult the ongoing projects at the Government Offices (see annex).

During the EU Presidency, Sweden will hold a consultation inter alia with other EU Member States and international experts on globalisation and development cooperation. The inquiry is to contribute material for that consultation.

Work with the inquiry is to be completed at the latest by 31 October 2001.

Annex to the Terms of Reference for the Committee (Commission of Inquiry) on Sweden's policy for global development (Dir 1999:80)

Documents, Government Bills, Commissions of Inquiry and Projects in Process

Government documents

Sveriges internationella samarbete för hållbar utveckling (skr 1996/97:2)

Sweden's International Co-operation for Sustainable Development, in Swedish

De fattigas rätt – vårt gemensamma ansvar Fattigdomsbekämpning i Sveriges utvecklingssamarbete (skr 1996/97: 169)

The right of the poor – our common responsibility. Combating poverty in Swedish development co-operation. This publication is available in English

Demokrati och mänskliga rättigheter i svensk utvecklingssamarbete (skr 1997/98:76)

Democracy and Human Rights in Swedish Development Assistance, in Swedish

Mänskliga rättigheter i svensk utrikespolitik (skr 1997/98:89)

Human Rights in Swedish Foreign Policy, in Swedish

En förnyad svensk Afrikapolitik inför 2000-talet (skr 1997/98:122)

A renewed Swedish Africa Policy on the threshold of the twenty-first century, in Swedish

Öppen handel – rättvisa spelregler. Svensk handelspolitik inför en ny WTO-runda (skr 1998/99:59)

Open trade, fair rules of play. Swedish trade policy on the threshold of a new WTO round, in Swedish

Framtid med Asien. En svensk Asienstrategi för 2000-talet (skr 1998/99:61)

The Future with Asia. A Swedish Asia Strategy for the Twenty-First Century, in Swedish

Government Bills

Svensk migrationspolitik i globalt perspektiv (Government Bill 1996/97:25)

Swedish migration policy in global perspective, in Swedish

Jämställdhet som ett nytt mål för Sveriges internationella utvecklingssamarbete (Government Bill 1995:86:153)

Equality between women and men as a new objective for Sweden's international development assistance, in Swedish

Reports

Hållbart bistånd – det svenska biståndet efter UNCED (Ds 1994:132)

Sustainable development assistance – Swedish development assistance after UNCED. This publication is available in English

Konfliktbyggande verksamhet – en studie (Ds 1997:18)

Conflict prevention activities – a study, in Swedish

Civilpolisutredningen (SOU 1997: 104)

Plain-clothes Police Report, in Swedish

Framtid med Asien – Förslag till en svensk Asienstrategi (Ds 1998:61)

The Future with Asia – Proposal for a Swedish Asia Strategy, in Swedish

Other material

Humanitärpolitiska perspektiv – om det humanitära imperativet i politiska kriser, UD 1998

Humanitarian policy perspectives – the humanitarian imperative in political crises, in Swedish

Report from a seminar on International Solidarity & Globalisation: In Search of New Strategies, Oct 27-28, 1997

Kulturpolitik för utveckling, Swedish Unesco Council publications series no.3, 1998

Cultural Policy for Development, in Swedish

Att förebygga väpnade konflikter – ett svenskt handlingsprogram (Ds 1999:24)

Preventing armed conflicts – a Swedish action programme, in Swedish

Projects in process

Financing Project, Development Finance 2000

Children's Project. Review of Children's Issues in International Development Co-operation

*IT investment in development co-operation, Information and Communication Technologies in Development Co-operation
Study of Swedish Strategy for the Middle East and North Africa.*

Globkom's committee meetings and activities

Globkom committee meetings – topics and external presentations

2000

23 February	Committee meeting, discussion on the organisation of work
27 March	Trade-related issues Presentations: Ulf Hjalmarson, NCC Karl-Anders Larsson, UD-IC Arne Rodin, UD-IH
19–20 May	General development assistance issues and conflict issues Presentations: Bo Göransson, director-general, Sida Anders Bjurner, ambassador at the Representation in Brussels Bengt Herring, Sida Mattias Iveborg, Swedint Peter Wallensteen, professor, Department of Peace and Conflict Research, Uppsala University
13 June	Globalisation Presentations: Anders Ahnlid, UD-IH Svante Axelsson, Swedish Society for Nature Conservation

Erik Eldhagen, Stockholm School of Economics
 Björn Fritjofsson, Ministry of Finance
 Maud Jonsson, Forum Syd
 Börje Ljunggren, UD-ASO
 Åke Magnusson, International Council of Swedish Industry
 Alice Petrén, Swedish Television

- 22–23 September** **Poverty**
 Presentation:
 Ravi Kanbur, professor, Cornell University
- 23 October** **EU/Agriculture**
 Presentation:
 Bo Norell, Swedish Board of Agriculture
- 27 November** **Partnership** (during visit in Kenya)
 Presentations:
 Hans Andersson, ambassador, Kampala
 Inga Björk-Kleveby, ambassador, Nairobi
 Ingrid Löfström-Berg, development assistance counsellor, Kigali
 Sten Rylander, ambassador, Dar es Salaam
 Lennart Wohlgemuth, Nordic Africa Institute

2001

- 19 January** **Democracy and the DAC Study**
 Presentations:
 Inger Axell, Sida
 Mikael Boström, Sida/DESO/DESA
 Ingrid Wetterqvist, UD-IC
 Torgny Holmgren, UD-IC
 Kelly Kammerer, Vice-Chairman, DAC, US
 DAC Delegate
 Kaori Miyamoto, Administrator
 Martyn Roper, UK DAC, delegate
 Pietro Veglio, head of PRPM

25 February	Committee meeting, idea discussion (during visit to Bangkok)
12 March	Human Rights Presentations Ulf Edström, Swedish Trade Union Confederation Tomas Hammarberg, UD-FMR Lars Ronnås, UD-FMR
6 April	Global Governance Presentation: Pierre Schori, Swedish Ambassador to UN New York
4 May	The rights perspective Presentation: André Frankovits, Human Rights Council of Australia Inc. The demographic perspective Presentation: Lena Sommestad, Institute for Futures Studies
12 June	Text discussion meeting
29–30 August	Text discussion meeting
24–25 September	Text discussion meeting
14–15 October	Text discussion meeting
18–19 November	Text discussion meeting
23 November	Text discussion meeting
6–7 December	Text discussion meeting

2002

28 January Text discussion meeting

29 January Final adjustment meeting

Activities

During the extensive process of consultations, Globkom met with representatives of many NGOs, persons from authorities, researchers and committed individuals. The following section is a list of the conferences, seminars and hearings that Globkom initiated, in some cases together with other actors, during the period of inquiry.

Seminars & conferences**2000***1. Open discussions at Kyrkans Hus*

Open discussion at Kyrkans Hus, Uppsala. "Partnership and coherence in Swedish global development policy". Co-arrangers: Globkom, Kyrkans Hus, Cemus (student organisation for environmental and development studies). Moderator: Bengt Gustafsson, The Sigtuna Foundation. The discussion took place on 19 May.

2. Globkom's visit to Geneva

The Committee visited Geneva on 26–29 June 2000 and participated in the social summit meeting "Geneva 2000" and met a number of UN organisations.

3. Local perspectives on Foreign Aid to the Justice Sector

Globkom invited to a hearing on 23 August in conjunction with a visit by David Petrasek from International Council for Human Rights in Geneva. He presented a newly-published book on the topic "Local perspectives on Foreign Aid to the Justice Sector" and answered questions.

4. The start of the outward-directed work

On 6 September 2000, a meeting took place with 100 participants for the start of Globkom's outward-directed work. Maj-Inger Klingvall, Gun-Britt Andersson, Maj-Lis Löw and Peter Örn were among those taking part.

5. Meeting with young people

Globkom held a public hearing in Gothenburg on 21 September with political youth associations, the Africa groups, etc.

6. Seminar on poverty

On 22 September, Globkom, together with the Gothenburg School of Economics and Business Administration, arranged a public seminar on the theme: "Workshop on Poverty. Participants included Ravi Kanbur, Cornell University, Arne Bigsten, Gothenburg School of Economics and Business Administration, Björn Hettne, Department of Peace and Conflict Research in Gothenburg.

7. The Association for Development Issues (FUF) meets Globkom

FUF's members and NGOs put forward important development issues and points of view to Globkom on 27 September.

8. Ecological Footprints

On 2 October 2000, Globkom arranged a seminar in Gävle in collaboration with Gävle University College. It was entitled "Ecological Footprints, Seminar on local and global environmental responsibility" and was about environment and lifestyle issues. The participants included Mats Segnestam, Sida, Göran Tannerfeldt, Sida, Tomas Sterner, professor and head of the Environmental Economics Department at Göteborg University (Gothenburg), Göran Eklöf, Swedish Society for Nature Conservation. A debate was arranged in Folkets Hus in the evening.

9. IT and poverty

On 6 October, Globkom arranged a seminar with Gabriel Accascina, head of UNDP's programme "IT and poverty" in Asia. Accascina described the methods used in information technology today in development cooperation, gave examples of how IT contributes to reducing poverty and the factors that are crucial for IT being able to serve as a tool for poverty reduction.

10. Human rights

Sakiko Fukuda Parr, UNDP, visited Globkom on 16 October to speak at an open hearing about human rights, human development and the Human Development Report.

11. Conference arranged by the World Bank and Globkom

Together with the World Bank, Globkom arranged a conference on 20–21 October “Poverty and the International Economy” in Stockholm with the participation of a number of internationally prominent researchers. The conference was about the link between trade liberalisations and distribution effects at household level. A large number of invited experts, officials, NGOs, and foreign guests participated. The participants included David Dollar, World Bank, Dani Rodrik, Harvard University, Anne Case, Princeton University, Jim Levinsohn, University of Michigan, Alan Winters, University of Sussex.

The discussion continued at a meeting arranged by the World Bank and the EU Commission on 6 March 2001 in Brussels, partly based on a background paper financed by Globkom.

12. Global Public Goods

An open hearing was held at Globkom’s office on 6 November with Inge Kaul, director of the Office of Development Studies, UNDP. She presented the book *Global Public Goods* and questions and discussion following on there from.

13. IT and global development

The seminar, which was held in Umeå on 10 November, tried to shed light on how information and communication technology affects development viewed from a poverty perspective, and how IT is used and can be used in development cooperation. The arrangement was in collaboration with Umeå University and the participants included Anders Wijkman, Christian Democrat member of Globkom and member of UN’s expert panel in IT-related issues, Mohan Thazhatu, regional manager, Plan International Central America, and Lena Palmqvist, Department of Computing Science, Umeå University.

14. Human rights and the rights perspective

Globkom arranged a conference with the Raul Wallenberg Institute in Lund on 17 November. At the meeting, HR and the rights per-

spective were discussed. The participants included Gudmundur Alfredsson, Göran Melander and Alfred Chanda from the Institute.

15. Discussion with the head of UNDP

Globkom met the head of UNDP Mark Malloch Brown in Stockholm on 21 November.

16. Globkom visits Africa

The Committee visited Kenya and Mozambique between 24 November and 3 December 2000. The purpose of the visit was, amongst other things, to study partnership and a South perspective.

17. Seminar in Nairobi with African researchers

A seminar was held in Nairobi on 25 November on the topic "Making Globalization work Better for Africa". Participants included Prof E.V.O. Dankwa (Ghana), Dr Amina Mama (Nigeria), Ms Spes-Gaudence Manirakiza (Burundi), Dr Guy Mhone (Malawi), Dr Angela Lamensdorf-Ofori-Atta (Ghana), Dr Adebayo Olukoshi (Nigeria), Lennart Wohlgemuth (director, Nordic Africa Institute), Inga Björk-Klevby, ambassador Nairobi and Sten Rylander, ambassador Dar es Salaam.

18. Development policy through the EC – opportunities and the dilemma

Globkom, the Swedish Institute of International Affairs and Diakonia invited to a seminar on 12 December. Participants included Arne Ström and Anna Holmryd, Ministry for Foreign Affairs, Carl B. Hamilton, professor, Stockholm School of Economics, Pernilla Malmer, Swedish Society for Nature Conservation, Magnus Walan, Diakonia.

19. Financing development in the least-developed countries

On 14 December, Charles Gore, from UNCTAD, presented at Globkom's office the report: The Least Developed Countries. 2000 Report; Aid, Private Capital Flows and External Debt: The Challenge of Financing Development in the LDCs.

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20. Meeting disasters from humanitarian initiatives for sustainable development

The conference was held at Karlstad on 18 January 2001 in collaboration with Globkom and the Swedish Rescue Services Agency. Participants included Nils-Arne Kastberg, head of UNICEF's disaster work, Anders Wijkman, member of the EU Parliament and Christian Democrat member of Globkom, Margareta Wahlström, former Under-secretary General for Disaster Response and Coordination at the International Federation of Red Cross and Red Crescent Societies in Geneva.

21. Popular education hearing with Globkom

The Popular Education Council, folk high schools and study associations with an international focus met representatives from Globkom on 23 January.

22. Hearing and follow-up of some of the autumn's poverty conferences

Sida, the Olof Palme's International Centre, and the Sigtuna Foundation held several seminars during the autumn on poverty. Globkom followed this up by arranging a hearing on 24 January on the experiences of this work. Participants included Carl Tham, secretary-general of Olof Palme's International Centre, Carin Jämtin, development assistance manager, Olof Palme's International Centre, Kristina Bohman, advisor in poverty issues for Sida, Bengt Gustafsson, director, Sigtuna Foundation.

23. Public meeting on "Why starvation when there's sufficient food"

"How and with what means can a policy for global development contribute to improving the supply of food in the world?"

The meeting was arranged by Globkom in collaboration with the Swedish Board of Agriculture, and took place at Kulturhuset, Jönköping on 1 February. Participants included Stefan de Vylder, consultant, Karin Wallensteen, political expert, Ministry of Agriculture, Åke Pettersson, Centre Party member of Globkom.

24. Lunch meeting with the Department of International Development, UK

On 13 February, member of Globkom met David Batt from the UK Department of International Development in Stockholm to discuss DFID's White Paper on "Making Globalization Work Better for the Poor".

25. Hearing on people with functional disabilities in development cooperation

The hearing took place at the Riksdag on 21 February. Participants included Bengt Lindqvist, UN's special rapporteur in disability issues, Malin Ekman-Aldén, secretary-general SHIA, and other representatives of people with functional disabilities.

26. The Committee's visit to Asia

The Committee visited Asia between 23 February and 4 March 2001. One group of the Committee visited Vietnam and the other group East Timor and Australia. The purpose of the visit to Vietnam was primarily to study economic development and children's rights. In East Timor, construction work after the conflict was studied and the UN's role in this work and future conflict solution mechanisms.

27. Seminar in Bangkok with representatives from Asia

A seminar was held in Bangkok on 25 February on sustainable development, combating poverty and children's rights. Participants included Professor Lawrence Surendra (Bangalore), Professor Vinod Vyasulu (Bangalore), Professor Hadi Soesastro (Jakarta), Professor Pasuk Phongpaichit (Bangkok), Professor Cris Baker (Bangkok), director Mehr Khan (UNICEF), senior advisor Robert Bennoun (UNICEF) and senior advisor Margie de Monchy (UNICEF).

28. Gene issues – risks or opportunities for developing countries

A seminar was held on 19 March in collaboration with Sida. How can Swedish policy support the interests of developing countries? Can genetically modified crops (GMO) contribute to alleviating world starvation? Participants included Carl-Gustaf Thornström, associate professor, Swedish University of Agricultural Sciences, and advisor to Sida's department for research cooperation SAREC, Ulf Pettersson, professor of Genetics at Uppsala University,

Annika Åhnberg, vice-managing director, Samhällskontakter Alfa-Laval Agri.

29. Hearing with the Red Cross

A hearing was held with the Swedish Red Cross on 20 March.

30. Women in development assistance

Globkom arranged a lunch meeting on 20 March with women who are or have been active in international development assistance. Participants were former members of KIB which has been discontinued – Sida's Advisory Women's Council with representatives of Swedish women's organisations. Discussions concerned gender issues, democracy and women's organising.

31. Hearing with the Swedish Christian Council

The Swedish Christian Council, politicians, the general public and Globkom met at the Riksdag on 21 March. The discussion was based on the document the Swedish Christian Council had submitted to Globkom, *The Globalisation of Solidarity – An Active Swedish Globalisation Policy*.

32. Civil Society and Development Issues

Forum Syd and the Church of Sweden, together with Globkom, invited Swedish NGOs to a conference on 30 March 2001 to discuss the role of the civil society as an agent of change in a policy for global development.

33. Meeting with the Swedish Adult Educational Association

Globkom and the Swedish Adult Educational Association met on 4 April 2001.

34. Internal hearing with Sida

Sida personnel and Globkom met on 24 April and discussed the questions Globkom had put to Sida.

35. Meeting with the Swedish Association of Local Authorities and the Federation of County Councils

The Swedish Association of Local Authorities and the Federation of County Council were invited to take part in a discussion on twinning between municipalities, etc.

36. The social responsibility of companies

On 27 April 2001 SNS and Globkom arranged a seminar on the social responsibility of companies. The discussion was based on the work that had taken place for about six months in a reference group linked to the writing of the book "Human Rights – the Social Responsibility of Companies?" published later in September by SNS and Amnesty. Representatives of a number of Swedish companies and Globkom's secretariat took part in the reference group among others. The same company representatives took part in the seminar with Globkom and reported on their experiences.

37. Swedish Missionary Council met Globkom

The hearing with the Swedish Missionary Council was held at the Riksdag on 3 May. The discussion was based on SMC's document submitted to Globkom, "Att värna trovärdigheten för Sveriges politik för global utveckling" (Safeguarding the credibility of Sweden's policy for global development).

38. LSU and Forum Syd submitted their reports to Globkom

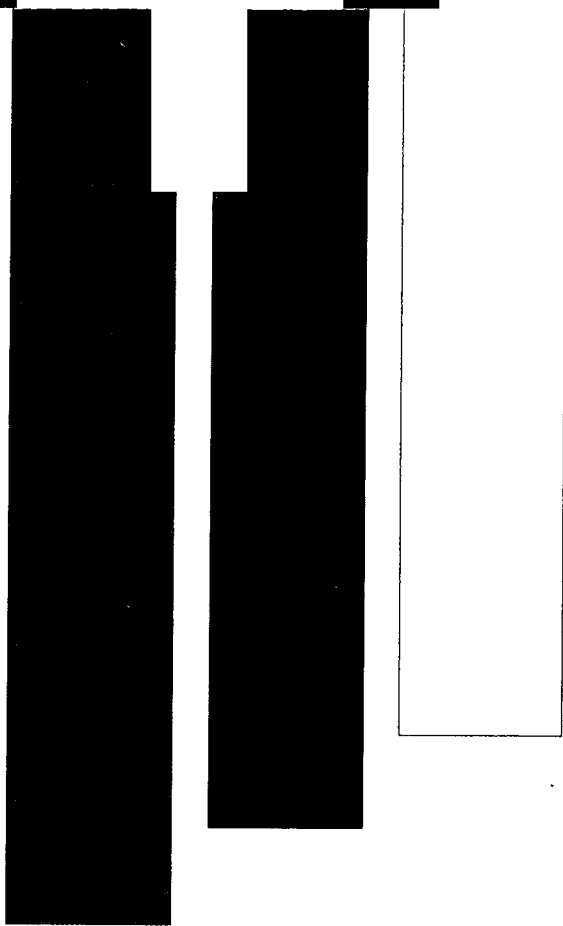
On 7 May, LSU and Forum Syd invited to a workshop on development issues and organisation. Both organisations also submitted their reports "Ungas delaktighet i utvecklingspolitik" (The participation of young people in development policy) and "Framtidens organisation kring globala frågor" (The Organisation of the Future around Global Issues) which had been commissioned by Globkom.

39. Civil-military collaboration

The preliminary meeting on 7 May for the conference on 8 May "Briefing on operational meetings for CIMIC". Information was provided on a NATO meeting on the same topic. A co-arrangement between Globkom and the Council for Development Assistance and Development Studies.

40. Kosovo and the Changing Face of Humanitarian Action

The conference on civil-military collaboration on 8 May at Uppsala: "Kosovo and the Changing Face of Humanitarian Action". The discussion concerned civil-military collaboration for preventive purposes and in conflict situations. Participants included Raymond Apthorpe, professor, Australia National University, Lesley Abdela, consultant, and John Rollins, LtC NATO/SHAPE. Arranged by: Globkom, the Council for Development Assistance



FRTZES
OFFENTLIGA
PUBLIKATIONER

POSTADRESS. 106 47 STOCKHOLM
FAX 08-690 91 91, TELEFON.08-690 91 90
E-POST: order.fritzes@liber.se
www.fritzes.se

ISBN 91-38-21806-2