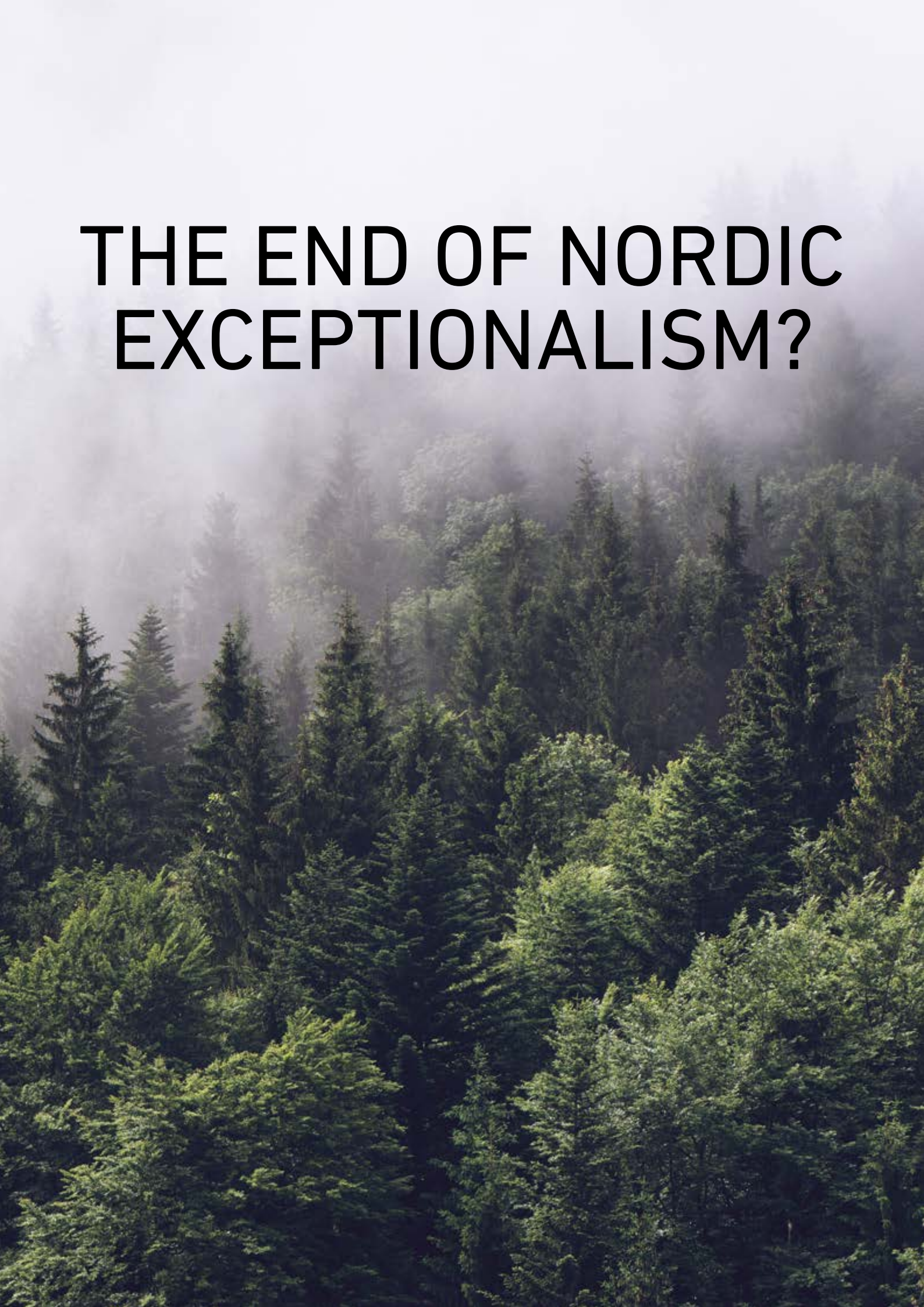


# THE END OF NORDIC EXCEPTIONALISM?





This publication is commissioned by Norwegian Church Aid, Finn Church Aid, DanChurchAid and Church of Sweden.

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## FOREWORD:

# THE NORDIC EFFORTS AGAINST POVERTY AND INJUSTICE AT A CROSSROADS

The Nordic countries are at a crossroads. A crossroads that is testing our global role, our leaders and our identity. Our choices will affect the lives of millions of people all over the world.

The Nordic countries have a unique role in the world in their efforts in peace, sustainable development and poverty alleviation. They are characterized by high levels of development aid in which poverty alleviation is the overall objective.

In addition, Nordic politicians have invested time and resources in political processes where they don't necessarily have direct self interests: peace negotiations, UN Sustainable Development Goals and gender equality.

We call it The Nordic Exceptionalism. It's not exceptionalism as in smugness, it's exceptionalism as in idealism and will to make a change that can benefit the world's poor, and hence ourselves. The efforts against poverty and injustice are the Nordic countries' long term interests. It gives the Nordic governments credibility and authority in the international arena, and contributes to reduce poverty for millions of people.

The extreme global inequality, climate crisis and refugee crisis puts us to the test. The Norwegian and Swedish governments have proposed to let the world's poorest pay for the all-time-high refugee costs. The world's poor are already paying for efforts taken against climate change by the Nordic countries. In Denmark and Finland, the governments have proposed dramatic cuts in the development aid budgets. What is left to finance the newly adopted UN Sustainable Development Goals? What is left to finance long term development efforts on Human Rights and sustainable development?

With this report, we seek the answer to the question: Are we seeing the end of Nordic exceptionalism in foreign and development policies and efforts? In the first part of the report, we describe the main features of each of the Nordic countries Norway, Sweden, Finland and Denmark's development aid and policies the last 15 years. What has characterized the development efforts of the Nordic countries? Is there, or has there been, such a thing as a Nordic Exceptionalism? If so, is this changing?

In the second part of the report, we have asked thinkers of various backgrounds and positions, and from various parts of the world, to answer the questions: Does the world need exceptional Nordic countries? What role should the Nordics take in a changing global landscape with increasing inequality and climate change threatening the livelihoods of millions of people?

In the Nordic countries, values like solidarity and equality have been important to create the societies in our countries. These values have also been normative to the role the Nordic countries have taken on in the global arena.

The Western part of the world, including the Nordics, is no longer as dominating in the world as it was earlier. Economic growth in developing countries creates new roles, and the needs for support change. We can't go back to the world as it was before. That is neither our intention. However, the answer should not be to throw the Nordic distinctiveness overboard. The distinctiveness that both leftist and rightist governments have embraced and in which they have invested a lot of time and resources.

The Nordic countries should find their role in the new political reality in the world. That requires new thoughts and ideas. We challenge today's Nordic leaders: what is your vision for the role of the Nordic globally?

It is our opinion that there is still a room and need for a Nordic exceptionalism today and in the years to come. Many countries that used to be poor, have become middle income countries today. The majority of the world's poor live in middle income countries. Economic growth does not necessarily benefit poor people, and the extreme inequality is growing. The Nordic countries are characterized by low inequality. Perhaps is it in the work to fight extreme inequality that the Nordic countries could make the biggest change and take on leadership? Could our experiences from inclusive welfare systems contribute to even the extreme inequality in other countries too?

This is our message to the Nordic governments: use our Nordic values as guiding stars while navigating in the challenges of today, not our short term economic self interests. History will judge us on the choices we make today. It's not the right point in time for the Nordic countries to turn the back to the world's poor.

Finally, Norwegian Church Aid, Church of Sweden, Dan Church Aid and Finn Church Aid would like to thank Morten Emil Hansen, Torbjørn Gjefsen and Kjersti Kanestrøm Lie for the work they have put into the report, as well as Prof. Jeffrey D. Sachs, Erik Solheim, Rev. Suzanne Matala, Hilde Selbervik, Prof. Ole Elgström, Poul Engberg-Pedersen, Heidi Hautala, Satu Hassi and Pekka Haavisto for contributing to the report.

Kindly note that the contents of the report represents the views of the authors and do not necessarily reflect the views of the organizations who have commissioned the report.

Enjoy the report!

**Anne-Marie Helland**, General Secretary, Norwegian Church Aid  
**Gunilla Hallonsten**, International Director, Church of Sweden  
**Birgitte Qvist-Sørensen**, General Secretary, Danish Church Aid  
**Jouni Hemberg**, Executive Director, Finn Church Aid

# THE END OF NORDIC EXCEPTIONALISM?

The term "Nordic exceptionalism" refers to a widely held perception that the Nordic countries (Sweden, Denmark, Finland and Norway<sup>1</sup>) in their development policies share a considerable number of characteristics that distinguish them from the rest of the global donor community, and making them exceptional. This report will not assess whether the Nordic development policies have been better than other countries, though the Nordics have been perceived as more generous and progressive donors. Rather, we try to analyse whether the common traits of the Nordic development policies that led to the term "Nordic exceptionalism" still holds, or if we are experiencing a shift away from previous progressive policies and consequently an end of Nordic exceptionalism.

The justification for the term "Nordic exceptionalism" hinges on a prerequisite that the Nordics share a considerable number of common policies, which distinguish them from the general donor community. This does not imply that the Nordics all share the exact same characteristics, or that other donors can't share a few of these characteristics. The international donor community has always been influenced by global policy trends, but the Nordics has often been considered at the forefront and influencing the global development agenda. A number of studies<sup>2</sup> highlight the Nordic

characteristics and often refer to a common Nordic development agenda during the 1980-90ies that distinguished them as a group from the donor community at large. The key question in this report is whether this is still the case and if the Nordics are still "exceptional".

### WHAT IS NORDIC EXCEPTIONALISM?

Being a generous donor is an important aspect of the concept of Nordic exceptionalism. After the pioneer days with small and fragmented development aid in the 1950s and 60s, the Nordics all progressively increased aid levels during the 1970s. Sweden was the first country to meet the 0.7% target in 1974, followed by Norway in 1976 and Denmark in 1978. For the last 40 years Denmark, Norway and Sweden have been well above the UN target of 0.7% of GNI, and often closer to 1% of GNI. Finland has struggled to "match" the other Nordics. Although they did increase aid during the 1980s and reached 0.8% in 1991, they have not being able to reach this level again after 1991<sup>3</sup>.

The UN target of 0.7% of GNI has practically functioned as a floor for the Nordic countries, a lower "decency level", which has led them to keep their aid levels higher than this even during times of economic recession and while cuts have been introduced in other areas of public spending. Compared to the OECD average, which generally has been between 0.2% and 0.4%, the Nordics clearly stand out from the crowd<sup>4</sup>. This

1 Iceland is not included in the report and in the concept Nordic exceptionalism, as they are a very small donor internationally and compared to the other Nordics.

2 Elgström, Ole and Sarah Delputte 2015; Selbervik, Hilde and Knut Nygaard 2006; Odén, Bertil 2011

3 OECD statistics, available here: <http://stats.oecd.org/Index.aspx>

4 Selbervik, Hilde and Knut Nygaard 2006

has been supported by strong and consistent levels of public support for development aid, also during times of economic recession.

Another characteristic is that the Nordics have always placed a strong emphasis on poverty reduction both in policies and in practice. The Nordics have for decades provided a larger share of their development aid to the Least Developed Countries (LDCs) and Africa South of Sahara (SSA) than the OECD average. The Nordics have also to a greater extent prioritized multilateral channels, especially UN agencies, and distributing most of their development aid as grants instead of loans. The Nordics were among the first to base their assistance on the interests and priorities of recipient countries, with the objective of promoting partnerships and building ownership with local and national governments<sup>5</sup>. As a consequence, the Nordic development assistance has always been long-term and predictable.

The Nordics have historically been strong advocates for the 'social sectors' or 'soft policies', such as health, education and gender equality, and promoting good governance, human rights and civil society as a foundation for development. The Nordic approach has been in contrast to other donors focusing on 'productive sectors' or 'hard policies', e.g. infrastructure, agricultural development, energy and peace and security.

Nordic countries have often spoken with one strong Nordic voice in international forums, and been known to coordinate their efforts at the multilateral level to increase their impact.

Civil society organisations and popular movements have always been an important "channel" for development aid from Nordics and funding has increased substantially over the years. Historically, the Nordics have viewed a strong, independent and vibrant civil society as an important prerequisite for poverty reduction and democracy, and therefore as an end itself<sup>6</sup>.

The priority given to multilateral channels and the willingness to align with national priorities of the recipient countries point to another important aspect of Nordic exceptionalism, namely that their aid donations and policies have had few or no ties to political or economical national self-interests<sup>7</sup>. The lack of colonial ties to developing countries meant that the Nordics were not motivated by existing political or economic interests in the post-colonial world. Nor were they motivated by a wish to establish such interests. Instead, the rationale behind Nordic assistance has been an idealistic, altruistic and humanitarian motivation. The emphasis has been on international solidarity and an obligation to help and assist, not to promote national political or economical interests in the developing world or in the

world in general. As mentioned, not all the Nordics share these characteristics to the same degree. Denmark and Finland have historically exercised a higher degree of "tying" aid to the interests of their national private sectors, but this did meet domestic political opposition and compared to other donor countries the extent of this has been rather modest<sup>8</sup>.

Some has explained this idealistic underpinning of the Nordic development policies as a way of spreading the Nordic social democratic model and the values that underpin it<sup>9</sup>. Others have emphasised that as small states with open economies, the Nordics would stand to benefit from strong multilateral institutions like the UN and its agencies, and therefore have self-interest in supporting these<sup>10</sup>. Also, Selbervik and Nygaard write that in the course of the 1980s, Nordic politicians realised that the high levels of development aid and global leadership on development issues contributed to an increased standing on the international stage, providing them with greater prestige and influence on international matters.

Further, being small states that are both generous and idealistic, and through that more "important" than their size would suggest, does seem to have become an integrated part of the Nordics image and self-perception on the international stage<sup>11</sup>. These arguments all point to possible self-interests in the development policies of the Nordics, which developed over time and "qualify" the picture of the Nordics as having no self-interests in their development policies. Still, this does not change the overall picture that the Nordics have developed their aid policies from a different starting point than national interests, with comparatively fewer ties to such interests than other donors.

#### TO SUMMARIZE, NORDIC EXCEPTIONALISM CAN BE DEFINED AS FOLLOWS:

1. Based on idealist and altruist motivations;
2. Giving consistently high levels of development aid;
3. Directed at poverty eradication and social welfare, good governance, democracy and human rights;
4. Where a large share is directed through multilateral channels and directly to LDCs as grants and through civil society organisations (CSOs), and;
5. With few ties to donor country's political or economical interests.

5 Elgström, Ole and Sarah Delputte 2015

6 Selbervik, Hilde and Knut Nygaard 2006

7 Elgström, Ole and Sarah Delputte 2015

8 Selbervik, Hilde and Knut Nygaard 2006

9 Elgström, Ole and Sarah Delputte 2015

10 Selbervik, Hilde and Knut Nygaard 2006

11 Development Today 2011a

## CHAPTER 2:

# ARE WE SEEING AN END TO NORDIC EXCEPTIONALISM?

*The traditional “Nordic aid model” has eroded in recent years and the current development cooperation policies of the different Nordic countries in Africa and elsewhere seem to be heading in different directions.*

Bertil Odén 2011

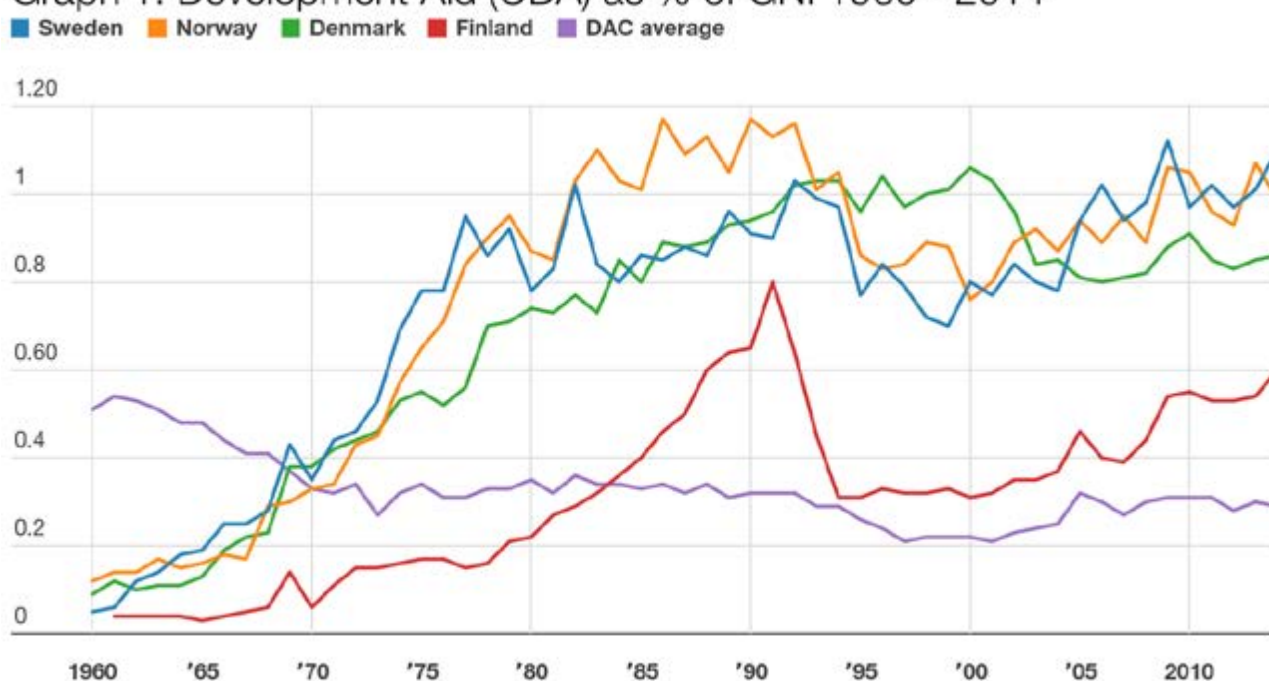
This report asks whether we are experiencing the end of Nordic exceptionalism, as the quote above suggests, and if we are seeing a shift in the Nordic countries from leaders to followers of international development policies.

We will begin by looking at the development of the aid allocations of the Nordics over the last four decades, focused on a few key parameters. After that, we will look separately at each country. This allows for analyses of the specific development policies of each country, and examines changes in political strategies, priorities and the political rhetoric in relevant government white papers, policy statements etc. In the end, we'll see these analyses as a whole to see if there has indeed been a shift away from the shared Nordic development model.

### STILL GENEROUS DONORS

Graph number 1 shows that all the Nordics except Finland have upheld a high and consistent level of Official Development Aid (ODA) as share of their GNI. At the moment, only Norway and Sweden hit the 1 % mark, after Denmark's conservative government abandoned this target after the 2001 election. Sweden, though going through economically tough times in the wake of the financial crisis in 2008, still prioritized to uphold its goal of being one of the world's top donors.

Graph 1: Development Aid (ODA) as % of GNI 1960 - 2014



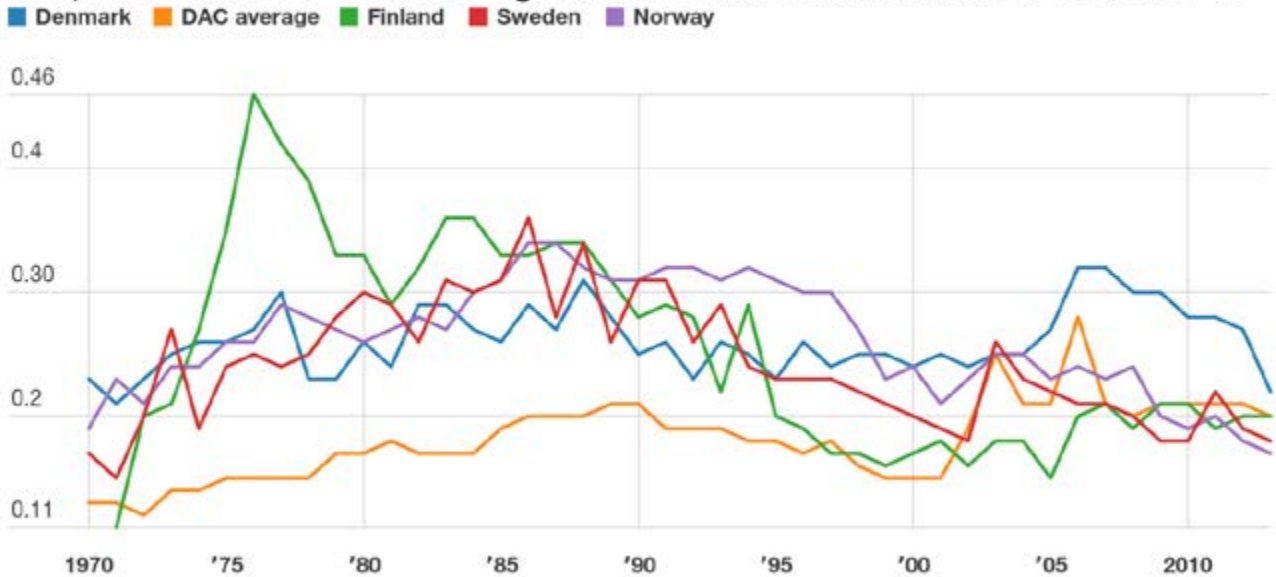
Source: OECD



### LESS PRIORITY TO AFRICA AND LEAST DEVELOPED COUNTRIES

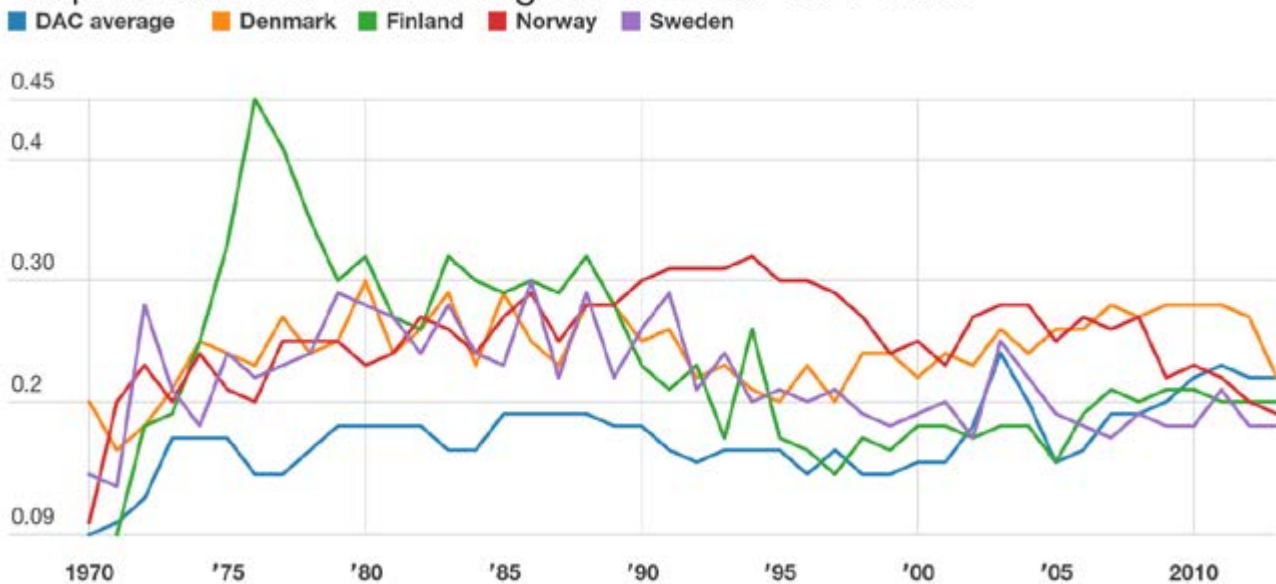
Another characteristic of Nordic exceptionalism is giving priority to poverty eradication, which has been thought of as giving a large share to African countries south of Sahara and to LDCs. According to this operationalization, the poverty orientation of the Nordics' development aid has been reduced over the course of the last two decades, as evident in graph 2 and 3. This analysis might however be a bit too simplistic, so we'll look closer at the poverty orientation in the separate country analyses.

Graph 2: Share of total ODA given to South Saharan Africa, 1970-2013



Source: OECD

Graph 3: Share of total ODA given to LDCs 1970-2013

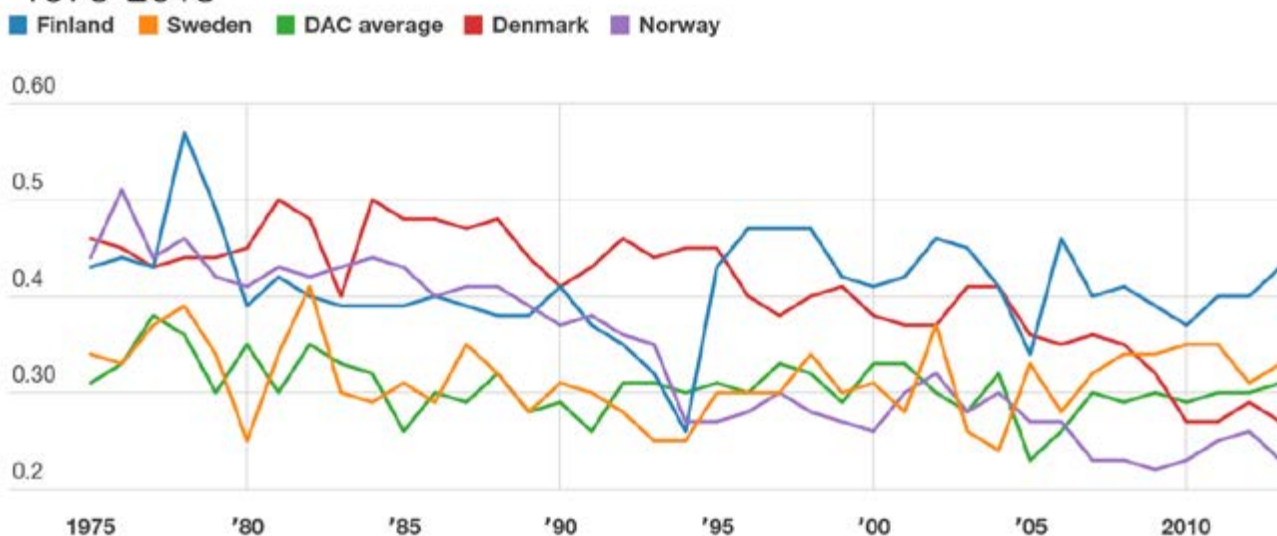


Source: OECD

### STILL THE KEEN MULTILATERALISTS?

Another of the characteristics of Nordic exceptionalism where we might see a change is the priority given to multilateral institutions as a channel for aid. Graph 4 shows the share of total ODA given as core support to multilateral organisations. On this, only Finland has remained significantly above the OECD average, mainly because its EU obligations take a large share of its in Nordic terms moderate aid budget. The Nordics still channel a considerable amount through the multilaterals, and especially the UN system, but there is a tendency towards a higher degree of earmarking to align with the objectives of the Nordics.

Graph 4: Share of ODA given as core-support to multilateral institutions  
1975-2013



Source: OECD

### NORMALISATION AFTER 2000?

Though the overall picture presented in the graphs is a bit mixed, it does give an indication that the Nordics have become less exceptional, mainly in that they have become more like the OECD average on these few, but key parameters.

This has been noted in earlier studies as well. Selbervik and Nygaard suggested that when Nordics have become less exceptional, this has mainly been because other donor countries have adopted the policies and priorities of the Nordics. They accredited this change to the different international processes at the start of the millennium, which were directed at harmonization of the aid policies and practices of the global donor community, and also lifting development on the agenda of other developed countries. After this, the Nordics have been joined by a group of “like-minded” countries that adopted a lot of the Nordic attitudes and policies at the start of the millennium. This group consists of Luxembourg, the Netherlands, the UK and Ireland, and is often referred to together with the Nordics as “Nordic+”.

### INFLUENCE OF EU MEMBERSHIP

Another factor making the Nordics less exceptional is the fact that three Nordics are EU members; Sweden, Denmark and Finland. One consequence is that they, especially Sweden and Finland, allocate a substantial portion of their aid through the EU. As is visible in graph 4 Finland greatly increased its share of aid given as core multilateral support in 1995, which coincides with it joined the EU.

Due to their EU membership, Denmark, Sweden and Finland have also prioritized influencing the development policies of the EU. Elgström and Delputte has recently found that the Nordic EU-members together with the other EU members in Nordic+, have taken a leading role in influencing the development policies of the EU, which lead to the policies of the Nordics being adopted by the EU and EU members. The Nordic-Baltic constituency shares a seat on the Executive Board of IMF and World Bank and thus have a natural collaboration on the International Financial Institutions (IFIs). This has historically given the Nordic countries significant influence on IFI policies, e.g. on gender equality in Africa (SIDA 2012). But as a result of the Lisbon Treaty and the establishment of the European External Action Service (EEAS), the European Union has to a larger extent developed a more binding foreign policy agenda, which requires that the Nordic EU members coordinates and build alliances on development issues within the EU.

Though working with EU makes sense and could expand the influence of the Nordic EU members influence, it also means that less priority has been given to Nordic cooperation and coordination<sup>1</sup>.

The analyses so far suggest that there have been some changes in the Nordic exceptionalism, both through the Nordics over time becoming more like other nations in their priorities, but also through a more fragmented Nordic picture. In the following section we'll look more closely at the developments in the different Nordic countries to study these trends more in detail.

<sup>1</sup> Development Today 2011a

CHAPTER 3:

# COUNTRY ANALYSES





# NORWAY

Norway remains committed to global development, and still sees it as part of its global responsibility to give 1% of GNI in development aid. This has remained the case also after The Progress Party, the only party in parliament to consistently push for reductions in Norway's development aid, took office in 2013. Due to the increase in humanitarian needs in and around Syria, the government proposed to use 1% of GNI for aid in the proposed budget for 2016, even before negotiations in parliament. However, this proposal did not include the increased costs related to refugees coming to Norway, and as such the government had to propose a revised aid budget in late October with significant changes in the Norwegian approach to development aid.

Poverty reduction has remained the main goal of Norway's development policy, but Norway has also adopted a range of new priorities on top of existing ones. Having seen a strong and consistent economic growth over the last two decades, the total Norwegian aid budget has grown almost three-fold in absolute numbers since the year 2000. This has given Norway the possibility of adopting a broad range of new initiatives, goals and policies, without necessarily cutting existing projects and partnerships.

As a consequence, Norway's aid has been spread over a range of countries and thematic priorities, something it has been criticized for<sup>1</sup>. As a response to this, the current government cut the number of recipient

countries from 116 to 84, and identified 12 of these as focus countries. One group consists of 6 fragile states (Afghanistan, Haiti, Mali, Palestine, Somalia and South Sudan), where the focus will be on peace and stability, while the other group (Ethiopia, Malawi, Mozambique, Myanmar, Nepal and Tanzania) will have a focus on private sector development and resource management.

## ACTIVE AND INDEPENDENT INTERNATIONAL ROLE

Earlier, we identified the influence of the Nordics' EU membership as a factor leading them to seek different paths in their development policies. As Norway is not an EU member, it has been somewhat freer to pursue its own policies and initiatives globally, but it has also had to look elsewhere to press its agenda and exercise influence. Norway has been very active in utilizing the platform that Nordic exceptionalism has provided to play a leading role on the international stage. The peace initiatives in the Middle East, Guatemala, Sri Lanka and now Colombia are probably the most well known examples, but Norway has taken a lead in other international processes as well.

In 1999, Norwegian Minister of Development Hilde Frafjord Johnson, utilized Norway's flexibility on the international stage to form a personalized alliance with the Ministers of Development in Germany, the Netherlands and the UK, who were all women, in the Utstein Group. Through this alliance, Norway exercised considerable influence on processes in the World Bank and OECD. It did, however, put a strain on the relationship with the other Nordics and signalled less interest in

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<sup>1</sup> OECD Development Co-operation Peer Review Norway 2013. OECD

Nordic cooperation in the field of development aid<sup>2</sup>.

Norway continues to channel a large part of their aid through multilateral channels, though their share of ODA given as core-contributions to multilateral institutions was the lowest of the Nordics in 2013, only 23%, which is also below the OECD DAC average. Instead, Norway has given a lot more as earmarked funds. In 2013, only half of Norway's contribution to multilateral institutions was given as core-support (Norad). High priority is still given to the UN, with 54% of Norway's core support going to UN agencies. Norway was UNDPs single largest donor in 2012<sup>3</sup>.

### PROVIDING PUBLIC GOODS

The Government White Paper from 2009, Climate, Conflict and Capital, identified climate change, violent conflicts, and the lack of capital as key obstacles in the fight against poverty, and argued that these issues therefore should be addressed in a cross-cutting manner. In addition to these, the longstanding focus on gender as a cross-cutting issue was kept. The analyses in the white paper included a broader concept of development, focusing strongly on structural factors, political opportunities and constraints, and saying that in a globalized world Norway has an enlightened self-interest in fighting climate change, conflict and poverty globally<sup>4</sup>. It therefore takes it upon itself to provide several global public goods within these identified policy areas. This has made Norwegian aid less focused towards bilateral contributions than before.

Especially the focus on capital, including efforts towards curbing capital flight from developing countries and improving developing countries own incomes through the Tax for development and Oil for development programs, has been very innovative and could contribute to a more coherent policy, as it also targets structural factors in the financial system. The last policy paper on development from the center-left government from 2013, Sharing for prosperity, added a stronger focus on equal distribution of power and resources<sup>5</sup>, but this policy never reached the operative level.

When it comes to climate, it's especially the initiative to preserve the rainforest that stands out, though Norway also has contributed substantially to the UN Climate Green Fund. Norway has pledged 3 billion NOK from the aid budget annually to REDD+, the international climate and forest initiative. Naturally, most of this has gone to the middle-income countries Brazil and Indonesia, which has meant that the share of Norway's ODA going to the Least Developed Countries has declined steadily.

Their share was less than 20% in 2013, which is the lowest of all the Nordics and well below the average for OECD DAC countries. Hence, using the aid budget to cover much needed climate finance, instead of covering this through additional funds, could be said to weaken the poverty focus of the aid budget.

The focus on conflict has also been evident, as with the mentioned peace efforts. Norway's engagement in the peace process in the Middle East, as well as the participation in the NATO effort in Afghanistan, has been followed by both Afghanistan and the Occupied Palestinian Territories becoming top recipients of Norwegian aid. There was also a significant increase in the amount of aid going to the Western Balkans following the wars there in the 90s, and Sri Lanka was an important recipient of aid during the peace process there. As none of these are African countries, Norway's share to Africa has declined, making it the lowest of all the Nordics in 2013<sup>6</sup>.

### STRONGER SELF-INTERESTS?

Norway's role as a peace broker did become an important part of Norway's image and self-perception in the world during the 90s, and was also important for Norway's influence on the global arena<sup>7</sup>. Norway also received a lot of refugees from many of these countries, which could spur an interest in resolving the conflicts and providing aid in the area. Though Norway's peace and humanitarian efforts have been commendable, directing aid to countries and processes where Norway is involved and has a stake, or to areas from which Norway receives many refugees, could be seen as a way of using aid to support national interests. Such perspectives were previously not part of the debate and rhetoric surrounding Norwegian development aid, but in the current case of the Syrian war, such considerations seem much more prevalent in the debate and the stated ambitions of the governing parties.

The present government recently announced its intention to start a new aid-funded program to address global security threats, especially the problems of terrorism, migration, and organised crime originating in fragile states. Though these are commendable goals, and in line with the focus on conflict, the analysis and motivations behind the program is very strongly linked to Norway's own national security interest. This seems to represent a marked shift in the rhetoric from the Government's side<sup>8</sup>. Using aid to respond to national security threats, close or remote, could entail taking a step away from the focus on global public goods and the distinction between aid and national interests in Nordic exceptionalism.

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2 Development Today 2011a

3 OECD Development Co-operation Peer Review Norway 2013. OECD

4 OECD Development Co-operation Peer Review Norway 2013. OECD

5 OECD Development Co-operation Peer Review Norway 2013. OECD

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6 OECD Development Co-operation Peer Review Norway 2013. OECD

7 Leira, Halvard and Ulf Sverderup 2013

8 Norwegian MFA 2015c

## SUPPORT FOR PRIVATE SECTOR

Norwegian aid directed at private sector initiatives increased three-fold between 2007 and 2011<sup>9</sup>. The largest initiative is the government-owned finance institution, Norfund, which' stated goal is to "establish sustainable, profitable businesses that would otherwise not be established due to high risk": Norfund invests in clean energy, financial institutions and agribusiness, in addition to small and medium sized companies through investment funds. A government commissioned evaluation documented good results from their investments, but also criticized Norfund for investing too much in middle-income countries at the expense of low-income countries<sup>10</sup>. The evaluation also found that Norfund does not do enough to secure that its funds are actually leveraging new private investments.

The current government has private sector development as one of its main priorities. It has therefore launched two white papers on this issue: *Economic Development and Cooperation with the Private Sector*<sup>11</sup>, and *Globalisation and Trade*<sup>12</sup>. As Norway has increased its economic engagement considerably over the last two decades, especially within the energy sector, there is now a higher risk of conflating the goals and objectives for private sector development in developing countries with one's own economic interests in these countries than what was the case before. So far, these new policies and initiatives have been able to stay clear of this type of conflation, at least on the rhetorical level. It remains to be seen, as these policies begin to take effect, whether this will also be the case at the operational level.

## COHERENCE

Norway has stated repeatedly that it is committed to following a coherent development policy, most recently in the policy declaration of the current government<sup>13</sup>. The only concrete measure to have come out of these commitments so far is an annual "Coherence report", presented as part of the national budget. This is a self-evaluation, where the government considers the internal coherence of one or a few separate policy issues for each report, leaving out a broader evaluation of the general coherence of Norwegian development policy. There has also not been developed any policy targets against which these evaluations can measure any degree of progress. The reports have received criticism for this, and for ignoring controversial issues and being too self-congratulatory<sup>14</sup>.

9 OECD Development Co-operation Peer Review Norway 2013. OECD

10 OECD Development Co-operation Peer Review Norway 2013. OECD, Norad 2015

11 Norwegian MFA 2015b

12 Norwegian MFA 2015b

13 Sundvollenerklæringen 2013. Political platform for a government formed by the Conservative Party and the Progress Party.

14 OECD Development Co-operation Peer Review Norway 2013. OECD

## REFUGEE CRISIS SPARKING MAJOR CHANGES

In the amendment to the national budget presented on the 30th of October, the Norwegian Government presented their plan for financing the expected additional costs related to the massive increase in refugees coming to Norway, as estimates of how many will enter this year and the next has grown steadily<sup>15</sup>.

Although the government added another 1,2 billion NOK of ODA to its original budget proposal from early October, and thereby went beyond the 1 % of GNI mark, it also proposes to increase the amount of ODA dedicated to covering Norway's reception of refugees from 1.9 billion NOK to 7.3 billion NOK. This is an increase from 5% to 21 % of the aid budget going to refugee costs within Norway. Combined with a 1.385 billion NOK increase in aid directed towards humanitarian missions in and around Syria that was in the original budget proposal, it entails serious cuts in other parts of the budget.

The most severe cut proposed is in the support given to long-term development through civil society organisations (CSOs), which according to the proposal will be down from almost 2 billion NOK in 2015 to 670 million, a cut of 67 %. The government upholds that CSOs will receive increased funding through the increased allocations for humanitarian aid, but here strengthening civil society to promote inclusive development is not an objective. So the cut does signal a shift in the role of CSOs in Norwegian development policy.

The proposal also contains drastic cuts in the allocations to the promotion of human rights, democracy and peace, and to preservation of the rainforest and other climate and environmental projects. The regional allocation to Africa also takes a cut, though this is smaller than the cuts to Latin-America and Asia.

Norway's multilateral support will also go down, as Norway's contribution to the UN system is suggested cut by 697 million NOK. This includes a 34% cut in the grant given to the UNDP, and a 42 % cut in grants to UNAIDS and UN women. Contributions to UNs humanitarian efforts are preserved from cuts. The proposal also contains cuts in the strategic cooperation with International Financial Institutions, in particular the World Bank. This post is down from 579 million NOK in 2013 to only 110 million in the new government proposal<sup>16</sup>.

Norfund is one of the few institutions to actually get an increase in the government budget proposal for 2016. Other funding of private sector development initiatives is reduced by 50%, but still the proposed cuts are stronger for sectors and initiatives that are more closely associated with traditional Norwegian and Nordic development approach: support to CSOs, multilateral

15 Norway's National Budget for 2016, additional proposition dated October 30th

16 Norway's National Budget for 2016, additional proposition dated October 30th

institutions, and democracy and peace initiatives.

The cuts are especially severe in funding to CSOs, and will signal a shift in the role of CSOs in Norwegian development policy if they are passed. Support to CSOs and to long term-development through strengthening local civil society has long been a cornerstone in Norwegian development aid, and a partnership with CSOs has been an important part of Norwegian development strategies. The proposed cuts indicate a very different approach to CSOs, and indeed to poverty reduction, than what has been the case up until now.

Though the current government has made little changes in the official policies or objectives of Norwegian development aid so far, and the essence of Norway's policies and ambitions for global development still stands, the cuts the government now has proposed will, if they pass parliament, bring relatively large practical changes in Norwegian development policy. Given the close connection between Norway's international efforts and its development aid, it might not only affect whether Norway will move away from Nordic exceptionalism or not. It is also possible that these cuts will affect Norway's ability to continue its active role on the international stage.



# SWEDEN

As the largest of the Nordics, Sweden has contributed a lot to shaping the image of the Nordics in the world. Sweden has been a consistent proponent for international solidarity, a generous development aid donor, and has taken a progressive leadership on a number of issues such as poverty reduction, gender equality, human rights, democracy, and promotion of civil society<sup>1</sup>. The Swedish parliament adopted 1% of GNI in development aid as a goal as early as 1968<sup>2</sup> and has since the mid-70s stayed between the UN target of 0.7% and 1%. This high level of aid survived the economic troubles of the 90s, and the conservative government prioritized maintaining a high level of aid despite considerable cuts in public spending following the financial crisis of 2008, to a degree that ODA went above 1% of GNI. Swedish aid has traditionally had a strong poverty orientation, though the share going to LDCs has seen a decline over the last decade. One reason for this is Swedish involvement in reform efforts and democratisation in middle-income countries in Eastern Europe, Western Balkans and Turkey, but also increased funding of climate efforts that to a large degree take place in middle-income countries<sup>3</sup>.

## POVERTY REDUCTION AND “SOFT POLICIES”

Poverty reduction has been the stated goal for Swedish development politics from the start. Already in the 60s, the parliament articulated strategies for Sweden’s

development aid, where poverty reduction was the overarching goal<sup>4</sup>. Like the other Nordics, Sweden has adopted new policy goals over the years as aid budgets grew and new perspectives entered the development debate. For Sweden’s part, this has particularly been gender equality, environmental protection and promotion of democracy and human rights.

In 2003, the government revised its development policies in a paper called “Policy for Global Development”. This policy document to a large degree restated poverty reduction as a main goal, with a rights-based approach and the perspectives of the poor as guiding principles. It formulated an overarching goal of promoting an equitable and sustainable global development. In this regard, the other goals adopted in Swedish development policy, namely gender equality, environmental protection and climate, democracy and human rights, was seen as critical for achieving the overarching goal and therefore identified as cross-cutting thematic issues to be mainstreamed into all development programs<sup>5</sup>.

Out of these issues, gender equality is where the Swedes have made the most progress in terms of mainstreaming. As such, 78% of all of Sweden’s bilateral aid had gender equality as an important objective<sup>6</sup>. The priority Sweden gives to these issues put them squarely in line with the traditional “soft policies” of the Nordics.

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1 OECD Development Co-operation Peer Review Sweden 2013. Odén, Bertil and Lennarth Wohlgemuth 2006

2 Odén, Bertil and Lennarth Wohlgemuth 2006

3 OECD Development Co-operation Peer Review Sweden 2013.

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4 Odén, Bertil and Lennarth Wohlgemuth 2006

5 Odén, Bertil 2011

6 OECD Development Co-operation Peer Review Sweden 2013.



Sweden's focus on gender equality signals a very "Nordic" profile in Swedish development policy. Sweden has perhaps been the most active and vocal advocate on this issue, and the current Minister of Foreign Affairs, Margot Wallström even defines her policy as a "feminist foreign policy". Another policy in line with "Nordic" values is the new initiative intended to spread welfare systems and social security measures in developing countries through aid programs, by offering expert support and through using its international position to spread the Swedish welfare model<sup>7</sup>.

### ACTIVE MULTILATERALISM

Sweden still gives a high priority to multilateral institutions, as indicated by 33% of total ODA going as core-support to multilateral channels in 2013<sup>8</sup>. The preference for the UN and UN agencies has faltered somewhat over the years, down from 45% of all multilateral aid to just 33% in 2014, but the UN is still an important channel for Swedish aid. Sweden has continued to prioritize multilateralism. It has taken a leading role in several important processes, effectively pushing its agenda, as with mainstreaming gender issues in the World Bank activities and working to promote aid efficiency in the UN and World Bank/IMF. In addition Sweden now directs about 7% of its total ODA through the EU, and has given high priority to influencing the development agenda of the EU, with a particular emphasis on policy coherence. The EU is identified as an important area for policy coherence, as many domestic policies now are dictated by EU policies<sup>9</sup>.

### PROMOTING CIVIL SOCIETY

Sweden has, together with Norway and the Netherlands, been the donor countries that have channelled the highest share of its aid through civil society organisations (CSOs). The funds going through CSOs increased rapidly during the 90s, and again between 2008 and 2011, when the funds increased by 43% reaching a share of 27% of total bilateral aid, as part of an initiative from the conservative government to strengthen the cooperation with the civil society<sup>10</sup>. This reflects Sweden's preference for CSOs as an efficient channel for aid, but also their strong belief in CSOs role in creating strong and vibrant democratic societies. Swedish CSOs has also played an important role in raising development awareness. The conservative government however received a lot criticism when it in 2009 introduced a revision of the guidelines which entailed severe cuts in funding for development awareness, as this was seen as an attempt from the government to silence its critics<sup>11</sup>.

The current government has proposed to reverse some of these cuts in their budget proposal for 2016, and the

belief in the importance of civil society was recently re-confirmed by the current Swedish Minister for Development, Isabella Lövin, who at a meeting at Almedalsveckan this summer said: "*Civil society is the engine that drives society towards continuous improvement. In Sweden and in other countries. Therefore, we now strengthen the cooperation with civil society in Sweden and thus increasing the support for democracy in other countries*"<sup>12</sup>.

### LOW CONCENTRATION

Sweden has received criticism from OECD DAC for spreading its efforts too wide, both in terms of countries receiving aid and sectors/strategic efforts they fund, making it one of the least concentrated DAC members. In 2011 Sweden had 81 partner countries, 32 of which were identified as priority partner countries. The intention is to increase the share of aid going to these 32 countries, once new bilateral strategies for each country is in place. This has taken a lot of time, delaying Sweden's concentration efforts. OECD DAC points to the unclear priority between different policy goals in Swedish development policy, despite the thematic priorities identified in Policy for Global Development, as an obstacle for stronger concentration<sup>13</sup>.

### INTRODUCING PRIVATE SECTOR

In 2008, the conservative Alliance-government reformed the Policy for Global Development, with their new Government bill Global Challenges – Our responsibility. Most of the policies from the 2003 document were preserved, but the new government did supplement this with a stronger focus on the private sector<sup>14</sup>. This has meant an introduction of new instruments to promote private sector development, namely Swedfund, Sweden's Private-Public Development Partnerships, and Swedish Business and Development Councils. The latter has been established in most partner countries with the aim to strengthen the private sector's contribution to development, while Swedfund uses grants to offer equity, loans and expertise for investments in start-ups or small businesses in low and middle-income countries looking to expand. The Government have received criticism for a lack of transparency in how Swedfund uses aid funds, and for a lack of interest in evaluating its development effects<sup>15</sup>.

Using aid to promote investments and private sector development in developing countries runs a high risk of subsidising businesses from the donor country, but the Swedish authorities stated very clearly that its aid to private sector development would remain fully untied from Swedish commercial interests.

7 Swedish government 2015

8 OECD statistics

9 OECD Development Co-operation Peer Review Sweden 2013

10 OECD statistics

11 Webfinanser 2009.

12 Svenska Dagbladet 2015.

13 OECD Development Co-operation Peer Review Sweden 2013.

14 Odén, Bertil 2011

15 AidWatch 2014

## A LEADER ON COHERENCE

With the Policy for Global Development from 2003, Sweden became the first country to adopt a strategy for policy coherence, meaning that the overarching goal set for the Policy for Global Development – sustainable and equitable global development – is a goal not only for the development policy, but for all policy areas of the Swedish government. This put Sweden at the forefront of global development thinking. In fact, policy coherence was part of the Swedish global development strategy outlined already in 1977, though the term “coherence” was not used<sup>16</sup>.

The strategy from 2003 outlined an ambitious goal, where the Swedish government would consider every aspect of government policies with regard to their impact on developing countries, and through that adjust their policies in line with the interests of developing countries. Sweden also introduced a thorough process of in-government co-ordination lead by the MFA, and a reporting system meant to inform the parliament on the progress on achieving a more coherent development policy.

The experience with this has been somewhat mixed. It has been difficult to deal with the conflicts of interest that arise between different ministries or between national interest and the interest of the developing countries. To address this requires a political will to prioritize policy coherence over certain national or political interests, a will that has so far been missing. Swedish governments have drawn repeated criticism for not being able to deal with coherence dilemmas on a range of issues, from the export of arms and munitions to its policies concerning international trade, which resulted in a Parliamentary Committee to investigate Sweden’s future arms export. The MFA has also received criticism from parliament for not dealing with these conflicts of interest in a sufficiently transparent way<sup>17</sup>.

The election of the new government in 2014 could signal a shift in the priority given to policy coherence. The new Minister for Development, Isabella Lövin, stated that she would restart the work with Policy for Global Development and increase the priority given to policy coherence across departments, to support the achievement of the new development goals. The ambition is to improve the coordination in the government and make how conflicts of interest are dealt with more transparent. Specific issues to be included in this work are tax issues, trade and environmental issues<sup>18</sup>.

Though it’s too early to tell whether this renewed focus on policy coherence will actually produce better results, the Swedish approach to coherence and the emphasis put on this still makes them a leader on this issue both globally and amongst the Nordics.

## THE HUMANITARIAN CRISIS AND REFUGEE COSTS

Sweden has long been perhaps the most liberal country

16 Odén, Bertil and Lennarth Wohlgemuth 2006

17 OECD Development Co-operation Peer Review Sweden 2013.

18 Concord.se 2014

in Europe when it comes to opening up for refugees, and was in 2014 the second highest receiver of refugees in Europe, only passed by Germany.

After the new government took office in 2014, they have made efforts to increase the aid budget, in line with their plan to renew the Policy for Global Development. It increased the total ODA with SEK 2 billion in their 2015 budget, but at the same time ODA-approved refugee costs in Sweden increased with SEK 4 billion, taking the amount going to international development aid down from SEK 30,8 billion to 29 billion. In-donor country refugee costs then took a record high 22% of total ODA.

In the budget proposal for 2016 the total ODA is increased with another SEK 3 billion, reaching SEK 43,4 billion or 1,02% of GNI. The entire increase is intended for international development aid, and will cover an increase in humanitarian and bilateral aid as well as a scaling up of Sweden’s climate finance<sup>19</sup>. However, the budget proposal was made with the expectation that refugee cost could go down in 2016, based on estimates from June that indicated that “only” 73 000 refugees would enter Sweden in 2015. New estimates show that the actual number could be 190 000 refugees in 2015, putting pressure on the Swedish government on how to cover this cost.

So, as with the other Nordics, Sweden is now looking at how it should cover these costs and are considering using more of the aid budget to this purpose. So far, it is not known what the government will do and if it will try to increase the share from this year’s 22%. A news story reported that the Finance Ministry had asked the Ministry of Foreign Affairs to look at the effects of using as much as 60% of Sweden’s ODA on covering refugee costs in Sweden. The same story reported that MFA had responded that not only would this have severe consequences for development projects supported by Sweden, with on-going projects having to be stopped. The MFA was also reported to state that they fear that Sweden’s reputation and credibility in the world would be at stake, as they would no longer stand out as one of the most generous donors taking a leading role in important international processes, and through that potentially ruin Sweden’s candidacy for a spot in the UN Security Council, which has been an important diplomatic ambition for many years<sup>20</sup>.

What the MFA is reported to have said in this document has to be read with some caution, and it’s not settled how Sweden will deal with the costs of refugees. But still it is clear that how Sweden decides to meet this will have a great impact on its ability to continue to play an important role on the global stage. Though their policies and ambitions are still very much in line with the legacy of Nordic exceptionalism, with a strong focus on poverty reduction, human rights, gender equality, climate and civil society, this could quickly be undermined if refugee cost were to take the lion’s share of Swedish development aid.

19 Sweden’s National Budget for 2016

20 Sveriges Radio 2015



# FINLAND

Development assistance has historically been considered as a 'moral obligation' by the Finnish population and as a means to advance own national and international interests. Finland has for decades been a generous donor, but has followed a less steady course than the other Nordics. Finnish aid levels reached its highest peak of 0.8% of GNP in 1991, but then took a substantially downswing reaching 0.31% in 1994. Since then aid levels has been growing slowly and reached 0.6% in 2014, although the former government froze aid levels in 2013 and 2014<sup>1</sup>. Reaching 0.7% has been confirmed in annual budget proposals for decades, but the implementation of this ambitious goal has practically been ignored. And Finland's new government is planning a historic cut of approximately EUR 400 million on development assistance for 2016, which is estimated to bring aid levels down to 0.35% of GNP<sup>2</sup>.

Finland's current development policy was adopted in 2012 with a strong consensus from six political parties, and with a broad public support. In 2012 an impressive 80% of Finns were in favour of increasing the development budget or at least maintaining it at the same level<sup>3</sup>. Finland's overarching development objective is poverty eradication with a strong emphasis on the human rights-based approach to development. Finland's new Development Policy Programme (DPP) will focus on four priorities; empowerment of women

and girls, stable and well-functioning societies with focus on energy, water and food, and strengthening of the private sector. The DPP is currently being developed and will be finalised by the end of 2015. Finland also put strong emphasis on peace building and conflict prevention, and inclusive economic growth is seen as a precondition to poverty reduction. Bilateral and multilateral development cooperation is built on the principle of partnerships with an emphasis on developing countries' ownership of their own development.

## FRAGMENTED PICTURE OF FINLAND'S BILATERAL AID

Finland has concentrated its support to seven long-term partner countries, which is Ethiopia, Kenya, Mozambique, Nepal, Tanzania, Vietnam and Zambia, reducing the number of partner countries from 11 in the early 2000s. In the same period, Finland has increased its support countries in fragile situations (Afghanistan, South-Sudan, Myanmar, Palestinian territories and Somalia). Finland focuses its assistance to three priority sectors in each partner country (e.g. education, forestry, water, good governance and energy). Between 2000 and 2005, over three-quarters of Finland's total aid were allocated to the priority sectors in the long-term partner countries (excluding debt relief and humanitarian aid), but Finland is struggling to increase the share of bilateral aid to long-term partner countries above 60%<sup>4</sup>. Finland only provides general budget support to three of its main partner countries. The 2012 OECD DAC peer review thus

1 <https://data.oecd.org/oda/net-oda.htm#indicator-chart>

2 Ministry of Foreign Affairs Finland

3 Reality of Aid, Development policy towards 2015: downhill ODA (2014)

4 OECD Development Co-operation Peer Review Finland 2007.

finds the number of countries, sub-sectors and projects, including an increased number of non-priority countries and small stand-alone projects, leaves a fragmented picture and it is unclear how this contributes to Finland's overall development objectives<sup>5</sup>.

### **STRONG FOCUS ON MULTILATERAL AID**

Finland has provided a significant share of its development assistance through multilateral agencies, equivalent of EUR 516 million in 2014. While a large portion of core contributions has been allocated to the European Union (40%), Finland has allocated most of its funding for UN organisations via the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), UN Women, United Nations Environment Programme (UNEP) and the World Food Programme (WFP). Finland is among their top ten largest core contributors for UNFPA and UNICEF. But Finland's non-core contributions are generally fragmented with support to over 80 multilateral organisations in 2010<sup>6</sup>.

### **HUMANITARIAN ASSISTANCE**

Finland's humanitarian assistance represents approx. 20% of its total development assistance and targets vulnerable groups, children and disabled people, and use cash transfers and voucher-based assistance where possible. In 2010, Finland channelled approx. 70% of its humanitarian aid to United Nations (UN) agencies. A minor portion of the total funding has been channelled through Finnish humanitarian actors. In the past 10 years half of Finland's humanitarian assistance has gone to countries in sub Saharan Africa. The new Finnish Government has stated that humanitarian assistance will be a strong focus in the coming years.

### **STRONG POVERTY FOCUS - BUT INCREASING TIED AID**

Finland has steadily increased its financial assistance to LDCs over the period 2001-2010, and is now among the countries providing the largest proportion of their aid to LDC with 36% in 2011, which is well above the OECD average. But while Finland's bilateral assistance to LDCs is almost completely untied, Finland's support to the private sector include a series of instruments, including Finnfund, which are considered part of Finland's tied aid, and the increasing focus on the private sectors has increased Finland's tied aid from 7% in 2008 to 15% of total aid in 2010<sup>7</sup>. The new government is proposing a substantial increase in the support for Finnfund from EUR 10 million in 2015 to EUR 140 million in 2016.

### **INCREASING NON-POVERTY RELATED COSTS**

From the beginning of the millennium, foreign, security

5 OECD Development Co-operation Peer Review Finland 2012.

6 OECD Development Co-operation Peer Review Finland 2012.

7 OECD Development Co-operation Peer Review Finland 2012.

and trade policies has been a more integral part of Finland's development policy. Debt relief has accounted for a fair proportion of recent increases in ODA (accounting for 17% of total ODA in 2005). Finland also counts climate financing, including its Fast Start Finance (FSF) contribution, as part of the aid budget, also going forward with a shrinking development budget.

### **POLICY COHERENCE FOR DEVELOPMENT (PCD)**

Finland has an issue-based approach to Policy Coherence for Development (PCD) and focuses on five priority areas; food security, trade, migration, security and taxation. The main responsibility lies within the department for Development Policy at the Finnish Ministry of Foreign Affairs. Most progress has been made in the areas of food security and taxation, and the 2012 OECD DAC peer review criticized Finland for its lack of clear co-ordination mechanisms, in which Finland cannot guarantee that relevant ministries systematically and consistently consider and address possible conflicts and synergies between non-aid policies and development goals<sup>8</sup>.

### **SUBSTANTIAL REDUCTIONS FOR CIVIL SOCIETY**

Finland considers civil society to be an essential and integral element of Finnish development co-operation, which represented 14% of Finland's total development assistance. Civil society funding includes limited core funding and is instead being distributed through annual calls for proposals, which entails a heavy administrative burden on the Ministry for Foreign Affairs. The former government was planning to increase funding to and through civil society organizations, but the new government has introduced substantial reductions of 38% to civil society organizations with effect from 2016. Finnish NGO's are consequently implementing closures of programs and layoffs of staff in order to minimize impacts.

*"They are really killing the NGO sector, especially the small ones. This is really dramatic", Rilli Lappalainen, secretary general to Kehys<sup>9</sup>.*

### **NEW POLITICAL WINDS**

The new centre-right Finnish government (the Centre party, Finns party and the Coalition party), which took power in May 2015, has proposed to cut development aid by 330 million EUR, which constitutes the largest cuts in history. In addition revenues from Finland's emissions trading will no longer be added to the development cooperation budget, equivalent to 69 million EUR already in 2015. As a result, the cut rises up to 400 million EUR or 43% of total development assistance. The 2016 budget proposal includes EUR 148 million for bilateral support, EUR 119 million for multilate-

8 OECD Development Co-operation Peer Review Finland 2012.

9 <http://www.theguardian.com/global-development/2015/jun/11/finland-slashes-development-aid-cuts-43-ngos>

ral support, EUR 70 million to humanitarian aid, EUR 65 million for civil society and EUR 45 million to the European Development Fund (EDF). Finland's support to multilateral cooperation will be facing the biggest cuts, while humanitarian assistance will still be prioritized. Support to civil society is being reduced by 38% and aid to UN agencies with nearly 60% with effect from 2016<sup>10</sup>.

Support to private sector development is the only policy area, which will experience an increase of EUR 130 million for loan and capital investments mainly from Finnfund (Finnish Fund for Industrial Cooperation). But this is likely to increase the tying of Finnish aid even further and the development impact is debatable. OECD has previously warned that Finland's lack of strategy and objectives is a specific challenge when working with and through the private sector, and Finnish support to private sector development has been strongly criticized in internal evaluations, which concluded that the primary beneficiaries were Finnish companies<sup>11</sup>. Still, shifting Finnish government has increasingly been supporting the role of Finnish companies since the millennium, partly as a response to the economic crisis.

While the new Finnish Government is stating its commitment to increase the level of aid to 0.7% of GNP, the statement is more ritual than a sign of real political leadership. Although, it is still possible that the exploding costs for refugee reception, could bring aid levels artificially up and closer to 0.7%, if counted as development assistance.

Regular surveys documents a strong public support in Finland for development cooperation and humanitarian assistance. The most recent survey<sup>12</sup> even showed an increase of five percentage points to 87% of the Finns who consider development cooperation as very important or pretty important in comparison to the 2014 survey. Over half of the Finnish population consider development cooperation as very important. However, at the same time, development cooperation and its effectiveness is being challenged.

The populist Finns Party has even proposed that Finland's development assistance should be funded by a voluntary tax with limited financial support from the government budget. The broad national consensus on development co-operation seems to be lost and is unlikely to recover in the near future.

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10 <http://formin.finland.fi/public/default.aspx?contentId=335771&nodeId=49150&contentlan=2&culture=en-US>

11 OECD Development Co-operation Peer Review Finland 2012.

12 <http://formin.finland.fi/public/download.aspx?ID=145667&GUID={92069E2F-7EE3-4592-9404-40D0AF9C1B42}>



# DENMARK

Denmark was among the first countries to adopt the UN goal of delivering 0.7% of GNI in official development assistance (ODA) and has attained this target since 1978. In 1992, Denmark's ODA levels even passed the 1% mark, and included an additional target for environmental assistance to both low- and medium-income countries at 0.5% of GNP, under the Environment, Peace and Stability Facility (EPSF). Denmark's international commitment has been based on a long-term parliamentary consensus and shifting Danish governments has until the new millennium accepted high and ambitious aid levels as an almost non-negotiable standard<sup>1</sup>.

The Danish approach to development was in the beginning based on humanism and solidarity and was almost exclusively channeled through the UN system. Since the 1970s Denmark's development assistance has increasingly been targeted towards bilateral development assistance programs with an emphasis on poverty reduction. Denmark's first development policy was published in 1986 and focused on poor people and a strong focus on gender and human rights. In the 1990s Denmark was among the pioneers to move away from traditional project assistance to sector program assistance and to support country-led poverty reduction strategies and ownership.

In the beginning Danish government loans were closely tied to purchases of Danish goods and services, and

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1 Vilby, Denmark's global role, The Broker, 2009 and Ministry of Foreign Affairs, Denmark

provided high returns in the range of up to 50%, which was a central argument for sustaining high aid levels. But since 2004 Denmark has applied to EUs rules and standards and Danish aid is currently untied<sup>2</sup>.

The American think tank 'Centre for Global Development' has for three years (2012-2014) ranked Denmark as the world's most development-friendly country based on an analysis of national policies on aid, trade, investment, migration, environment, security and technology. Norway, Sweden and Finland share the subsequent places<sup>3</sup>.

## ACTIVE MULTILATERALISM

Danish development assistance has historically been in favour of support to multilateral organizations, and in particular to the UN system. Shifting Danish governments have for many years attempted to adhere to an unofficial 50-50 division of the development assistance between bilateral and multilateral aid. But since the millennium, Denmark has targeted its multilateral assistance towards education, gender equality and sexual and reproductive health and rights and moved away from earmarked contributions towards core contributions. Denmark has also significantly reduced its share of multilateral spending which is currently close to 25% of Denmark's development assistance<sup>4</sup>.

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2 Reality of Aid, Focus on Conflict, Security and Development (2006)

3 <http://www.cgdev.org/>

4 [http://um.dk/da/~-/media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens\\_Udviklingspolitik](http://um.dk/da/~-/media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens_Udviklingspolitik)

Denmark has historically provided equal funding for development assistance and for military and defence, which has given Danish foreign policy the label; 'soft security', and it has been a central part of Denmark's activist foreign policy to seek and gain greater international influence than expected for a relatively small country. But Denmark has since the new millennium been pursuing a policy of 'active multilateralism', channelling funds through the multilateral system to promote Danish development policy objectives and a more 'military-based activism' as part of its foreign policy under the Liberal-Conservative coalition government.

### **STRONG DANISH POVERTY FOCUS**

Denmark has always had a strong poverty focus, although there has been some disagreement whether to prioritize the poorest countries or the poorest people in less poor countries. But in practice Denmark has concentrated its assistance around countries in Africa belonging to the Least Developed Countries (LDC). Approximately 40% of Denmark's bilateral assistance is provided to Least Developed Countries, which is well above the OECD average of 26%<sup>5</sup>. Denmark is also providing a staggering 40% of their bilateral assistance to the social sectors, most notably education and health (2010 figures)<sup>6</sup>.

### **MAJOR CUTS FOR CIVIL SOCIETY**

Civil society has always been a central and integrated part of Danish development assistance and has received around 15% of the total Danish bilateral assistance. This has often been through long-term frame agreements, which has ensured a high degree of independence and predictability for Danish civil society organizations and their partners. A large part of the development education in Denmark has also been undertaken by NGOs with government funding. But the new Liberal minority government is proposing an average cut of 26% in the funding for civil society organizations. This has already had a severe impact on Danish civil society, which is currently implementing staff layoffs and closing down programs and country offices.

### **INCREASED FUNDING TO THE PRIVATE SECTOR**

Denmark's support to private sector development has been increasingly prioritized since 2000, even though private sector development programs have been strongly criticized for limited impact and results in ministerial evaluations in 2001 and 2009<sup>7</sup>. The new liberal minority government has announced that it will establish a new private sector fund, with the aim to enhance the interests of and the access to new markets for the Danish private sector.

### **POLICY COHERENCE FOR DEVELOPMENT**

In 2014, Denmark launched an ambitious action plan for Policy Coherence for Development (PCD) which focuses on a few priority areas; trade and finance, food security and climate change and peace and security, with focus on EU policies and coordinated within the existing framework for Denmark's EU Policy coordination. However, since then there have been limited communication about implementation of the action plan and no immediate follow-up has been planned although engagement of the resource base, including civil society organizations, is seen as key.

### **DEVELOPMENT ASSISTANCE IN THE NEW MILLENNIUM**

In the new millennium, development assistance has become an ideological and politicized battleground. The new Liberal minority government is proposing the biggest budget cuts on development assistance in Danish history, which will reduce Denmark's development assistance to 0,7% of GNP, the lowest level in almost 40 years.

But the Danish policy shift started already during the Liberal-Conservative coalition government (2001-2011) with budget cuts of 10% and the dismantling of the Environment, Peace and Stability Facility (EPSF) in 2002. The aid cuts in 2002 and 2015 have been justified by the need to invest additional resources in the Danish health sector and arguments that development assistance needed more focus in order to enhance the quality and efficiency of Danish aid. But the cuts have also been closely linked to the increasing number of refugees and asylum seekers coming to Denmark.

### **DEVELOPMENT AND REFUGEES**

In 2002, the Liberal-Conservative coalition government threatened to cut aid to countries that refused to take back citizens who had been declined asylum in Denmark, and increased assistance to the so-called neighboring countries with the aim of reducing the influx of refugees to Europe. In 2015, the Liberal minority government is proposing to increase the humanitarian assistance to these neighboring countries, supporting the West African countries where many refugees originate and increasing its spending on refugee costs in Denmark. Although the policy focus on poverty eradication is intact, the spending patterns are increasingly being guided by Denmark's own priorities and interests. Expenditures to asylum seekers in Denmark have increased rapidly over the past few years, rising from about 1.7% of ODA in 2008 to 5.5% in 2013 to an estimated 19 % in 2016<sup>8</sup>. But the 2016 expenditures were based on estimates from June 2015, and the actual costs are thus likely to be much higher.

### **NATIONAL INTERESTS**

Danish development assistance has in recent years been expanded to conflict areas such as the Balkans, Afghanistan and Iraq, and increasingly focuses on private

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←ke\_Prioriteter\_2016\_DK%202.pdf

5 Policy Advice Report; Alternative assessment of Denmark's Development Assistance 2013

6 OECD Development Co-operation Peer Review Denmark 2011.

7 <http://um.dk/da/danida/resultater/eval/>

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8 Global Focus 2015

sector development. The new Liberal minority government is clearly stating that development assistance will be concentrated in countries where Denmark has strong commercial, foreign policy or security interests. The number of Danish priority countries will consequently be reduced from 21 to 14 countries (Afghanistan, Bangladesh, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Myanmar, Niger, Palestine, Somalia, South Sudan, Tanzania and Uganda), and embassies in Bolivia, Nepal, Mozambique and Zimbabwe will be closed during 2016-17<sup>9</sup>.

The financing of non-poverty related areas over the Danish aid budget has increased substantially during the new millennium. During the 2000s, Denmark contributed to debt relief under the HIPC Initiative, which in periods constituted up to 20% of Denmark's total development assistance. In the 2010s, expenditures to refugees and asylum seekers has exploded and will increase to 19 % of Denmark's total development assistance in 2016 and costs could potentially increase even further in the context of the European refugee crisis. Denmark is also counting assistance to climate change adaptation and mitigation as additional to its ODA commitments, arguing that funding above 0,8% was 'new and additional'. The OECD DAC peer review already criticized the increasingly use of aid to 'domestically inspired priorities' in 2003<sup>10</sup>. Since then the inflation of Danish development assistance has continued and different analyses has for several years pointed to the fact that ODA levels would be substantially below the 0.7% target if costs for debt relief, refugees and climate financing were excluded<sup>11</sup>.

#### LACK OF CAPACITY

Danish development assistance has been argued to provide Denmark with substantial influence on the international scene. But lack of capacity in the Danish Ministry of Foreign Affairs is a major challenge. The Ministry has experienced several rounds of cut-backs and lost 25% of staff between 2001 and 2004 with the aim of increasing efficiency in administration. In 2007 the OECD peer review warned that further cuts in human resources could threaten the aid quality<sup>12</sup>, but shifting governments continued to introduce administrative cuts in the Danish Ministry of Foreign Affairs, while the demands on the diplomatic staff have become more global and complex with focus on e.g. refugees, climate, trade and security. The Ministry of Foreign Affairs will announce additional layoffs before the end of the year.

9 [http://um.dk/da/~media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens\\_Udviklingspolitiske\\_Prioriteter\\_2016\\_DK%202.pdf](http://um.dk/da/~media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens_Udviklingspolitiske_Prioriteter_2016_DK%202.pdf)

10 OECD Development Co-operation Peer Review Denmark 2003.

11 Policy Advice Report; Alternative assessment of Denmark's Development Assistance 2013

12 OECD Development Co-operation Peer Review Denmark 2007.

#### FROM IDEALISM TO REALISM

In the last 15 years the historical safeguarding of development assistance has been abandoned and Danish aid is today closely linked to national interests in trade, investment, security and refugees. The increased public support to right-wing parties, such as the Danish People's Party or Liberal Alliance, has given space for a more critical debate against development assistance. And on the other side of Parliament the left-wing parties are opposing the rationale behind increasing aid support to the Danish private sector. Besides a short-term political consensus on Denmark's overall Development policy 'The Right to a Better Life' in 2012, development policies and aid levels has become 'high politics' between government and the main opposition party, though the differences are rather insignificant. But the long-term tradition for parliamentary consensus is gone.

In 2015, it has become legitimate to prioritize Denmark's national self-interest in development assistance across the political spectrum. The ideological difference between a Liberal and Social democratic Government is a minor difference in the level of aid – but not the content. And it is unlikely that the former parliamentary consensus on development assistance can be reinvented and sustained. The Liberal minority government has announced its intention to develop a new development strategy during the first half of 2016, which will translate into new priorities and spending patterns for the coming year<sup>13</sup>. It remains to be seen if the four priority areas from Denmark's current Development policy 'The Right to a Better Life' (2012); human rights and democracy, green growth, social progress, and stability and protection, will survive.

Denmark is still a generous donor and in the club of aid champions above the UN 0.7% target. But Denmark's international standing is less prominent than before, which will affect Denmark's ability to influence international development agendas, most notably the implementation of the new sustainable development goals (SDGs). During the UN High Level Summit celebrating the new SDGs in September 2015, Global Citizen was hosting its annual Festival in Central Park and speakers included the Prime Ministers from Sweden and Norway. But the organizers decided not to invite the Danish Foreign Minister Kristian Jensen to speak due to the dramatic aid cuts. The Danish Foreign Minister was naturally distressed and tweeted that 'Denmark was ready to make a commitment, but sad that the organizers won't let us'<sup>14</sup>.

The negotiations on the 2016 financial bill are currently on-going, and the bill is only expected to be passed by Parliament in December just before the Christmas holiday. The specific consequences of the proposed budget cuts described in this chapter might therefore still change.

13 [http://um.dk/da/~media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens\\_Udviklingspolitiske\\_Prioriteter\\_2016\\_DK%202.pdf](http://um.dk/da/~media/UM/Danish-site/Documents/Danida/Det-vil-vi/Prioritet/Regeringens_Udviklingspolitiske_Prioriteter_2016_DK%202.pdf)

14 <https://www.globalcitizen.org/en/content/how-your-actions-led-to-change-at-global-citizen-f/>



# CONCLUSION

The Nordic countries clearly don't like to praise themselves. But it's a fact that shifting Nordic governments has shown exceptional political commitment to development by allocating more than 0.7% of its gross national product (GNP) as official development assistance, and delivering measurable development results for millions of poor people. The Nordic idealism has been possible thanks to an exceptionally strong public support and a broad parliamentary consensus, which enabled Denmark, Finland, Norway and Sweden to follow an ambitious agenda over time, while the rest of the world was often dragging their feet.

But the Nordic countries are not a homogeneous group and have taken different trajectories, in particular in the last couple of years. The influence of EU membership and expansion of EU policies since the 1990s have contributed to this, but also national political and partisan changes. The elements of Nordic exceptionalism is still visible in Norway and Sweden, who both have preserved the 1% goal and still has progressive development policies based on key elements of Nordic exceptionalism, but is currently being lost in Denmark and Finland where the political consensus supporting Nordic exceptionalism seems to be gone.

The focus on private sector-led development has changed the policy agenda globally, and Denmark, Finland, Norway and Sweden are pursuing the same goals of economic growth and job creation through supporting private sector initiatives, as most other international donors and multilateral agencies. In Denmark and

Finland, using aid to support their own private sectors is now part of their development strategies. Though this is not yet the case in Norway and Sweden, this and other changes that indicate an increasing national self-interest in development aid is changing the Nordic development discourse.

The Nordics' response to the European refugee crisis will be a defining moment for the future of Nordic exceptionalism. If development assistance is used to finance extraordinary refugee costs it will substantially limit the resources for development cooperation and the traditional Nordic development approach. Again, the Nordics look to each other, but this time they seem to be competing over how much of their refugee costs they can cover over their aid budgets, and not over who is the most generous donor. The response of the

governments indicates a fading belief in important aspects of Nordic exceptionalism.

The combination of reduced funding for aid, due to cuts and increased refugee costs, and the increased focus on private sector at the expense of long-term development aid based on the traditional Nordic approach, together signal a move away from the concept of Nordic exceptionalism. Aid is not, and should not be, the Nordics' only contribution to a sustainable global development, but aid and Nordic exceptionalism has provided the Nordics with a platform internationally from which they have exercised considerable influence. This platform and their influence could now be at stake if the Nordics continue down the path they seem to be on.

**The combination of reduced funding for aid, due to cuts and increased refugee costs, and the increased focus on private sector at the expense of long-term development aid based on the traditional Nordic approach, together signal a move away from the concept of Nordic exceptionalism.**

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# INTRODUCTION

In the second part of this publication, we have invited a wide range of thinkers, decision makers, development practitioners, academics and politicians to reflect on the issues raised in the previous section. We also encourage them to widen the perspective and look forward, taking on questions such as what the future role of the Nordics should be, or what the future role of the Nordics could be. We hope that these articles will contribute to spark a debate across the Nordic countries.

The views presented in the following articles are those of the contributors, and do not necessarily represent or align with the views of the authors of the report in the previous section, nor with Norwegian Church Aid or other ACT Alliance organizations.



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# THE FINAL NAIL IN THE COFFIN FOR 'NORDIC EXCEPTIONALISM' IN DEVELOPMENT ASSISTANCE?

**If Nordic exceptionalism has ever existed in development assistance, what has been the content of it and how have the Nordics differed from the rest? In this article Hilde Selbervik outlines and discusses the salient features of the Nordic countries' development assistance from the 1970s onward.**

The level of Finnish and Danish development assistance is plummeting: "Bloodbath of Danish development assistance", says Danish NGO.<sup>1</sup> The Finnish aid budget is reduced by more than 40%. The aid cuts have caused reactions in Finland and Denmark, especially amongst NGOs involved in the aid industry. They fear that the reductions will harm civil society and that other EU countries may follow suit and cut their budgets too.<sup>2</sup> An economic necessity, the Finnish Minister for Foreign Trade and Development declares.<sup>3</sup> Swedish and Norwegian aid budgets, on the other hand, are increasing, but a significant share, in Sweden as much as 20%, will be spent on asylum seekers and refugees at home in 2016. Similar figures have been estimated for both Denmark and Norway,<sup>4</sup> at least if the proposed amendment to the budget is approved by the Norwegian parliament. This has been followed by an outcry amongst Norwegian NGOs, claiming that poverty alleviation as a goal for Norwegian aid may now be considered "dead and buried" and refer to the budget proposal as "shameful".<sup>5</sup>

**0.7% has been perceived as the absolute "decency limit". To meet this ambition, aid budgets have to some extent been protected areas.**

Using official development assistance (ODA) allocations on domestic expenditures related to asylum seekers the first year is within the procedures, but DAC (OECD Development Assistance Committee) has warned against the practice and advises the donors not to stretch the rules.<sup>6</sup>

Europe is undoubtedly facing major challenges. Nordic countries are experiencing the consequences of increasing migration. In addition, they face economic recession and increasing unemployment rates at home. New political constellations have taken office in Norway and Finland. In Denmark a conservative minority government took office after the election in 2015. Aid sceptical parties that previously were rather isolated in parliament are now represented in government, such as the Progressive Party in Norway and the Finns Party in Finland. In Sweden, on the other hand, the more aid friendly Swedish Social Democratic Party and the Green Party has formed a coalition government. However, also they have approved the practice criticized by the DAC. Does this suggest that the very foundation of Nordic exceptionalism in development assistance is being threatened? Or has the dogma about the importance of Nordic superiority and generosity in development assistance already been abandoned years ago, only making these latest developments the final nail in the coffin?

1 Quoted from <http://www.thelocal.dk/20150929/danish-ngos-slam-development-cuts-in-new-budget>, last visited 1. November, 2015.

2 The Guardian, 11 June 2015, <http://www.theguardian.com/global-development/2015/jun/11/finland-slashes-development-aid-cuts-43-ngos>, last visited 1 November 2015.

3 Quoted from <http://www.rights.no/2015/06/finland-gar-sine-egne-veier-igjen/>, last visited 1 November, 2015.

4 The figure for Norway will be 21% (Bistandsaktuelt, 2 November, 2015).

5 Quoted and translated from Vårt Land, 30 October 2015 and from Stavanger Aftenblad, 27 October 2015.

<http://www.aftenbladet.no/nyheter/innenriks/Norge-far-mest-av-norsk-bistand-3797805.html>, last visited 1. November, 2015

6 Development Today, 2015.

Some will, and possibly also rightly so, question whether some kind of Nordic exceptionalism has ever existed in development assistance. If it has, what has been the content of it and how have the Nordics differed from the rest? There are indeed great variations amongst the Nordic countries and these differences have probably increased during the last decade,<sup>7</sup> but in the following some of the salient features of the Nordic countries' development assistance will be outlined and discussed. Despite changes there has been remarkable continuity in Nordic development policies over the years. This continuity has been sustained by broad political consensus. The Nordics have been proud of their perceived positions as international frontrunners and progressive powers in the field of development assistance, but what if the political consensus fall apart? Will this change their development policies?

It must be underscored that this is by no means an exhaustive analysis of Nordic aid.<sup>8</sup> Instead I will in brief try to grasp the quintessence of what has been referred to as "Nordic exceptionalism" in aid. Recent studies have argued that after Sweden, Finland and Denmark entered the EU, Nordic cooperation in development assistance became less important.<sup>9</sup> Nevertheless, it is possible to identify some characteristics that traditionally have separated the Nordic donor countries and later also a number of so-called like-minded or progressive donor countries such as the Netherlands, the UK and occasionally also Ireland, from the majority of the DAC countries.<sup>10</sup> In the following some of these characteristics will be summarized and it will be discussed whether they still are discernible.

Initially, contributions from the Nordic countries were relatively modest, but rapid economic growth in the 1970s resulted in dramatic increases in their aid budgets. At an early stage they were among a few donor countries that actually met the agreed UN target, prescribing that at least 0.7% of member countries' Gross National Income (GNI) should be accounted for as development assistance, the exception being Finland, which only managed to meet this goal in 1991. Finland has been the "odd man out" in Nordic aid cooperation and has only occasionally matched the Scandinavians. Finnish governments have made several declarations suggesting that the UN target should be met within a certain timeframe, but such aspirations have rarely been accomplished.<sup>11</sup> Instead, and as a result of the recent aid cuts, Finnish aid may even be below the DAC average in 2016.

The Scandinavian aid levels have been significantly higher than the contributions from Finland and also far above the DAC average. Over the last thirty years the latter has ranged between 0.21% and 0.35% of GNI. At an early stage the Scandinavian countries set far more ambitious goals than the UN and agreed upon a 1% target, which occasionally has been met.<sup>12</sup> Even in periods of economic recession, aid levels have been high, and after 1977 none of the Scandinavians have been below the UN target.<sup>13</sup> 0.7% has been perceived as the absolute "decency limit". To meet this ambition, aid budgets have to some extent been protected areas. At times the Scandinavians have competed to be the most generous donor, which may have contributed to sustaining high aid levels.

But is it all about the money? This extreme focus on aid volume has been criticized for diverting attention from what should be the overall focus, namely, results and aid effectiveness. Growing aid budgets due to rising GNIs have been difficult to deal with effectively. On the other hand, and partly as a consequence of this 'GNI aid ideology', the Scandinavian countries have demonstrated firm commitment and willingness to follow up international agreements with actual funds. DAC has often praised their generosity, which may be illustrated by a statement made by the DAC chairman, Erik Solheim, former Norwegian Minister of Development Cooperation, in 2013: "We commend Sweden for its efforts to meet a medium-term goal of maintaining aid at 1% of GNI [...]."<sup>14</sup>

Another salient feature of the aid policies of the Nordic countries, compared with other donors, is that their assistance to a lesser extent has been tied to narrow economic and strategic interests.<sup>15</sup> This can be illustrated by the fact that the Nordic donors have disbursed a significant share through multilateral institutions.

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7 See Elgstrøm and Delputte, 2015; Oden, 2011; Olsen, 2013; Selbervik og Nygaard, 2006.

8 This contribution is based on previous research, but is supplemented by new statistical data from the OECD/DAC. For more thorough studies see e.g. Selbervik with Nygaard, 2006; Elgstrøm and Delputte, 2015; Oden 2011, Development Today, 2010; Olsen 2013.

9 Elgstrøm and Delputte 2015; Olsen, 2011.

10 Selbervik with Nygaard, 2006 and Elgstrøm and Delputte, 2015.

11 Despite the fact that Finland has not matched the Scandinavians, Finland's contributions have generally been comfortable above the DAC average.

12 As early as 1973 Norway agreed on a 1% target. In Denmark even a 1.5% target has been discussed, but not agreed upon (Selbervik with Nygaard, 2006: 12).

13 OECD DAC database.

14 The remark was made when the DAC latest country report of Sweden was launched in 2013, <http://www.oecd.org/dac/peer-reviews/sweden-is-a-generous-aid-donor-that-has-put-development-at-the-heart-of-its-foreign-policy.htm>, last visited 1 November 2015.

15 Selbervik with Nygaard, 2006; Oden 2011, Elgstrøm and Delputte 2015.

A 50-50 split between bilateral and multilateral aid has been a more or less officially stated goal. Even if this ambition has hardly been met, their multilateral contributions have historically been higher than the DAC average. The UN has by far been the greatest receiver of Nordic multilateral aid. In addition, Nordic development assistance has predominantly been disbursed as grants. On this issue it should be added that important differences among the Nordic countries can be observed. Finland and Denmark has to a far greater extent tied their aid to deliveries of domestic goods and services. In Denmark untying has been greatly opposed. Previously, a so-called "return percentage," which should be as high as possible, was accounted for. This practice was justified by the high aid volume. However, compared with the DAC average, the non-grant percentage of all the Nordics have been low.<sup>16</sup> In Sweden and Norway aid tying has been far less prevalent. The practice has been perceived to be at variance with their overall aid policy goals and considered damaging to their international image.

Another key characteristic of Nordic development assistance has been the priority given to the poorest countries.

**The fact that aid increasingly has become entangled with international politics may have resulted in the problems related to increasing fragmentation and proliferation of aid, despite the donors' ambitions to achieve the opposite.**

A significantly larger share of their aid has been allocated to low income countries (LDC) compared to the DAC majority. Sub-Saharan Africa has been a main focus of the Nordic countries and 40-50% of their aid has been allocated to this region.<sup>17</sup> It may be justified, albeit with some reservations, to argue that Nordic aid has been more altruistically motivated, compared with most other donors, founded on humanitarian solidarity, moral concerns and social democratic values.<sup>18</sup> Political and other vested interests have obviously impacted on Nordic aid allocations even since the beginning,<sup>19</sup> but the point made here is that traditionally this has been less prominent amongst the Nordics compared with most other donors.<sup>20</sup> By the DAC the Nordic donors have often been considered flexible and

innovative. In international forums, they have also been perceived as being in front and putting "soft" issues such as the environment and gender issues on the agenda.

Nonetheless, several changes have taken place over the last decade, and at least two key features can be discerned, which may have made the Nordics less "exceptional." Firstly, the international aid discourse has become more consensual. A recent study found that the Nordic EU members had impacted considerably on the EU's aid policy making it more similar to the Nordic model rather than the other way around. In that sense they may have become less "exceptional."<sup>21</sup> However, not only the Nordics and other so-called like-minded countries, but the international aid community as a whole seem to be speaking more or less with one tongue. They are all adhering to the UN's Millennium development goals and the overarching aim to alleviate poverty. They are gathering around the same political rhetoric on the importance of ownership, good governance and aid effectiveness. In 2005 the Paris Declaration was launched followed by the Accra Agenda for Action in 2008. Later these initiatives was proceeded by the so-called Busan/Mexico City agenda, which also is believed to have had limited success.<sup>22</sup> Nonetheless, what all these initiatives may have achieved is some kind of a joint point of reference which can be characterized as a global aid policy consensus.<sup>23</sup> The problem is only that there seems to be a big gap between political rhetoric and practice. In 2015 the development goals were still not reached and the Paris declaration and the following initiatives were reported to have lost both steam and momentum.<sup>24</sup>

Could one of the reasons why practice has not matched the allegedly consensual international aid rhetoric be explained by the fact that development assistance has become more political? Are also the Nordics following that path? This contribution cannot give a full answer, but some possible explanations will be outlined.

Even if political underpinnings easily also can be traced prior to the 1990s, linking development assistance with foreign policy and security issues were at the time more or less unheard of within aid circles. This has changed

16 In the period 1990-2003 the tying share of the Nordic aid was on average between 0.8% and 4.1%. The DAC average in the same period was 22.3% (Selbervik with Nygaard, 2006: 74).

17 Selbervik with Nygaard, 2006; Oden 2011, Elgstrøm and Delputte 2015; DAC OECD database.

18 Stokke, 1989.

19 See e.g. Pharo, 1986.

20 Minoiu and Reddy, 2009.

21 Elgstrøm and Delputte, 2015.

22 Glennie and Sumner, 2014.

23 Selbervik, 2007.

24 DAC, 2012; Glennie and Sumner, 2014.

significantly in the last decade and development assistance is to greater extent connected to security concerns and directed towards conflict prevention.<sup>25</sup> Donor and recipient interests are seen as common.<sup>26</sup>

The fact that aid increasingly has become entangled with international politics may have resulted in the problems related to increasing fragmentation and proliferation of aid, despite the donors' ambitions to achieve the opposite.<sup>27</sup> Sweden has made efforts to try to deal with the problem, but a recent study found that the efforts have had limited effects.<sup>28</sup> Norway took similar steps last year. The effects of those efforts remain to be seen.

DAC statistics show that an increasingly smaller share of Nordic aid is being channelled to so-called long-term partners or focus countries. Another main characteristic of the Nordic countries, a high multilateral share, has also become less prominent.<sup>29</sup> None of the Nordics is even close to a 50-50 split between bilateral and multilateral aid. The share of Norwegian and Danish multilateral aid has declined over the last decades. In 2013 their share was even below the DAC average, which in 2013 accounted for 30.6%. The Swedish multilateral share was 32.8%.<sup>30</sup> This may be the result of an increasingly politicized aid, but more research is needed for any firm conclusions to be drawn. It seems difficult to enhance aid concentration and avoid aid proliferation as long as

development assistance is entangled with so many other issues accompanied with the donors' urge to raise their national flags around the world.

**In the beginning it was probably not as conscious, but eventually aid policies became an important and integral part of these countries' self-esteem and linked to their international prestige.**

In spite of these changes the aid policies in the Nordic countries have been sustained by broad political support at home and they have managed to keep up high aid volumes over time. How can this be explained? First of all, they could afford it. The Nordic countries have been some of the wealthiest countries in the world. In the beginning it was probably not as conscious, but eventually aid policies became an important and integral part of these countries' self-

esteem and linked to their international prestige. Apparently, the importance given to being frontrunners in development assistance has probably been most important to the Scandinavian countries. This has made aid policies relatively robust in spite of changes of governments and economic recession. In 1987 the current Norwegian Prime Minister, Kåre Willoch from the Conservative Party, stated that "None of the parties in the [foreign affairs] committee wants Norway to relinquish its position among the world leaders where development is concerned".<sup>31</sup> Maintaining a high aid volume became a part of their international image. Having a relatively disinterested aid policy has been considered as being in the countries' own self-interests.

Despite broad political consensus, history suggests that there are certain limits as to how far politicians have been willing to protect aid budgets in time of economic recessions. In the mid-1990s international aid plummeted and many countries faced economic challenges. In Sweden the level of aid fell dramatically, and Swedish aid bureaucrats feared that the decrease could hamper the country's international image. Still, the level was never below the UN target, the Scandinavian pain limit.<sup>32</sup>

The Danish aid budget has also been under pressure, but for different reasons. In 2001 a new centre-conservative coalition government took office, depending on the support of the right-wing and aid-sceptical Danish People's Party in Parliament. Prior to the election it campaigned for massive aid cuts, and for the first time "the former parliamentary consensus on keeping a high aid budget was challenged".<sup>33</sup> The political shift was followed by dramatic cuts the following years and the ministerial post for Development Cooperation disappeared. The general level of Danish aid has since 2001 been lower than the previous decades, and has since 2003 constituted on average 0.85% of GNI. In 2014 the figure was 0.86% of GNI. However, even in Denmark the level was never beneath the magic figure of 0.7%.<sup>34</sup>

25 Elgstrøm and Delputte, 2015: 6.

26 Selbervik with Nygaard, 2006: 6-7.

27 Nunnenkamp et al, 2003 and Aldasoro et al, 2010

28 Hagen, 2015.

29 Birdsall and Kharas, 2014.

30 The figures are estimated from the OECD DAC database.

31 Selbervik with Nygaard, 2006: 15.

32 Selbervik with Nygaard, 2006: 14.

33 Selbervik with Nygaard, 2006: 14.

34 OECD DAC database.

What if national economic challenges endure? And what if the previous political consensus about the importance of being frontrunners in aid crumbles? Can we expect less focus on poverty alleviation and a scenario were Nordic funds will be spread even more across the board to serve narrow self-interests and security interests becoming more similar to the majority of donors? Will this then be the final nail in the coffin for “Nordic exceptionalism” as we have known it?

It is premature to draw any conclusion here. Looking at past events in Sweden and Denmark, things may change again with new governments in office and under different economic circumstances. Whether the centre of gravity in the Nordic parliaments, at least in Finland, Norway and Denmark has moved significantly and more permanently to the right and hence in a less aid friendly direction is too early to tell, but in the end any Nordic exceptionalism depends on long term commitments from their respective parliaments. The aid budgets seem to be ‘no longer under protection’, but it is probably not the final nail in the coffin.

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# STILL A PROGRESSIVE VANGUARD IN DEVELOPMENT POLICY?

NORDIC INFLUENCE AND EXCEPTIONALISM IN THE EU AND BEYOND.

**In this article Ole Elgström claims that the Nordics are still exceptional, but less than a decade ago. He looks at the “Nordification” of EU development policies: The Nordics are still at the top when it comes to development policy quality, but other European countries are catching up.**

The Nordic countries – here referring to Denmark, Finland, Norway and Sweden<sup>1</sup> - have traditionally been praised for their generous and ‘progressive’ development policies. The ‘Nordic Model’ has i.a. included a large share of multilateral assistance, a focus on poverty eradication and a large portion of grant aid. The Nordics’ emphasis on democracy, gender, environment and human rights has also been applauded. In recent years, this positive picture has been challenged. It has been claimed that the Nordic model has eroded: that other European donors have become more similar to the Nordic donors but also that their development policies have taken off in different, not always positive, directions.

In this text, I investigate the influence and the uniqueness of the Nordic countries in the area of development aid policy: in general, but particularly in the EU. I venture three claims:

## **That the Nordics are**

1. Still exceptional, but less so than a decade ago
2. Still influential, but often not acting alone
3. Still seen as a bloc, but perhaps becoming more diverse

These three propositions are analysed one by one. My analysis is based on existing research but also on recent interviews, carried out with aid officials in Brussels and Stockholm representing seven different EU member states.

## **Aid practitioners uniformly pay tribute to the beneficial effects of Nordic influence on EU norms and values.**

### **STILL EXCEPTIONAL?**

The aid budgets of the Nordics are still well above the OECD average. Despite economic and budgetary difficulties they have, at least until recently, kept up their levels of foreign assistance. While Denmark, Sweden and Norway continue to provide more, or even far more, than 0.7% ODA (official development assistance)/GNI (gross national income), and Finland allotted 0.6% as late as 2014, the latter country in

its recent budget for 2016 cut this share drastically, down to 0.35%. The Nordics still give more than others to multilateral institutions (including of course today also the EU itself). Nordic donors have for decades allocated between 25 and 30 % of their aid to such institutions. Around 60% of their aid went to LDCs (least developed countries), while contributions to sub-Saharan Africa have accounted for in between 40 and 50%, also much more than the average figures. In such ‘budgetary’ respects, the Nordics are thus still ‘among the best’, though they are not the only ones: Luxemburg, the Netherlands and the UK are other EU members at the top.

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<sup>1</sup> The fifth Nordic country, Iceland, is an insignificant aid donor and not a member of the EU. Norway is also outside the EU, but is an important donor and has traditionally co-operated closely with the Nordic EU members.

On the level of official policies, the picture is less clear. Most EU member states today adhere to the same lofty goals: 'There is a consensus on 98 % of all policies', as one interviewee put it. This is mirrored in the Union's new 'Agenda for Change'-policy of 2012. Exceptions exist, of course, with policies on sexual and reproductive health and rights as one prominent example. Remaining differences seem to have more to do with the choice of policy instruments and, not least, with actual implementation on the ground. Some member states proclaim their loyalty to progressive policies in speeches, but less so in practice.

### STILL INFLUENTIAL?

Over the years, we can see evidence of a 'Nordification' of EU development policies. The British political scientist Christopher Browning argues that internationalist and solidarist elements of Nordic foreign policy have become part of the EU's international profile, and sees this as a 'success for Nordic ideals and the Nordic model'. In official documents on foreign aid, the Nordics have stressed the importance, and the possibility, of influencing EU policies towards Africa. This is corroborated by the Danish EU researcher and aid debater Gorm Rye Olsen, who finds that the case of Zimbabwe 'may show it is possible for small Nordic countries to influence the Africa policy of the European Union'. Aid practitioners uniformly pay tribute to the beneficial effects of Nordic influence on EU norms and values (interviews). A stronger focus on gender equality, increased transparency and a stronger emphasis on poverty eradication are often cited examples of Nordic ideational influence.

The Nordic countries are still considered a progressive bloc in Brussels, associated with 'high moral grounds'.

Today, however, the Nordics (not, of course, including Norway) often form part of a larger group of 'like-minded' countries when policy initiatives are taken in Brussels. They belong to the core – together with the UK and the Netherlands – of this informal network of member state officials that exchange information and co-ordinate their moves, but we also find countries like France and Germany in the larger network. Brussels-based officials today refer more often to 'the like-minded' than to the Nordics as the main drivers of policy change, while the EU researchers Jan Orbie and Simon Lightfoot argue that recent accounts of European development policy generally make a distinction between a group of Northern leaders ('the Nordic plus') and a southern/eastern group of 'laggards', with some 'fence-sitters' in between. In this sense, the Nordics are not 'exceptional' anymore; they are increasingly acting together with other member states that share their basic values when they try to influence EU policies.

### STILL A UNIFIED BLOC?

The Nordic countries are still considered a progressive bloc in Brussels, associated with 'high moral grounds' (interviews). This may partly, however, be due to their glorious past. The image of notably Sweden and Denmark as historical initiators of vanguard proposals is often referred to. Still, the Nordics are also today claimed to be 'highly visible' and to have a 'powerful voice' in for example gender and development policy debates (interviews).

Distinctions are sometimes made regarding what roles the individual Nordic states play. Sweden is usually considered the most active and historically most influential country. Finland is, on the other hand, described as the least active. According to Gorm Rye Olsen, 'the traditional Nordic aid cooperation has faltered somewhat ... cooperation with the other Nordics is no longer a priority'. Norway, being outside the EU, is claimed to have become 'a lonely player'. On the policy level, differences between the four Nordic countries seem to have grown. For example, reasearcher and aid debater Bertil Odén claims that the Nordic aid model has eroded and that the Nordics demonstrate different profiles in their Africa policies with Denmark being the strongest actor in promoting commercial relations with Africa and Norway being most focused on contributing to global public goods.

In the light of the recent trends in their policies the Nordics may encounter international criticism, not least because their reputation has traditionally been so positive.

Recently, a radical 40% cut in the Finnish aid budget has been decided. Though not as dramatically, the Danish government is also reducing its aid budget, down to 0.7% of GNI for 2016. At the same time, increasing shares of the Norwegian and Swedish aid budgets are devoted to costs associated with migration. In 2016, almost 20% of the Swedish aid budget of 43 billion SEK (still 0.98% of Sweden's BNI) will be spent for this purpose. Such signals may, if they continue, lead to a loss of credibility and perhaps to decreased influence, in Brussels and at the UN.

They may also signify a further differentiation between the Nordic countries, with Finland once again becoming 'the odd man out'.

**CONCLUSION: ARE THE NORDICS STILL PROGRESSIVE VANGUARDS?**

When discussing development policy with officials in Brussels, the answer is clearly 'yes'. They still have an image of the Nordic states as 'drivers' and 'leaders'. However, this does not mean that they are necessarily exceptional. Today, the Nordic EU member states belong to a larger network of like-minded countries that together push for changes in EU policies. Also, the Nordics are still, despite recent set-backs, at the top when we look at several usual indicators of development policy quality, not least when scrutinizing quantitative measures. Such a conclusion of course does not imply that everything is hunky-dory. In the light of the recent trends in their policies the Nordics may encounter international criticism, not least because their reputation has traditionally been so positive. Whether such trends will continue, and whether this will translate into increasingly negative perceptions – in the EU, in the DAC (OECDs Development Assistance Committee) and in the developing world – remains to be seen.



*Professor Jeffrey D. Sachs is a famous American economist and the director of the Earth Institute at Columbia University. He is also the author of several books on development economy.  
Photo: Wade Martzall*

# WHY THE WORLD NEEDS THE NORDICS MORE THAN EVER

Just when the world has signed on to Nordic values and aspirations in the new Sustainable Development Goals (SDGs), the Nordic countries are having second thoughts about following their old path on development policy. Professor Jeffrey D. Sachs urges the Nordics to step up and take on global leadership in fulfilling the SDGs.

**My plea to the Nordic countries is to hang in and hang on to your success, and your leadership, to help the entire world to achieve the SDGs.**

As I have worked around the world for the past quarter century, I have repeatedly – some would say relentlessly – pointed to the Nordic model as the proof that modern capitalism can be combined with decency, fairness, trust, honesty, and environmental sustainability. The Nordic Way – essentially the Social Democratic Way – has been the proof of concept to help convince the world that there is indeed a path between the vulgar inequalities of US capitalism and the failed

central planning of so many moribund economies. Now the Nordic countries are having second thoughts just when the world as a whole has signed on to Nordic values and aspirations in the new Sustainable Development Goals (SDGs). My plea to the Nordic countries is to hang in and hang on to your success, and your leadership, to help the entire world to achieve the SDGs.

I know that the first response from Nordic friends is to deny Nordic exceptionalism in the first place. “We are not so good” tell me my friends in the Nordic countries. “Don’t believe the press releases.” “The Nordic model is passé, unworkable, uncompetitive, and too expensive to maintain.” “Anyway, we are no longer Social Democrats by and large.”

I’ve heard this for years, and don’t believe it. Yes, much of the Nordic region is no longer predictably Social Democratic with a capitalized “S” and “D;” but I would argue (with relief) that it remains very much social democratic in lower case. The ethos of equality, modesty, hard work, innovation, and interest in a just world is sustained. When I recently went to board a flight from Oslo to NYC, and went up to the front counter looking for the “business class line,” I was sent to the end of the single queue, with the crisp words, “There is no business class line; we are boarding the Scandinavian way.” So there.

Nor is it true that the small “s” and “d” social-democratic ethos is passé or simply faded away in the Nordic economics and politics. The Nordic countries are at the top of the world league on transparency, low corruption, high social trust, life expectancy, low poverty, and high development aid for a reason.

Nor are the differences between “Borgen” and “House of Cards” entirely artistic license. The worst “crimes” in Borgen are to banish a politically fallen colleague to Brussels, or to use an office credit card to briefly bridge a wife’s purchase and thereby quickly lose the Prime Ministers office, while in House of Cards the crimes are murder, blackmail, and other capital offenses. (The US Capital has thus come to mean capital offenses!)

**The basic truth of aid is that it works, and often brilliantly, but there is chronically too little of it.**

The new Sustainable Development Goals bring the world to embrace the social democratic ethos on a global scale. After all, what is Sustainable Development but the spirit of social democracy? The concept itself was born in Norway (with Dr. Gro Harlem Brundtland, one of the greatest statespersons of our age) in 1987, and after

various starts and stops (including the Rio Earth Summit, and the failed climate negotiations in Copenhagen in 2009), is now finally the clear and embraced framework of all 193 member-states of the UN. As adopted by the UN in September 2015, the SDGs call for a holistic approach to societal policies that combine the quest for economic development with social inclusion and environmental sustainability. In short, the SDGs call for the “triple bottom line” of economic, social, and environmental objectives. They also call for peaceful societies (SDG 16) and global partnerships (SDG 17). These are truly Nordic values now universally subscribed. The Nordic countries have helped to bring them to reality, through inspiring example, diplomatic leadership, and consistently generous development assistance.

**In short, we have the grave danger of having adopted the SDGs only to see some of their most important global advocates suddenly turn their back on them.**

In this context, and this moment, the new drumbeat of attack on foreign aid is heartbreaking. I’ve lived with the aid issue for 30 years, long advocating for debt relief, development aid for health and education, and large-scale financing for infrastructure and other needs. The basic truth of aid is that it works, and often brilliantly, but there is chronically too little of it. Fifteen years ago, working with Dr. Brundtland, Dr. Tore Godal, and Minister Jonas Gahr Støre, I helped to develop and design the concepts for the Global Fund

for AIDS, tuberculosis (TB), and malaria, and for the general scale-up of development financing for health. The WHO Commission on Macroeconomics and Health, which I chaired, argued that increased aid would save millions of lives. The skeptics said that aid would not work; that it would be wasted; that lives would not be saved. Yet experience has proved them decisively wrong, and the aid advocates decisively right. Malaria is down by more than 50%; 15 million people in developing countries are alive today on antiretroviral medicines; polio is almost eradicated; and the list of other health successes is long.

Now with the SDGs newly adopted, many in the Nordic countries are suddenly calling for cuts in aid, arguing that it is not needed, that it doesn’t work. Many in the Nordic countries are saying that the Nordic countries have their own problems after all. And too much of the Nordic aid is now being used to pay for refugees within the Nordic countries, rather than for development assistance. In short, we have the grave danger of having adopted the SDGs only to see some of their most important global advocates suddenly turn their back on them.

It’s a risk, frankly, that I would never have expected. It was already disheartening that as the UK joined the club of countries giving 0.7% of GDP in aid a couple of years back, the Netherlands simultaneously fell below that target for the first time in decades. And now aid is similarly under attack in Scandinavia, Finland, and other high-aid countries.

Development aid is vitally needed to achieve the SDGs, and in key areas that are obvious. The first is to complete the successes in public health, by scaling up urgently needed investments in primary health systems. Norway has helped to launch the new Global Financing Facility for health with the World Bank. This is a very important initiative that deserves ample and generous finance in the coming years. The Global Fund to Fight AIDS, TB, and malaria needs stepped up support at its replenishment in the coming months. New funding is needed to help expand the coverage of public health measures against non-communicable diseases as called for in SDG 3. None of this comes for free.

The second need is for education funding. In short, we urgently need a Global Fund for Education (GFE) like the Global Fund for AIDS, TB, and malaria. The woefully under-funded Global Partnership for Education should be transformed into a generously funded GFE to support SDG 4, which calls for universal education for all boys and girls from pre-primary school at least through secondary school. This is a bold, achievable, yet difficult goal. It requires ample donor funding. Such donations will be repaid many times over in a more peaceful, sustainable, and prosperous world.

The third need is for climate financing, to accelerate the global transformation to a low-carbon energy system by mid-century, and a zero-net carbon energy system by 2070. Again, aid has been promised to the poorer countries (of at least \$100 billion per year by 2020), yet that promise has not been backed by realistic financing plans or financial flows. It is a dream to believe that we will achieve the vital objective of keeping global warming below 2-degree C without a very generous, farsighted, and sustained scale-up of climate-related financing.

The fourth need is for a breakthrough on infrastructure financing in the low-income countries, especially in sub-Saharan African and low-income Asia. China gets it, and is the largest infrastructure financier in the low-income world. Yet China cannot and should not carry this task alone. The G20, EU, OECD, World Bank,

and others have promised to scale up financing for infrastructure, yet real money is not yet on the table.

The fifth urgent need is for conservation funding, for example for avoided deforestation (REDD+). Once again, Norway has been in the global lead on innovative approaches to funding ecosystem services such as avoided deforestation. The recent devastating peat fires in Indonesia show us again how urgent and incomplete this environmental agenda remains. Now is the time to scale up, not cut back, on the Nordic commitments.

In short, the world hangs on a knife-edge, perilously wavering between a catastrophic course of spreading global unrest, unwanted mass migration, and climate disaster on the one path; and true sustainable development on the other path. The Nordic countries have long inspired the best of humanity, and helped to spur global-scale positive change. The SDGs are a fruit of the Nordic efforts, though of course in concert with those of other parts of the world. Now is the time for the Nordic countries to do what they do best – lead with strong values, generosity, and wisdom towards global problem solving, and step up their own role while encouraging the rest of the world to support the SDGs with full heart and wise generosity.



**INTERVIEW:**

*Suzanne Matale is General Secretary of Zambia Council of Churches and member of the Independent Committee for the Reform of the International Corporate Taxation. Photo: Derrick Sinjela*

# A NEED FOR GLOBAL LEADERSHIP ON TAX REFORM

Even though Zambia is a middle income country in theory, in practice the country has a long way to go. Before Zambia can stand on its own feet, aid will still be needed for the purposes of encouraging citizen participation in governance issues, says Suzanne Matale. Sooner rather than later she hopes Zambia will be able to benefit from their own natural resources. In order to do that the Nordic countries should take leadership on assuring just tax reforms. In her opinion, this is where the Nordics can be exceptional.

*Zambia has been a recipient of aid from Nordic donors for decades, and has also been one of the main partner countries for the Nordics. How is the Nordic presence perceived?*

In my opinion the Nordics have been exceptional partners, both to the Zambian government and to the civil society. They have been active here for a very long time, and in my opinion their intentions and work has been noble, and very genuine. There are some instances where the partners do not have a choice because of their government's change of policy, for instance the fading out of educational support, but overall they have been good friends and continue to be good friends on the human development dispensation in our country.

*On what areas has the Nordic support been most prominent?*

The most important has been the support on the area of education. In addition to that we have been working together on issues of extractives; how do we manage our natural resources and how can we benefit from this resource. They have supported this work for some time, and continue to do so. They support programs such as our advocacy on tax reform, on natural resource management and formulation of appropriate policies to support development. We have also done some research that our Nordic partners have supported.

**I believe the Nordics should step up and use their voice in the economic forums they are members of.**

In addition, the Nordic countries have also stood out on the issues of gender and development. They have been strong on policy formulation on gender based violence and other affirmative actions for presentation to the government. This has affected how we work on the issue of gender violence. And they have risen to the

occasion on the issue of HIV and Aids. The reduction on infection has been through the contribution from the civil society, the government and the church.

*Are there any specific areas where you think the Nordics can take on roles of leadership that would make a difference to development policies?*

I believe the Nordics should step up and use their voice in the economic forums they are members of. The world needs to come to a consensus on the tax regime - how they are going to deal with tax havens and tax avoidance for instance. We can put as many policies as we want here, but if we are not working together as a global world, and if those who have the power to change are not taking leadership, then we will still be wallowing in the poverty that we are in now. As the Nordics are members of OECD they should provide global leadership to make sure to stop the dragging of feet on implementing reforms that they have been discussing for a long time. As for now there are no African member countries in the OECD, so our voice there is weak. For the time being, those who are there have more power and legitimacy than us. The leadership that is needed now is to ensure that the tax reforms, that are so much talked about, are actually quickly implemented. The Nordics should start to work on this now rather than later.

On our part, our own governments are being challenged and urged to rise to the challenges that are posed by fis-

cal policy. The African governments must also set out a bold national agenda for strengthening transparency and accountability for their own citizens. For too long African governments have been responding to externally driven agendas, and this does not seem to be working. African governments have been following institutions such as the International Monetary Fund (IMF) and the World Bank, and they have not been leading, but only following whatever has been said. This must change, and we have welcomed the recent option by the African Union's African Peer Review Mechanism (APRM) for monitoring natural resources. This needs to be supplemented by the OECD, the G8 and the G20. Everything that happens in these forums affects us here. Listening to the African states is important.

#### ***How can the Nordic countries come forward on these issues?***

I want to appreciate Norway who is already working with our own Revenue Authority, in trying to build their capacity in mobilizing taxes from the industries. That is worth investing in. To help them with the system, and how they can mobilize resources; locally, regionally and globally. We still lack a good system.

However, this has to work in concert with the leadership that they offer at a global level. In terms of trying to review the much outdated accounting, structure and tax regimes that have been on for hundreds of years. They can also offer leadership in assuring that the investors that come to our countries are conforming to the same very high standards that they will conform to in their own countries. And they can provide global leadership in assuring that the proposals for country to country reporting, are adhered to by the investors.

**You have the moral responsibility in taking lead in helping the global world in doing exactly what you have done.**

Countries that have a lot of experience in making sure that the people are benefiting from the oil income, have also secured the future for the coming generations. You therefore have the moral responsibility in taking lead in helping the global world in doing exactly what you have done. The difficulty we have is that if we do not seize this opportunity before all our natural resources are depleted, if we do not find solutions now, then our mineral wealth will continue to move out of our

countries each day, and we will continue to plead aid from you. That is why seizing this opportunity will be important. If we squander this opportunity, it will be unforgivable and indefensible. There will be no excuse what so ever. And you will not sit there and defend why this is happening. You must offer this leadership as Nordic countries. This is where we are talking about exceptionalism. This is where you can be exceptional. In changing the way we do things. There is so much talk about the Sustainable Development Goals (SDGs). These will only succeed when Africa succeeds, because this is where the majority of poor developing countries are. Not only for this generation, but for the generations to come.

#### ***How can we assure that the African countries do not continue to lag behind?***

What is at stake now is public disclosure of what is happening in our industries ranging from transparency in contracts, accountability, country by country reporting and disclosure of who the real proprietors of companies are. I think the Nordics must be a good example when they come here as investors. This is very important, because this is what determines our efforts to reform. In the area of extractives everything is secret, and unfortunately everything is legal, so you can not sue anyone. The anonymous companies must disclose who the real owners are, so we know who we are talking about. But now most of these companies have no known owners and the names of the companies change all the time, so you do not know who owns what. All these things must change. This situation has created inequality, and this is affecting you as well. Inequality is one of the reasons why people decide to leave this continent, and a lot of these people are now trying to come to your countries in search for a better life.

#### ***The big discussion in the Nordic countries now is how to cope with the refugee crisis, and how to allocate money for this from our governmental budgets. How will the changes in Nordic development policy affect partner countries, such as Zambia?***

I think that we probably will be seeing less and less support to the very important work that they have done all along. But on the other hand I pray that we can start to talk about how we can still continue the cooperation beyond what we are doing right now, because we still need the support, albeit in a different way. We are not yet where we should be as a nation. Therefore, it is important to discuss how we can continue our cooperation in a different manner.

We understand that it is the intention of the Nordic countries to focus on the refugees, which is of course very important. But also it depends on how this is done. The refugee problem will grow bigger, because everyone everywhere, including on the African continent, are looking for a better life elsewhere. If we could find a way to make these lives better here, so that people are not running away to find better lives in your countries, it would help on the situation. If they could perhaps, instead of abandoning the work they are doing here, shift into how we



together can ensure that we on the African continent, and many other developing countries, can benefit from the mineral wealth we already have, it would be helpful.

***What will happen if the cooperation and the aid flows from the Nordic countries stops?***

There will be a need to continue the support at another level, in a different way. But I will be very sad if the shift is complete, if it comes to that we are not cooperating any more. Already some embassies are leaving because we are ranked as a middle income country, and they therefore think we can take care of our own issues. But even if we are defined as a middle income country, the benefits of these middle income countries are not going down to the people. The gap is widening; the inequalities are widening. Perhaps we can benefit from the knowledge and technology that would help us in determining our way forward, beyond aid.

Looking at the report of the African Progress Panel, led by Kofi Annan, it brings out the fact that we in fact have enough wealth here. In fact they say that twice as much money is getting out of our land than the aid coming to us. The problem is tax evasion, tax avoidance, and illicit financial resources. If there was a way of ensuring that this money will benefit us, we would not be needing aid per se.

The struggle now is how we can benefit from the money that we have, but that we cannot lay our hands on. Of course we acknowledge our own weaknesses here, in terms of governance issues and perhaps leadership. Nevertheless, I think we cannot solve it ourselves alone. We need the support of the Western world, in coming to a place where we can resolve this impasse on tax reforms, so that the money we have, that belong to us, the wealth we have, we can benefit from and redistribute. Then our relationship with the Nordic countries will be at another level. The good example we know on this field is Norway; they are using their oil money in a very good way. We would like to come to that level as well, where we can manage our own wealth properly. Our own government needs to put there acts together, but as for now it is impossible for them to do that, because there is so much influence that comes from outside us.



*Satu Hassi, Heidi Hautala and Pekka Haavisto are all former Finnish ministers of Development Cooperation and from the Green Party. Photos from left: Private, Private, The Greens*

# PROPOSED AID CUTS PUT FINLAND'S INTERNATIONAL REPUTATION AT RISK

**The Finnish economy would benefit from long-term international development work in protecting human rights, reducing inequality and fighting climate change. By cutting aid budgets Finland is increasingly distancing itself from the other Nordic countries, claims Satu Hassi, Heidi Hautala and Pekka Haavisto. They are worried about Finland's international role and reputation.**

The new Finnish government has announced heavy budget cuts in several sectors, including aid. This would inevitably limit Finland's international role and influence its security in a fast-changing world.

Development cooperation and humanitarian aid have proven to be efficient tools in combating poverty and responding to humanitarian crisis. The Finnish government is making a policy change at a time when the post-2015 development goals are negotiated in the UN and the international climate funding requires new resources. The need of the day is for more funding to international development and climate protection, not less.

**The need of the day is for more funding to international development and climate protection, not less.**

The new Finnish government aims to reduce the annual allocation by 300 million euros. This means a 40 per cent cut in all its aid to the world's poorest. The amount grows by another 70-100 million euros since the revenues from the emission trading scheme auctions are no longer to be directed to development. Finnish support to fighting poverty and climate change will collapse as the aid level of 0.6 per cent of GNI (gross national income) falls to 0.35 per cent. The change is historic.

Finland is increasingly distancing itself from the other Nordic countries. Sweden, Norway and Denmark have already reached the 0.7 per cent target suggested by the UN. While widening the gap with Finland's traditional reference group, the new government is throwing away means of genuinely participating in the prevention and mitigation of global crisis. It is easy to agree with Foreign Minister Timo Soini that crises should be prevented where they arise. Development cooperation and humanitarian aid are doing precisely that. Peace-building and Finnish NGOs have also been funded from the development cooperation budget. These are issues Finland is known for.

The European Union has set a target for its member states to increase aid appropriations. In early June 2015, Commission President Jean-Claude Juncker called it a scandal that some EU countries are reducing their funding under the pretence of the financial crisis.

Before the Finnish elections, development cooperation and its effectiveness were widely debated and criticised. An image was created of big, fundamental problems in the way aid is implemented and a shortage of real outcomes. The problem in the aid debate is that good news seldom hits the headlines. In the beginning of June, an independent evaluation of Finnish development cooperation gave strong recognition to Finland's long-term efforts that have brought about results. Finland has contributed to reaching the Millennium Development Goals (MDGs) by supporting access to potable water for 3 million people in Ethiopia. Funding for girls' education has helped to empower girls and women in numerous countries. Environment, education and human rights have been at the core of the work.

If the announced cuts of 43 per cent become a reality, they are so large that they may put an end to support to

NGO activity and bilateral aid. The long-term partner countries Tanzania, Kenya, Zambia, Mozambique, Nepal, Ethiopia, Afghanistan and Myanmar could be abandoned.

The cuts are planned already for this year and next. It will be difficult to implement these cuts in a rational way by assessing the merits of different instruments in only a few months.

Finland has prioritised aid to the poorest and most fragile countries. Another focus has been building up tax systems in partner countries. These are now being jeopardised.

We worry about Finland's international role and reputation. Development cooperation has been part of the positive image which has also helped the Finnish private sector and export activities. The Finnish economy would certainly benefit from the long-term international development work in protecting human rights, reducing inequality and fighting climate change.

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*[http://www.development-today.com/magazine/2015/dt\\_6/opinion](http://www.development-today.com/magazine/2015/dt_6/opinion)*

**If the announced cuts of 43 per cent become a reality, they are so large that they may put an end to support to NGO activity and bilateral aid.**



**INTERVIEW:**

*Erik Solheim is chairman of the OECD DAC (Development Assistance Committee). He is also former Norwegian Minister of Environment and Development from the Socialist Left Party. Photo: Norwegian Ministry of Foreign Affairs*

# PUNCHING ABOVE OWN WEIGHT CLASS

The distinctiveness of the Nordic countries has given them a good reputation internationally and they have therefore for a long time been able to “punch above their own weight class”. Drawbacks on development aid is unwise, states Erik Solheim, who encourages the Nordic countries to take a lead on the Sustainable Development Goals (SDGs). The only thing hindering that is political will.

***Would you define the Nordic countries as exceptional?***

Exceptionalism is a strong word; it creates an image of the Nordics being outstanding in the world, and it is not the word that comes first to me when describing the Nordics. But there is no doubt that they are distinctive. This distinctiveness is among other things defined by low economic inequality, a high level of gender equality and a strong social democratic dominance, that even conservative governments have not challenged. In addition, the Nordics – at least Norway and Sweden – have shown a great willingness to donate development aid and to take lead in global processes, in relation to how small they are. But none of these characteristics are exclusively applicable to the Nordic countries, that is why I am hesitating to call them exceptional. But they do stand out.

***What has this distinctiveness facilitated for?***

It has given the Nordics a positive image. Internationally, the Nordic countries have had many good friends, and few enemies. They have been looked upon as harmless, and therefore capable of taking the lead on several issues, without threatening other countries’ interests. Because of this, they have been elected into many leading positions – there is no doubt that their positive reputation has benefited them. There are a range of other European countries, with far bigger population and economy, that are far less visible in international processes than the Nordics are.

**Nordic tourists are received well, our business is looked well upon and gets access, and politicians get a “longer red carpet”.**

***What have they earned from their good reputation?***

Their good reputation has caused a situation where they are welcomed in most countries. Nordic tourists are received well, Nordic business is looked well upon and gets access, and politicians get a “longer red carpet”. In countries with a poorer reputation all these aspects become more complicated. This does not mean that there are no challenges, but these challenges are easier to overcome.

***Globally, the Nordics are small countries. Would you say it is their positive reputation that has given them the weight they possess internationally?***

I think that would be a correct statement. They are definitely more important than their population would imply, there is no doubt about that. The Nordics have far more international positions than many larger countries, and play an important role in leading international processes. Of course this is not to say that they are like the US, China or other leading powers, but they are clearly important. As the Americans like to put it: The Nordics punch above their own weight class.

***Would you say that this distinctiveness, or exceptionalism, has changed?***

In my opinion it is more important to ask how it can be continued. The most important question after the launch of the new development goals is leadership; who should lead the world. The Nordic countries are well positioned to lead. They have minor problems at home, in comparison to most other countries. They possess a lot of capable politicians, a competent civil service, strong NGOs and there is a general acceptance in the population for

international leadership. The Nordic countries should be asking themselves how willing they are to lead. There are a range of global issues that can not be led by Xi Jinping or Barack Obama, but that has to be led by others. Few countries are as capable as the Nordics are. But it will of course become more difficult for them to take the lead if they expose xenophobic attitudes their own countries, or significantly cut down on the ODA. Such attitudes will imply that they get less trust internationally.

***If the Nordics cut the official development assistance (ODA) significantly; what consequences will it have for their global reputation?***

We need to remember that so far only Denmark and Finland have cut their budget on ODA, whereas Norway and Sweden have decided to reallocate a part of the ODA budget to use on receiving refugees at home. These are money that could have been used on aid to Africa or contributions to the UN. It is important to distinguish between the two, they differ. Even though the latter is in line with the regulations, in my opinion it is unwise.

***Why unwise?***

Because the current refugee crisis more than anything makes it obvious that we are in need of a more well organized world, which the UN may contribute significantly to. In this context it is not wise to cut down on the contribution to the UN. We are dependent on making sure that the differences in the standards of living do not become too big between Africa and Europe. The awareness of this huge gap makes it tempting to migrate. If the Nordic countries do not contribute to close this gap, they are shooting themselves in the foot.

There are a range of global issues that can not be led by Xi Jinping or Barack Obama, but that has to be led by others.

***You have long personal experience in representing Norway internationally, both as a diplomat and as Minister for Environment and Development. How has your experience been; have you benefited from Norway's positive image?***

I am tempted to say that we, as Nordics, generally are almost received better than we deserve. By that I mean that we most of the time are welcomed with open arms, anywhere. Of course from time to time I have been critically questioned about whether we as a nation contribute enough. Why we do not choose to use a bigger piece of The Oil Fund to create development and poverty reduction, or invest in the environment or renewable energy. But such questions are expected and legitimate. Generally, we get to meet leaders at high levels. As Norwegian minister I got to meet state leaders almost everywhere I travelled. In comparison it is rare for an African minister to get a meeting with our prime minister.

Meetings at high levels are of course often tied to state interests, so in cases where Norway or the Nordics can play a part for other countries, the interest in meeting up is of course higher. Norway has for instance participated in peace processes in countries such as Sri Lanka, Sudan, Nepal and Colombia, and in these instances you get access at extremely high political levels. The same goes for cases where the Nordics can contribute financially or with investments.

Few countries are as capable as we are. This all comes down to mobilizing political will and say: "Let's do it!"

***If the Nordic development policy changes, will we put at play our impact at the international level?***

There is only one answer to that: Of course. This is well illustrated by a letter the Swedish foreign minister Margot Wallström wrote to the Ministry of Finance in Sweden, where she stated that Sweden could forget their candidacy to the Security Council if they went through with reallocating money from the ODA budget for use on domestic issues. I believe she is right.

There is no doubt that a persistent decline in

ODA from the Nordic countries to the UN, other international countries and to poor countries will matter for their reputation, their image and their international political breakthrough.

***You say that the Nordic countries are well positioned to take leadership internationally, but on what fields should they step up?***

Among the 17 Sustainable Development Goals there are several of them screaming for global leadership. I will give you three examples. First, we need a global coalition for better teachers. Today almost all children have access to education, but the quality of the education varies a lot. Among other thing this has to do with lack of competent teachers. The Nordics could take lead in such a coalition, as education is an important issue to us.

The second is Sustainable Development Goal number 14 – protecting the oceans – that so far has no clear leader. The seas are among other things threatened by climate change and overfishing. Norway and Sweden are fishing nations, and all the Nordics have a long coast line. If they could create a coalition on the worlds oceans similar to the one created on rainforest, it could create an international breakthrough.

Lastly, the Nordics should increase their positive investments. The Swedish and Danish pension funds have signaled that they want to increase investments in poor countries. If the Norwegian Government Pension Fund (better known as the Oil Fund) could give similar signals on investing on renewable energy, such as wind-, solar- and hydropower, it would be good. The Nordics may contribute a lot in this field. They are capable of conducting such investments, so why Norway does not go through with it is hard to understand. If other funds followed us on this, it would have a huge impact. The Nordics should take a lead on these kind of investments.

***Do you believe the Nordics will step up on these issues, and take global leadership?***

It all comes down to one thing: Political will. Nothing but political will is hindering this. There is no reluctance in the Nordic population against taking the lead on the three examples mentioned above. Nor are there any political or economical interests that should hinder it. This all comes down to mobilizing political will and say: "Let's do it!"



*Poul Engberg-Pedersen<sup>1</sup> is member of the expert group on development policy in the OECD. He is also former director of the Norwegian Agency for Development Cooperation (Norad). Photo: Private*

# EXCEPTIONALLY IMPORTANT: NORDIC DEVELOPMENT COOPERATION TOWARDS 2030

**There is a need for a new political narrative in international development cooperation, states Poul-Engberg Pedersen. The narrative should reflect the long-term interests both of Nordic societies and of the weakest societies around the world, but also point to effective solutions to concrete global challenges that are felt as real problems for the people at home and abroad.**

## **NORDIC EXCEPTIONALISM IN POLITICAL LEADERSHIP?**

Nordic exceptionalism as 'the good guys' of development cooperation vanished years ago, if it ever existed. But far from fading, Nordic development policy can be exceptionally important in the coming years. It is simple, really: The 2030 Agenda for Sustainable Development requires active political and social leadership of the enlightened type that characterized Nordic development cooperation over the decades.

**Common but differentiated responsibilities are a well-known tradition of Nordic welfare societies: Place the heaviest burden on the broadest shoulders. It is needed now more than ever in the governance of global challenges.**

The Nordics were not exceptional in altruism, poverty focus, or transfer of ownership, nor were they really a Nordic block. Sweden's and Finland's development policies had clear geo-political objectives; Norway's development policy took the lead in various fields under Norway's international engagement as a non-EU member; and Denmark's development policy has been pragmatic and solid (until now). Overall, they have shown good leadership, pushing soft, consensus-oriented power in international politics and providing space and support for the least developed countries and their people. There is high demand for this in the future.

The 2030 Agenda for Sustainable Development, adopted at the UN by the world's nation states, presents a universal agenda for soft power leadership. *International development cooperation and policies* are needed at the cross lines of poverty eradication, provision of global public goods and sustainable development. Rich, small, open economies and societies like the Nordics, with a welfare model to protect and develop, have long-term national interests in the successful implementation of the 2030 Agenda. Without political, social and financial stability and a sustainable world economy and society, the first societies to be hit will be the least developed and fragile countries, but open societies like the Nordics may be next in line, since the Nordics may have less resilience than larger, more self-contained economies and societies. However, pushing the 2030 Agenda requires exceptional, long-term political and social leadership, which may be in declining supply.

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<sup>1</sup> *The views expressed in this note are personal and based on my earlier work on the development policies of Denmark and Norway. They are not related to my current work at the OECD's Development Co-operation Directorate, Paris.*

## BEYOND AND ABOVE POVERTY ERADICATION

For decades, poverty reduction was the official motive behind development cooperation and the main element in providers' policy narratives. Poverty is still an unacceptable phenomenon of today's world, both in its extreme, material form and in the continued, multi-dimensional poverty felt by billions. The degree to which poverty reduction was emphasized jointly with political and economic interests, such as geo-political stability or commercial ties, varied from one provider's policy narrative to the next, also among the Nordics. Today, poverty eradication remains the overriding objective, while sustainability has moved up the list of international policy narratives.

The sustainability agenda brings in global public goods such as climate change mitigation and political stabilization. It also brings tension around governance and financing: The principle of *common yet differentiated responsibility* has dominated policy narratives in the environmental field and could and should be applied more broadly for the 2030 Agenda. This will happen only with political leadership. The demand for *additionality* in resources for global public goods and risks, notably for climate finance, may be on the way out. It played a minor role in the *Addis Ababa Action Agenda* (AAAA) on Financing for Development. Both providers and recipients of ODA (official development assistance) recognize that there are no firewalls in the supply of ODA (public taxation) and in its use (for integrated sustainable development). Still, donor governments like the Nordics and other members of DAC (OECD Development Assistance Committee) are only gradually updating their policy narratives to the changing world.

## A NEW POLITICAL NARRATIVE ON INTERNATIONAL DEVELOPMENT COOPERATION

A political narrative for development cooperation is a statement of the basic motives for and the desired strategic direction and results of development cooperation. The narrative is political and is used as a tool of communication with citizens and as a framework for accountability. The narrative is also an operational guidance for priority-setting, planning, implementation, monitoring and evaluation of development cooperation.

Each Nordic country should pursue its own priorities – opening up for domestic debate to enhance the political support for international engagement.

Some large donor countries have always acknowledged that the poverty reduction rationale for aid coincided with their geo-political and commercial interests. National interests were openly discussed in Parliaments when the aid budget was considered. In Nordic countries, a goal hierarchy was formally adhered to, with poverty reduction, human rights and cross-cutting issues (gender, environment and ownership) coming before commercial and geo-political considerations. Over the years, this narrative was retained in political communication and partnership dialogues, whereas budgeting and operational decision-making took in the wider concerns. A gap has emerged between political narrative and reality.

## POLITICAL RESPONSES – CUTS OR LEADERSHIP

This gap has become a challenge to policy-makers in provider and partner countries for development cooperation. In provider countries, citizens may still support the overriding poverty reduction rationale on humanistic grounds, but they may have lost confidence in its achievement through aid. The political response may be of four different types:

1. **Cutting:** With only lukewarm support in their constituencies for the dominant policy narrative, politicians may feel tempted to cut ODA, reallocating resources for different political purposes or even for tax reductions.
2. **Shifting:** With pressures building from other global challenges, notably climate change, migration and political instability, politicians may feel justified to use ODA also for non-developmental purposes, including global public goods.
3. **Adding-on:** With the flexibility of ODA as a policy tool and a pool of resources, the tendency is to incorporate more goals and the risk is to oversell development policies, as is arguably the case with the 2030 Agenda for Sustainable Development.
4. **Leading:** With a desire for impact and a capacity to focus and prioritize, governments may select the areas where they can mobilize resources to lead multi-stakeholder partnerships that reach from the global to the local.

## TOWARDS A POLITICAL LEADERSHIP NARRATIVE FOR NORDIC DEVELOPMENT COOPERATION

What would a Nordic leadership narrative for international development cooperation look like? It should reflect the long-term interests both of Nordic societies (political, social and financial stability and sustainability) and of the poorest people and weakest societies around the world (poverty eradication and sustainable development). It should also point to effective solutions to concrete global challenges that are felt as real problems for the people



at home and abroad. The political narrative should address at least four critical issues:

### **1. Reduction of poverty and broader risks in the least developed countries and fragile states**

Contrary to the current trend of reducing the share of ODA going to the least developed countries and the vulnerable and fragile states, these are the situations, where ODA still plays a major role financially. The counter argument, of course, is that these are also the situations where ODA has had the least success, and where results are the most difficult to achieve. These 60-70 countries, with perhaps a billion people, remain highly dependent on ODA. Out of solidarity and humanitarian concerns, the political narrative for development cooperation should emphasize these countries. The interests of the international community are clear in avoiding political and economic collapse, resulting in migration, refugees, undemocratic political movements, illicit financial flows, corruption, diseases, etc.

Development effectiveness in fragile situations requires a strong donor presence (with the right skills and insights) at the country level, though preferably coordinated across donors. Despite limited success with such co-sharing in the past, the Nordic countries could very well share the costs of such political, institutional and professional presence in perhaps ten of these countries. The development priorities could, in addition to stabilization, draw from the sectors and issues on which these fragile countries are particularly vulnerable and where solutions will also provide global public goods.

### **2. Contributing to global public goods**

Two changes have pushed for the provision of global public goods to be included in the political narrative for development cooperation. Firstly, the global nature of recent and current crises has become evident to citizens and policy-makers. This was clear in the financial crisis of 2008-2009, which hit everyone in a few days and weeks whether or not they were part of the cause. Climate change is the standard case of a problem caused by industrial countries and felt most immediately by the weakest countries and populations. The current refugee and migration challenges in Europe are a third example of a problem in need of global solutions and international cooperation.

Secondly, the global and public nature of the solutions to these crises calls for international public action and regulation, i.e. stronger political and economic governance. The neo-liberal market, enhancing solutions that were seen as adequate only a decade ago, are now seen in need of international regulation. An example is the Addis Ababa Action Agenda for Financing for Development, which – relatively speaking – is permeated by a desire for international regulation.

**The Nordic countries should take a lead in upgrading the results framework of their international development cooperation.**

Common but differentiated responsibilities are a well-known tradition of Nordic welfare societies: Place the heaviest burden on the broadest shoulders. It is needed now more than ever in the governance of global challenges. The Nordics can only do so much and should focus on those global problems that have the greatest impact on the least developed and fragile states, at least when it comes to the use of ODA. For example, Norway's highly innovative support for REDD

(Reduced Emissions from Deforestation and Forest Degradation) was and is fully justified as a climate change intervention (and therefore of benefit also to Norway), but has found it more difficult to prioritize the least developed and fragile countries, because it has to go where the rain forest is (Brazil, Indonesia, etc.). Efforts to halt the movement of refugees and economic migrants will be demanding and highly selective at the same time, which means that they should not be the overriding political narrative (as seems to be the case currently in Denmark).

Including global public goods in the political narrative for development cooperation is country-specific. Each Nordic country should pursue its own priorities – opening up for domestic debate to enhance the political support for international engagement. The political narrative should strike a balance between poverty reduction and global public goods provision, recognizing that both are in the long-term national interest of the Nordic countries. The scope for using ODA catalytically to mobilize private sector investments through multi-stakeholder partnerships may be easier vis-à-vis global public goods. The focus must remain on the development goals of ODA, which means that the government must remain accountable for the results of development cooperation.

### **3. Operationalizing the Sustainable Development Goals (SDGs) targets as the results framework of development cooperation**

Building on the Millennium Development Goals, the SDGs address also political issues of equality, global challenges of climate change, structural aspects of infrastructure and governance, and paradigmatic challenges of wasteful production and consumption. The universality of the SDGs is a political challenge also to the Nordics,

where politicians and citizens will have to argue if and how the SDGs apply to the Nordic societies. The advocacy potential of the Goals has been globalised through the SDGs.

The Nordic countries should take a lead in upgrading the results framework of their international development cooperation. Adopting the approximately 110 outcome targets of the SDGs (disregarding in this context the approximately 60 process targets out of the total 169 targets), the Nordics could achieve the following benefits:

- The results to be achieved through development cooperation will automatically be joint with partner countries in the global South, since these have also adopted the SDGs.
- Monitoring of progress against these outcome targets in developing countries will be substantive, meaning that the politicians and people of both provider and partner countries can have an enlightened debate on progress in the world.
- The citizens of Nordic countries can, due to the universality of the SDGs, directly compare their own 'level' and progress with that of people in partner countries on the same indicators. Again, this enables a much more enlightened political debate.
- Politicians in provider and partner countries and bureaucrats in the mushroomed institutions of international development will be held accountable for progress towards the same results.
- The results claims of 'attribution' to success by many donors will be replaced by realistic claims of strategic and catalytic contributions to partnerships that ensure progress.

#### **4. A 'whole-of-society' approach to sustainability at home and abroad**

The development agencies (ministries of foreign affairs, development directorates, civil society organizations, multilateral agencies, etc.) that are fit for such a future will have to work together across levels of government, international borders, and public-private sectors to achieve the SDG outcome targets at home and abroad. In fact, three contexts are involved: domestic (sustainability in the Nordics); the weakest and most fragile developing countries (through international development cooperation); and the provision of global public goods to reduce planetary risks.

Old – and somewhat fatigued – concepts like 'policy coherence for development', 'multi-stakeholder-partnerships' and 'whole-of-government approaches' will get a new urgency or be replaced with new ways of collaborating, driven by direct public partnerships, the private sector and/or social movements. The development agencies of the future will have to be stronger in a political and operational role in the context of fragile situations, but less operational and more catalytic in all other corners of international development cooperation.

#### **CONCLUSION**

Do the Nordic countries have the *political leadership* and the *societal engagement* to transform their own societies for the 2030 Sustainable Development Agenda and to lead the world towards (some of) the SDGs and their outcome targets? The answer is certainly blowing in the wind. The national interests and the capacities and resources are there, but clearly such a path competes with the short political re-election cycles and with the inclination of some Nordic leaders to 'free-ride' under the global leadership of stronger powers.

A starting-point has to be a new political narrative on the need for international engagement, a narrative which is honest and mobilizing, and which avoids overselling the potential impact of aid. This would be true Nordic exceptionalism and leadership.



