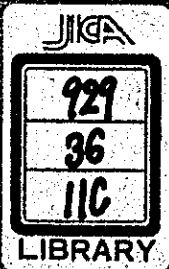


IFIC INTERNATIONAL SEMINAR REPORT 1989-04

# INTERNATIONAL COOPERATION BY SWEDEN

12 SEPTEMBER 1989, Tokyo



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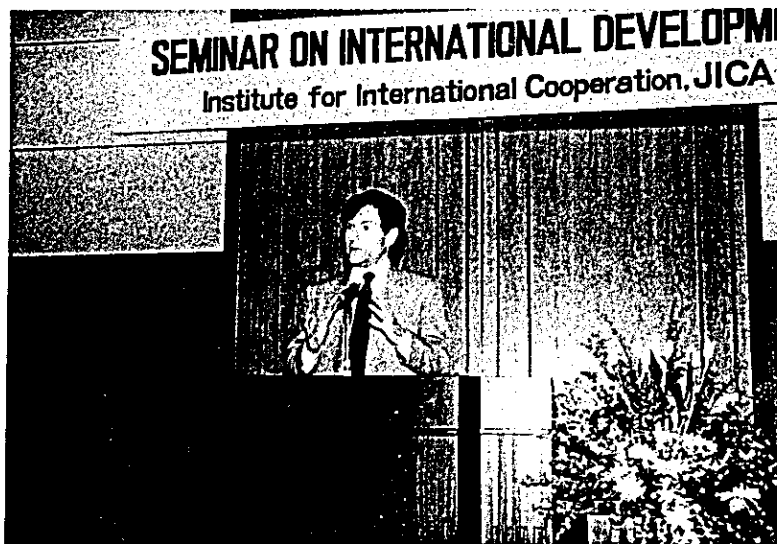
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INTERNATIONAL COOPERATION BY SWEDEN



Mr. Söderbergh



Mr. Tham

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## Opening address

Good afternoon, ladies and gentlemen. Today we are honored to be able to welcome Mr. Söderbergh, Undersecretary of State for International Development Cooperation at the Ministry of Foreign Affairs, and also Mr. Tham, who is Director General of SIDA, Swedish International Development Authority, to this lecture. We'd like to thank all of you for coming to attend this meeting. We'd also like to express our heart-felt gratitude to the two gentlemen, Mr. Söderbergh and also Mr. Tham for kindly agreeing to talk at this meeting. And the International Cooperation Center has continued to invite many specialists on developmental issues, from both developed and developing countries.

We have had opportunities to discuss these various topics, and just in 1989 we have just invited Dr. Messier, who is director of policy coordination and development division of CIDA, Canadian International Development Agency, and also Mr. Allison from the John F. Kennedy School of Harvard, Dr. Parkins from the Harvard Institute for International Development, and we've had Dr. Stifel from the IITA, the International Institute of Tropical Agriculture.

Today we have this opportunity to hear about what is going on in the Swedish international development and cooperation. In Sweden the National Parliament will pass decisions upon the major objectives of development, the first being economic growth, the second being the achievement of economic and social equality, the third being political and economic independence, the fourth being democracy, and the fifth objective being protection of the environment.

These, we understand, are the five pillars of Swedish economic cooperation. The environment, of course, is something they do not have to talk about. We are all aware of the importance of this global issue that concerns the developing and also the developed countries of the world today. In JICA as well, we created a special committee which draws from academics



and diverse other experts who will just be tackling environmental issues and the concerns that we should address in our projects. Our basic philosophy and our thoughts have been already accumulated and we have formulated a report. And so, with this in mind, we are looking forward to Mr. Söderbergh's talk which is titled "Development and Environment in a World of Interdependences", which we feel is just right for the issues we are most interested in at present.

Concerning the Swedish International Development Authority, as a counterpart organization, JICA itself has already sent missions to find out the ways in which SIDA implements their policies, programs, the organization and the structure of the SIDA authority itself. Today we'll be able to hear the director general, Mr. Tham himself, speak on the topic of donor's support and implementation by recipients. In other words, the role of recipient countries in development projects. We look forward to the talk that will be able to give us a great deal of information about SIDA's experience. The importance of dialogue between the donor and the recipient country is something I do not have to point out. But I feel that of particular importance is the exchange of information between the advanced industrialized countries, the exchange of opinions, and that this should be an important part of effective and a realistic implementation of governmental aid. So with this in mind, I feel that today's lecture is going to be of extreme importance to both Sweden and Japan. We also look forward to your active participation in the question and answer session. And we'd like again to thank you for your interest. Thank you very much indeed.

Kiyoshi Kato  
Director,  
Institute for International Cooperation, JICA

# Lecture I

by Bengt Säve-Söderbergh

● BACKGROUND

Bengt Säve-Söderbergh

Date of Birth :	July 23, 1940
Education :	1960—1961 University Studies at Union College, Schenectady, New York
	1965 Master of buisness Administration (MBA) at the Stockholm School of Economics
Professional work :	1967—1970 The Swedish International Development Authority (SIDA)
	1970—1976 Head of section Department of International Development Cooperation at the Ministry of Foreign Affairs
	1976—1978 Research Secretary at the Swedish Trade Union Confederation (LO)
	1978—1985 Secretary General of Arbetar- rorelsens International Center of the Swedish Labour Movement
	1985— Undersecretary of State for Inter- national Development Cooperation at the Ministry of Foreign Affairs
Other Assignments :	1983— Chairman of the Board—The Ethno- graphical Museum of Sweden
	1985— Governor of the Asian Development Bank and the African Development Band

Lecture I

CHAIRMAN So now we have lecture by Mr. Säve-Söderbergh.

SÖDERBERGH Dear ladies and gentlemen, it's a great honor to be here. We are on the first formal consultation between Swedish government and the Japanese government on development cooperation. And we are very honored to be here in your beautiful country, and also to have these very important discussions on questions which are coming to be more and more common interest and common concern to us all.

One may say that Sweden is a country which is a little bit bigger than Japan in size, but with a population much smaller than that of Japan. One may ask if we really have to consult on problems that are far away from both Japan and Sweden. Yes, I think that's obvious, and I'm going to give a number of reasons for this. I'm also going to talk a little bit about how Sweden's development cooperation with poor countries developed. How it grew and where we stand today. I will only, of course, have the opportunity to touch upon some of the important issues. But I know that after Mr. Tham and myself have spoken, there will be an opportunity for discussion to raise questions, and we are very pleased to answer any questions you may have. It may be a little difficult to understand exactly the questions that are of primary relevance to you when we are together like this. We are especially honored to be here, as Japan's involvement in the Third World is becoming more and more important. We are seeing, with great joy, that Japan is increasing its involvement not only in terms of ODA but also in terms of quality of aid to the Third World. We know also from our experience, and I think Mr. Tham will come into this much more. Aid is something that must have failures, because otherwise we wouldn't be working. Aid is always change, in that means. If one would just try to do the projects that were totally safe, it would be not risky enough and you would not get those changes. So when you feel that those interested in what you are doing in aid are criticizing, that's very good. But those critics must also know that we are probably in the first phase of a long term historical development which aid is one of the important aspects of this world becoming one. When we make mistakes, we will have to try and meet each other, with different

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cultures and different ways of thinking, but still knowing that mankind is becoming one, much more than before.

We feel, in Sweden, that basically aid and development cooperation has a moral ground. When we preach and when we talk in Sweden about development, we talk very much about solidarity, how we can jointly see to it that the fruits of development in Sweden should benefit everyone. Sweden is a country which has always put the highest emphasis on full employment, and Sweden is one of the countries in Europe which has attained full employment. There is no unemployment in Sweden at this stage. This is not the result of market forces. It is the result of a conscientious policy of solidarity. It would be very strange to have a solidarity policy which stopped right at the border of Sweden. So that we would see it, ourselves, in isolation from the rest of the world, and we would just care about Swedes.

I think such a view would be becoming more and more strange as time goes by. Sweden is a country which used to be very, very poor. About one hundred years ago, Sweden was one of the poorest countries in Europe. We even had famine in the 1870s. Through a combination of policies and resources, we became one of the richest countries in the world. And our wealth and economy has been based very much upon trade. More than fifty percent of products in Sweden go on export. So there we have one very close link with the rest of the world. In modern times, in the last 10 or 20 years, many Swedes go abroad. We live, as you can see from the map, very close to our neighbors, foreign countries and as you know Europe consists of many, many countries with different languages. So maybe that proximity makes us quite familiar with mixing with peoples of different nationalities. This is also something which we want to foster. I have been in Australia this year, to take one example, and I have seen many, many Swedish youngsters travel cheaply to Australia, and they hitchhike and they do lots of things. And they gain a broad experience. They don't see all the things. They may have fun, and may do all kinds of things. But I think it's very important to have the opportunity of traveling abroad when you're young. I think that's also one of the best ways to really get to know your own society. One tends, at least from my own experience, to take certain

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things for granted. I think that possibly goes here in Japan, too. Some of the older people know how they had to toil and work very hard to achieve the standards reached today, whereas some of the younger people think this came from heaven.

They also learn several languages at school. I'm mentioning this because this is another aspect of our one world. Of course, the whole communications network, how we get the news right into the living room is a third one. Now all these things seem very pleasant, and they give a lot of opportunities: we can go on vacation, we can do all kinds of things. But when we talk about aid, of course, as I said, the basic reason is moral. We think that humans from different parts of the world should have the same value. We know we have not achieved that; it's a long term thing. But this is a long term or object purpose to work for, and a result of what we think. It is just right to have a large volume of aid. In this spirit, 20 years ago in broad unanimity, the Swedish parliament decided to set aside one percent of the Swedish gross national product for overseas development assistance. And that goal was achieved 15 years ago, and since then we have been one of the countries exceeding the United Nations goal of 0.7 percent. There are four countries that have done it, and we hope there will be more in the future.

But what has happened, I think, in the recent years is that this "one world" concept, or interdependence, has become a much stronger reality than before. Before, it was a more theoretical concept, but now it's becoming much more of a reality. I don't think everyone has really seen how much we are interdependent on each other in the world, but it's becoming more of a fact. I think the biggest worry that people feel in most countries is the risk of war. To attain peace, to solve problems, to solve conflicts, through negotiations, through talks, is something I think every one of us would prefer to having a military conflicts.

And what we have seen now, in the very recent years, is the "detente", which is looked upon as something very positive. The other side of detente is that many regional conflicts in the world seem to be in the process of being solved with peaceful means. The United Nations has been

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allowed to play a more prominent role. And some are discussing how we secure this peace through negotiations and peace treaties. But I think some of us will look behind beyond the corner, and see what is causing those conflicts. And we will see that social and economic problems are the reasons in many cases. Not all the reasons, but at least part of the reasons. And I think we have also come to the conclusion that countries making economic and social progress are in a bit better situation to solve problems peacefully. It is very often that countries which have lost the faith in the future, groups of people who have lost the faith in the possibility of solving conflicts peacefully go to war. So what we are trying now to do is to see if the concept of making peace can be made broader. Can we secure a more long-term peace through economic and social activities and cooperation? Some people talk about not only peace-making but also peace-building; that is, through development assistance, through development cooperation, we could possibly also contribute to a more peaceful world, and thereby also securing peace for ourselves. We can never be quite sure whether a conflict in one part of the world could spread like a fire in another situation, and become a challenge to the developments, theoretically at least, in both Japan and Sweden. So, by being active in this peace-building process, securing the basic rights of human beings in other parts of the world, we are securing a better life for ourselves, too.

I think that's one example. Another example is, of course, the complex nature of economic relationships. We know that big companies in many parts of the world have to be able to secure a very, very strong economic cooperation. We know that countries' economies are much more linked to each other, and we know that the developments, the economic developments in one country, very strongly affects the economic and social developments in other countries. Now, of course, if we think of how we can use this phenomenon to secure a better situation in the fight against poverty in the world, one could say that many developing countries in Asia have made tremendous progress in the 1980s. But we can also see that countries in Africa and Latin America, during the 80s, for a number of reasons, have stagnated. Some of them have even gone backwards, thereby also jeopardizing

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democracy in Latin America and the survival in Africa. Now, in the long term, if these economic developments could be steered, so to say, to cause a stronger demand in the poor regions, that would also secure jobs in the richer parts.

There is an institute in Washington that made a calculation about the effects of the Latin American debt situation on the economy of the United States, and they calculated that during the 80s, the US had lost one-and-a-half million jobs because of the debt situation in Latin America. They calculated that on the basis of trends. Because these Latin American countries could not buy goods, they did not have the money to buy the goods that they used to do. So the debt situation in Latin America had a very negative effect on the United States.

These examples can be multiplied, but I sometimes think, if we moved some of the demands to the poor regions of the world, these people would feel better. We would also have a more diversified economic situation, and demand situation in the world. And I think that would also be good for most of the economies in the richer part of the world. Now these things also show possible; it is possible to do something about the poverty problems, the underdevelopment problems, that these things are in our interests.

The third issue is one that is being discussed in a conference these days in Tokyo; whole issue of environment and development. I think that's the most obvious example of our interdependence. People used to say before that the security of nations mostly depended on how the relations to other nations were being handled. In the future, maybe the biggest threats to security will not come from foreign enemies, so to say; they may come from the enemies within, from ourselves. We may be our own enemies if we don't behave in terms of the environment, because the problems of environment, as you well know, is to a large extent caused by ourselves. So we have to become friends with ourselves. We have to do a lot of things in our own countries and we have to do it jointly. But I would just like to stress in this instance one factor, which is very important not to forget.

We will deal with the ozone problem, the climatic problems, and other problems of global concern. But it may be easy for some people to forget



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that. As the Bruntland Commission, the World Commission on Environment and Development said in the Third World, poverty is the biggest environmental problem. I have used the argument that I think can be used anywhere in the world: in Europe we feel that the climatic changes are a threat, and we try to look where they come from. At least, one of them comes from the Sahara. The Sahara is becoming bigger. So we try to analyze why this happens. Well, we see that some of the poor ladies are picking wood in the Sahara in order to cook their food for their families. So these poor ladies are a threat to the climate in Europe. So what do we do? Theoretically, we could send a delegation to the Sahara to tell these ladies to stop cooking food. I don't think that would be a very good alternative. So what other alternative do we have? Well, to look at their situation, we must contribute to making other available forms of energy for them. And we must involve the whole question of development. Under the present circumstances, that cannot be done in any way other than development assistance. So, one could say that we have to do something with aid, in order to create a better world not only for these people living in the Third World but also for ourselves. So, the common responsibility, the common threats, have to be met by common action. Many examples could be made, but this feeling of common threat and common opportunity are growing at least in our parts of the world, and I just wanted to tell you a little bit about this.

The Swedish aid developed, from the beginnings of the 60s, from the missionary concept of solidarity and charity. These things which I've been talking about and which you already know about are things which are coming more and more to peoples' minds. And I think you could rephrase it because some countries and some people ask that they can afford the development assistance. Now I think with this knowledge which we all have, you could rephrase the question and say that we really afford not to act. Isn't it a bigger threat to our survival that we don't do those things that scientists and others have told us to do to secure our own survival? So really the whole issue of development assistance becomes a much more complex issue, but it still serves the same purpose, saying we have to do it. We can not afford to stay passive. We cannot just stay at home and passively look at

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what's going on across the borders. We have been in the fortunate situation in Sweden of having an aid program which was very much demanded by popular movements. In English they say "non-governmental organizations". I find that a funny word. I happen to work in government or a non-private organization. I would say a popular organization. We also have connected to this. The political parties took this on, and so the Swedish national popular organizations are very much involved in our program. When Mr. Carl Tham speaks here in a few minutes, 20 percent of SIDA budget is channeled through the popular organizations. And what I mean by popular organization is basically ones that have a national program. Those are the ones that were very active in creating democracy in Sweden. Those were the ones that defended the rights of farmers, of workers, of disabled people, and they also want to work internationally, because they are also more and more coming to think that their own interests as ordinary citizens, their concept of solidarity or whatever, dictate that they work internationally. That's why they are in principle strong allies in the struggle for this international solidarity concept. Of course they sometimes criticize us in the government, but they are given both information and money by the government, and they are involved in projects. Concerning experiences of either good or bad, Swedish SIDA or other organizations have had it. So they know that it's not so easy. You cannot reap the benefits in very short term if you want to see sustainable results.

Sweden's aid program gives priority to poor countries. This is the thought in line with this whole solidarity concepts. Of course we are always victims to more problems. We have a high concentration, and Mr. Carl Tham will go into this. In Southern Africa, the poorest and most war-stricken region, we strongly support Anti-Apartheid movement in South Africa. We have for many years given open, civilian support to the liberation movements, ANC and SWAPO. This has strong support in the public opinion in Sweden because people feel Apartheid is one of the worst of all the old unjust things. With the concept, with the following of United Nations resolutions, we are openly defying the South African government. Otherwise we respect foreign governments. But in terms of Apartheid, we do not apply the same diplomatic

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procedures. We have given a strong emphasis on the United Nations or multilateral organizations. Why? Well, because we feel Sweden is one of many countries which are not very strong in terms of global power, economic or political, we feel that is the only way to have a right to say, for us as well as all the nations of the world. So we must work in the international organizations. Now of course that's much more complicated to agree among 160 nations, it's easier to agree among seven nations. But we feel the rest of us also have a right to say. So we give strong emphasis on this.

The other reason, of course, being that if we all concentrate on bilateral activities, some of those poor countries will have no time but to receive delegations from all these countries. We want to solve some of the problems jointly, we think we should give a better opportunity to the United Nations, the World Bank, and so on. Now, I would say that in Sweden, we have a history of 25-year development assistance. We have had some successes, we have solved some problems, and we know what is more important than aid problems or aid issues. There are much bigger issues that affect the overall development. That is not to underestimate aid, but we know that we are in a historical process which national boundaries is becoming smaller and smaller. We have to cooperate, and I see this as just the beginning of a much longer process in the history of mankind. Unless we do it, we will have no opportunity to solve both the problems of very poor people and the problems of our own countries. Thank you very much.

## Lecture II

by Carl Tham

● BACKGROUND

Carl Tham

Education :	1969	University of Stockholm (MA)
Professional work :	1967—1969	Political Assistant to the Leader of the Swedish Liberal Party
	1976—1978	Undersecretary of State for Coordination
	1978—1979	Minister of Energy and Coordination
	1979—1981	Adviser to the Minister of foreign Affairs
	1981—1982	Undersecretary of state for Inter- national Development Cooperation, Foreign Ministry
	1983—1985	Director General of the National Energy Administration
	1981—	Director General of SIDA

Lecture II

CHAIRMAN Thank you, so we continue the next lecture by Mr. Tham, Swedish International Development Authority. Director-general Mr. Tham, please.

THAM Thank you very much. It's a pleasure to be here to talk to you, who are dealing with and interested in development issues. I will say a few words on the scope, the volume and direction of Swedish assistance in addition to what Mr. Säve-Söderbergh has just said. I will discuss a few what may I call structural problems of assistance, problems which are embedded into assistance as a system, and I will conclude with some points what can be done to improve the quality of assistance. Maybe you could say that I will talk about the possibilities but also the limits of assistance in the development process.

Now to start with, the Swedish assistance is, as has been said here, one percent of the GNP or more correctly the national income. That means today roughly 12 billion Swedish crowns, which is equivalent to a little less than 2 billion US dollars. Well just to compare, if Japan had the same percentage in relation to the GNP, the assistance, the ODA of Japan would be somewhere around 30 billion US dollars, quite a lot. Now, out of that 2 billion US dollars, roughly one third is directed to the multilateral cooperation, the United Nations system and the World Bank, the IDA and so forth. Little more than the half is handled by SIDA, and that is bilateral assistance, and only grants, no credits. So SIDA handles roughly 1 billion US dollars. And then there is some other forms of assistance. There is a soft-credit scheme, bilateral soft-credit scheme, and there are also technical assistance outside of the framework of SIDA. There is also a specific agency for promoting research and development or in developing countries, and we think that it's a very important part of the development process. So that makes it altogether 2 billion, a little less than 2 billion US dollars.

Now, there have been a deliberate policy of the Swedish parliament and Swedish government to concentrate the bilateral assistance. I'm now going to talk only about the bilateral assistance. As Mr. Söderbergh said, we are concentrating on the least developed countries, maybe the poorest

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countries in the world. In Africa, in the Southern part of Africa, in relation to our fight against Apartheid, we are supporting all the Southern countries except Malawi. We have fewer recipient countries in Asia: India, Bangladesh, Sri Lanka, Vietnam and Laos, and there is one main recipient in Central America, Nicaragua, but there are also regional programs to the whole region of Central America. These countries have been partners in the Swedish assistance program for quite a time and the countries have, so to say, been adopted by the Swedish parliament. They are not the partners decided by SIDA, even if we may have proposals, but the parliament makes the decisions, and there have been various reasons why these countries are our main recipient countries. One reason is the political reasons. To support the Southern countries, we started supporting Vietnam during the war, and also Nicaragua in the position Nicaragua came into with the aggression from outside.

There have been other reasons, as I said. Most of these countries are very poor countries, and there have also been, in a way, more historical reasons: Swedish churches, and other movements were already working in some of these countries when the ODA started. Well, which are the most important tasks today? Now, of course, one very important task is to support countries which are in the process of adjustment, economic adjustment. And as you know specifically the African countries have, for various reasons, experienced a very difficult economic time in the 80s and also from the end of the 70s. There are external as well as internal factors behind that. The external factors are, for example, the deterioration of terms of trade and other rapid changes in the international markets, for example, the increase of interests or the changes in the value of important currencies like dollars. Other important external factors are of course political: aggression from South Africa, for example. Internal factors are political programs and also, to some extent, failures in the policy of development in several of these countries.

For example, a policy which didn't promote agriculture enough and which spent too much resources on the building up the bureaucracies of the government, and also other problems concerning the fiscal balances, the rate

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of exchange and so forth, you know them all. So, now what has been going on from the beginning or the middle of the 80s is the process of adjustment, supported and in agreement with the World Bank and the IMF, and with the support of a lot of donors including Sweden. That is also a sign of the crisis that most of the capital flow to Africa, to sub-Saharan Africa today, is assistance, I think it's 80 percent or something like that, on that level. And that is of course a rather unhealthy situation. It's too high rate of aid in the capital flows to sub-Saharan Africa today.

But the only thing to get out of this is to improve the performance of the economies, so these economies will again attract commercial private capital, and so these countries again will be credit-worthy. Of course that will be a long process. You need certainly assistance for the time being. But the objective must be to make these countries less dependent on assistance and more integrated in the world economy. Now of course you can have a lot of use of the IMF and World Bank programs, and Sweden is partly critical towards some parts of these programs. We think it is also a need for an improved dialogue between the recipient countries and the donors, specifically the World Bank and the Fund. We think also that you must have more time to make these adjustments, and it is too earlier to judge the results. Even if there are many encouraging results, it is still too early to make a total assessment. But anyway it is very clear, even if you may be critical of some parts of these programs, that an adjustment is necessary, and I think that is also recognized by all of these governments. An adjustment is necessary, and to do this, you must have support it from outside. And Sweden participates in that, and we have increased our assistance to make it somewhat easier for these countries to go through this process, which is very painful. And specifically, of course, to help these countries to keep up important social activities and social services and so on. So that is one important current task of the assistance today.

Another one which has already been mentioned is the environmental assistance. Now, this is not a new thing. In fact, SIDA has worked with environmental programs for quite many years in most of our cooperation countries. And the programs have mainly been in the fight deforestation



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and to improve, to give support for soil conservation, and to reduce the destruction of the productive resources which is going on in many of these countries. And our philosophy has been, and I think that is the only philosophy which is possible to promote, and that is that the environmental programs must combine conservation with an increased production and productive capacity of land and forests, the soil. The farmers must be involved in these programs. As has been clearly demonstrated by many failures, it's useless just to plant trees by some state authority. If the farmers are not involved in that and do not know to what purpose and if they don't get the necessary reward out of this planting of trees. So the farmers must be involved, and they must know that if they do this and that, they increase the productive capacity of their land. And they have in fact, several examples of success stories in this field. It's a very simple philosophy.

Anyway, but of course the practice is somewhat more difficult. But there are good examples and I think we will, I know, we will continue with these and also expand it to other areas in the environmental field. And of course in some countries, specifically in Asia, the impact of industrialization, and the impact of what is called the modern environmental problems, is more severe than in Africa. Now we must do much more to train and to educate and to learn the authorities in the developing countries how to handle this. Of course, basically it is a political issue in developing countries themselves, and that is how these environmental problems are on the priority lists of various tasks for the government. If the government, if the forces the government represents is feeling that this is an important task, then it is possible also to support the government. But if the government isn't concerned, it's very difficult to do it from the outside.

Now I think from that I will emerge a little to the more general points I would like to make about assistance, and I think also this environmental policy issue is illustrated in what I am going to say. If we look back now, we could look back now for, in the case of Sweden, for 25 or almost 30 years of assistance and experience, it's natural to ask yourself, well, what has happened, what is the impact of it? And of course you could make a very long list of success stories. In fact it is longer than most people

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think. And I think that is true for most development programs. That is also illustrated by various reports. You can also make a fairly long list of failures. And I think the main experience specifically from Africa is the recognition of the importance of the economic and general development policy. If that policy is distorted and not promoting development enough, then also the development projects, the assistance projects, will be failures, or most of them at least, or many of them. So you must look at the development policy of the recipient countries, when you are talking about the successes and failures of assistance. And of course there have been many mistakes, made not only by the recipients but also by the donors who have supported or promoted, or even promoted distorted policies. Now of course there are many scientific studies of this, and I think there are a few activities, public activities at least, that are so analyzed, scrutinized and assessed as assistance, and it is one clear reason for that, because the donors and the constituencies of the donors, that is the public, the voters, or the media, or the members of NUs and so forth. They may like assistance in theory but they are suspicious in practice. And they feel always, or many of them feel that it is good but are we doing the right thing? And of course that is a very proper question to put. So there have been many studies, and evaluations of projects, programs and so forth.

Unfortunately it is impossible, or has been impossible, to measure the impact of aid as a system, the impact of aid for the economic growth and development. The last effort, a comprehensive effort, was made a few years ago. It was sponsored by the World Bank and it was called "Does Aid Work?", and it was a lot of social scientists, economists and sociologists and so forth who worked with this and made this report, what was the answer on the question, "Does aid work?" Well, they said, well, it does work quite often but not always, and it is impossible to know exactly what kind of impact it has on the growth and development of countries. And there is one simple reason for that: assistance is just one of many factors in the process of development.

There are so many other factors which are much more important: the political framework of a country, the legitimacy of the government, the

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institutional framework. It is very easy to compare, for example, well, some Asian countries, some African countries, and you understand immediately the importance of the institutional framework for development, the history, the avenue to independence. It's quite different to fight for independence in a long war and to get independence in a peaceful way. That determines a lot of the future of the country.

So there are so many factors which are important for development, which are not at all influenced by assistance. So when we come to trying to make the conclusion, what impact does the assistance have on assistance, on economic growth? It's very difficult to say. And that was done in this report. You could say, of course, it's very clear that countries which have a lack of foreign currency and capital are helped if they get that capital on very favorable conditions, or free, or they may be helped. And it's also very clear, and you can prove it through many examples, that countries which lack knowledge and technology may be helped with the transfer of knowledge and the support of donors to strengthen the institutional capacity of that country.

One of many examples is the support for the agriculture development of India. It was a comparatively small support in money volume, but very efficient, and of course it was efficient because it was embedded in a policy in a government to promote agricultural production. And that changed the whole production situation in India. So, you can specify examples of this support, but not any more general conclusions. And that is of course very difficult from the point of view of the public opinion in the donor countries, because the people who ask, what is the impact of the Swedish assistance? what have we done, really? That's a question that I get quite often. And also, Mr. Söderbergh and all the people who are responsible for assistance. And we make long speeches and we explain and we have lists of success stories and so on. But we can't really well, at the end we can't really tell these people what kind of impact there is. So what we have to tell them instead, and that is very important, that is trying to describe for them the process of development, and maybe also trying to give them examples from our own history and from our own experience, as Mr. Söderbergh said, Sweden

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was a very poor country, in the beginning of the century. And if you do that, it is more accepted by people, why it is difficult to tell, exactly, the impact of aid. So this means that you must have, if you should have a kind of support, a consensus, a support for assistance. You must put a lot of resources in your country to explain and inform and be very open about the possibilities and limits of assistance.

It is not good to just say everything is fine, and maybe there are some problems. You must clearly specify what we can do and what is not possible to do with assistance. And we have an information program which has been decided that we should have by the Swedish parliament, just to give information about assistance. And that is done in schools, and in the voluntary organizations, in the trade unions and in the churches and so on to give this message. There is another paradox with assistance, which is rather obvious in a way, but not always remembered, and that is that if you have a given country where there are very serious problems, it will also be very difficult to give an efficient assistance, so this is a kind of paradox: the more pressing the problems are, the more obvious the need for assistance, the more difficult it is to provide a very efficient assistance. And why is that? Yes, because development or what we can call underdevelopment is not only lack of capital or resources. It is also, and sometimes mainly, the lack of capacity to utilize the resources which are available, and that goes also for assistance, of course. So, that must be understood. Someone has said that if the developing countries could handle the assistance as efficient as the donors want them to do, they wouldn't need any assistance. And I think there is some truth to that. So the point is that we must understand this problem. Then there is of course a tendency for the donors which are the donor organizations like SIDA or JICA, who are so to say haunted by the demands for more efficient assistance, to send a lot of experts and resources, and trying to do things themselves. So there are problems, maybe there is a scandal in the press, what do we do, well we send a team of experts, they sort out everything, they fix and they work and they go home, and everything looks very nice. But of course that is not really assistance. It's just one thing that's been done. But it's not the transfer of knowledge, it's not

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something which is embedded in the structure of the recipient country. So donors must be aware of being too active in development efforts. And we must stress very clearly the responsibility of the recipient. I get always the question, how many projects does SIDA have? And I say, we have no project whatsoever. The projects are done by the recipient countries. We are supporting these projects, or programs. But the main responsibility must be at the receiving end.

Of course this is again, I must admit, the model. In practice you have to make compromises, it's balance. But I think it is very important to have this as a donor agency. You must remember this in your head, that after all, the objective with assistance is to make assistance unnecessary, and to phase it out at the end. So what should be done then?

Of course if you look specifically at Africa, you could in fact say that some of these countries are not caught in a system of assistance which is very difficult for them to handle. I mean, if you take a country like Tanzania, for example, they have, I think, 20 bilateral donors, there are 15 United Nations organizations working there, and there are 50, even hundreds of NUs working there. And all these donors have their own procedures, the demands, their conditions, their regulations, their accounting systems. They send missions and they ask questions, and all of them would like to meet the under-secretaries and other important people in the recipient country. And some of these donors, like the World Bank, send huge missions. Whole classes from Harvard and other institutions would like to meet everybody, more or less, in the government. Now it is easy to understand that this is a problem. And it is also easy to understand difficulty to get out of it. But some things could be done.

First of all, of course, the recipients could coordinate their governmental activities better than they do. They could also ask the donors, and I think that is more common, to help them improve their capacity to handle the assistance, to create institutions and to strengthen the capacity of handling assistance. There is also the need to make more specific requirements for assistance. Not only asking for more and more, but also seeing how to use, and also being prepared to react assistance if it doesn't

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fit in to what should be done and what is the most important in the country. And the donors must also take a lot of actions. Donors must coordinate their activities much better than has been done. There have been some improvements but still there is a lot to be done. They must listen more carefully to the point of views coming from the recipient countries. Donors are, donor organizations are, by national reasons, so to say, starting from the point of view of the donor countries, and they are always thinking about what's going on at home, and what the public reaction and so forth, but they must try to see the development process more from the point of view of the recipient. And in fact that has been, I would like to say, if we look back at the Swedish assistance, that we have tried to do that, quite deliberately, from the start. Maybe we even exaggerated it during some time. But I think that the point was the right one, that is that you should start with the priorities and the dialogue with the recipient countries. And that's the reason why we have embedded in our structure of assistance a process of dialogue between Sweden and SIDA, and ending up in dialogue between the two governments, the representatives of the two governments. And this is going on on a bilateral basis. And I think that is basically a good thing, even though it does take some time. But more could be done also from our side, and certainly more could be done to specify more clearly, for each program and each project, what is the responsibility of the donor and what is the responsibility of the recipient, may be an authority or an organization on the local authority or whatever in the recipient country. But it is very important, we think, to make this specification of the roads in the assistance process.

And again, it ends up, and I will conclude with that assistance could be useful and efficient in the context of a deliberate development policy, but assistance can't change the main political decisions or the main political framework in a country. It shouldn't try to change that, because that is something must be mobilized from the developing countries themselves. And that means also that there are things which can't be attacked by assistance. There have been many, many problems in the developing countries which must be solved basically by these countries themselves, with support from

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our side, but the responsibility must be with the people and government of these countries. Thank you.

CHAIRMAN Thank you very much indeed. We would now like to have a coffee break and go on to the question and answer session. We would like to have a fifteen minute, a quarter of an hour break, and resume the session from 3 : 10.

## Questions & Answers



#### Questions & Answers

CHAIRMAN So, thank you very much indeed, we'd now like to begin the session for about 30 minutes, the question and answer session. If you have any remarks or questions, please raise your hand and we will take the microphone to your seat, and then please make your comment or ask your question using the microphone, and we'd be very appreciative if you could give us your name and the organization to which you belong before asking or making your comment. Would anybody like to start. We'll just take the microphone to your seat, sir.

MAEDA Thank you. My name is Maeda, I'm with the Ministry of Labor. I'm very impressed by your speech about the attitude of the country aided. But I have a question about it, about SIDA. The aid, I think they classify three parts. One is between two countries, the aid directly to some countries. And second, so-called multi-bi, the aid through the international organizations, ILO and United Nations. And third, NGO, through the Red Cross churches, and trade unions. I'd like to know SIDA's budget of the three parts, the proportion of the budget, and are some principles for a favorable proportion of such classifications, if there is?

THAM Well, the total volume of the SIDA budget is as I said, a little less than 1 billion US dollars. And that is a little more than half of the total assistance. Out of this 1 billion SIDA money, we provide roughly 15 percent through the NGOs. 15 percent. Well, 15 to 17. That is partly directed to support projects of the NGOs. They raise some money, and then get support from SIDA. The relation is 20 - 80. If you raise 20 percent of the total cost for a project, you'll get 80 percent from SIDA. That is one part of that support to NGOs and their assistance. Another part is disaster relief. This disaster relief is a rather large share channeled by NGOs like the Red Cross, Save the Children, and others. And the last part of this NGO sector is what we call unitarian activities, which are activities mainly in Southern Africa to support victims of Apartheid, of the oppression, but also in some parts of Latin America. And this support is also channeled by Swedish voluntary organizations, and they work quite often with us partners, also organizations

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in the recipient countries. So that is the total, and that means that 1/6, or 15 to 17 percent of the SIDA budget is channeled through these organizations.

CHAIRMAN Yes, so, would anybody else like to make a comment or ask a question? Yes?

KONDO My name is Kondo and I work for the Sasagawa Peace Foundation. At present, we provide grants to various NGOs in developing countries, though they are still quite limited. I'd like to know something about the SIDA mechanism. When we look at the Japanese government's ODA, we finally got to the level of 110 million yen, that will be provided for government support in developing countries. At the same time, we are seeing various Japanese embassies in various countries providing small level grants and assistance. About 300 million has been set aside for this allocation. When we look at this method that has been used by the Japanese government, they seem to be somewhat reluctant in a way of trying to use NGOs for official developmental aid. I would be appreciative if you could perhaps provide some points as to how NGOs can be active in utilizing ODA to the maximum.

SÖDERBERGH Thank you for that question. I understand from the various discussions. This question of the relationship between government direct cooperation and cooperation initiated and implemented by popular movements is of some discussion. I can say it's the same in my country. But I will mention two things on what we are doing really is. One is, I may have mentioned before, the fact that our aid program came very much as a result of the demands from the national popular organizations. The consumer cooperative movement which has all the time been very strong, the trade union movement, the churches, the various organizations. They, already in the 50s, sometimes even got together and said, "Sweden has to take its duty. We are going to contribute and we will work with the government on their part and on our part." And we have then said, in the

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government, that this is very good, because there are many things which governments cannot do in terms of development assistance, but which popular organizations can do. The big thing, however, is that we have tried as much as possible to work with those popular organizations that also work in Sweden. In America, for instance, I know there are a lot of what they call NGOs, which are really small private development assistance organizations, which concentrate on one issue. They work in solidarity with X or Y. And that's their whole program. We have tried to connect much more strongly them with both a national program and an international program, because we feel that they will reach the various members in Sweden with development education. So they are being funded for that too. Of course if you fund a popular organization in Sweden, let's say the Farmer's Association, they will talk about the Third World issues from a farmer's point of view. We will talk about it very often from a government point of view. But all these things complement each other. And when the trade unions give support, funded by the government, they will concentrate on trade union education. So these are the things, they will have to also mobilize resources themselves. Just like we don't, as Carl Tham was saying, they will maybe run a campaign for this or that purpose, and then they raise funds themselves. But then they can also say to the public in Sweden, "If you donate 100 yen or 1,000 yen, the government will contribute 4,000 yen. So please support this thing." It is also a way of development education, so to say, to make Swedes notice the fact that we live in this big world. When the government or SIDA is giving money to projects, of course they will have to follow the goals of Swedish development assistance in general, but, and SIDA will also have to control that funds are not spent in the wrong way, so to speak. There is no fraud or anything. But besides from that, the government cannot interfere, with the ideologies, the trade unions or the Farmer's Association and so forth. But these things, we have been able to marry with. We also feel, as we introduced here, that is the concept of trying to promote democracy. That doesn't mean Swedish democracy. It means the basic values of everybody, human beings' equal rights. There are things that a government cannot do in cooperation with another government. Also, you can use the example that

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democracy in Sweden was not, so to say, created by the government. It was created by people organizing themselves and demanding democracy. We don't want to interfere as governments in other countries. But we believe that through popular movement cooperation, we achieve a lot of things. These organizations can promote this course of democracy. They can promote the concept of international cooperation and understanding, thereby also giving more support to the whole aid program in Sweden. So, by having this broad range of programs, we also contribute to internationalizing Sweden, which we see as something positive, even though that is not our primary objective. That would be my answer.

CHAIRMAN If there is somebody who would like to ask a question or make a comment, please raise your hand. If there is nobody then I think we'd now like to finish the meeting here because I understand the Swedish delegation has another appointment and I think we're right on time so we'd like to break here. And I'd like to finally take this opportunity to thank the two speakers and also the Swedish delegation for sparing their time on their very busy schedule. Thank you very much indeed.

\* This transcript was taken from a tape recording of the proceedings of the International Cooperation by Sweden (1989) and has been edited for clarity. As a result, certain correctors were necessary to make up for tape errors. This transcript was edited by Mr. Tsuneo Kurokawa (IFIC staff) and Mr. Junichiro Oyama (IFIC Assistant).

JICA