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POLITICAL CONDITIONALITY IN SWEDISH AID (!?)

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ABSTRACT

Political conditionality is when certain conditions concerning democracy, the respect for human and civil rights, and the rule of law are to be met by the recipient country either as a prerequisite for, or for keeping up aid. It may seem impossible to ethically justify aid without these kinds of conditions, but they can bring about severe complications that have to be taken into consideration in foreign bilateral aid policy. The aim of this thesis is to examine Swedish bilateral aid policy in relation to political conditionality, and the following analysis is strengthened by interviews and empirical examples from four African countries. The use of conditioned aid has been severely criticised for being ineffective, for increasing asymmetric power relations and for violating the principles of sovereignty and non-intervention. The method has been modified with consideration taken to the critique, but political conditionality is rarely mentioned in Swedish aid policy, even though I wish to show that it actually is used. It has received a bad tone, which is hard to wash off even though the core meaning is completely in line with Swedish foreign aid policy. Poverty reduction, democratisation and human rights are top priorities of the Swedish aid agenda why support to foreign governments must be given with some demands on these issues.

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LIST OF ABBREVIATIONS

CCM	Chama Cha Mapinduzi (the revolutionary party in Tanzania)
DAC	Development Assistance Cooperation
EU	The European Union
FDC	Forum for Democratic Change
G7	Group of Seven
GoT	Government of Tanzania
HIPC	Heavily Indebted Poor Country
IMF	International Monetary Fund
JAS	Joint Assistance Strategy
MDC	Movement for Democratic Change
MDG	Millennium Development Goal
MFA	Ministry for Foreign Affairs
MoF	Ministry of Finance
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PARPA	Action Plan for the Reduction of Absolute Poverty
PGU	Politik för Global Utveckling (Policy for Global Development)
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Programme
SDP	Social Democratic Party
Sida	Swedish International Development Cooperation Agency
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank

1. INTRODUCTION

When it comes to bilateral aid, demands for democratisation and human rights is a conflicted issue which is what first awoke my interest for this matter. I started wondering what arguments were used, which conditions were set and what happened when a recipient country did not follow the set agreements. While studying political conditionality it surprised me that it was so powerfully attacked since I could not really see an alternative to the core meaning of the concept. In the world we live in I do not see how a country like Sweden could support a government without any interest of improving the livelihood of its people.

1.1 PURPOSE AND QUESTION AT ISSUE

Political conditionality has been a debated concept since it arose in the repercussions of the Cold War. First it was celebrated and widely adopted but soon strong critique arose casting a shadow over the whole idea. It was accused of being ineffective, undemocratic and of creating an even greater distance between donor and recipient countries. I do not believe that aid policies can be effective (or even exist) if no form of conditionality is involved and that condition-less aid is highly inappropriate both for ethical and efficiency reasons. To me there is no real way of getting around setting political demands, such as democratisation and respect for human rights, on recipient countries. This has led me to the question at issue of this thesis:

- *How is political conditionality used and considered in Swedish bilateral aid policy?*

The reason for choosing this question is the high level of critique political conditionality has received, since I consider political demands crucial for any kind of development assistance. The concept has received a negative tone which I would like to wash off, even though that is not the main task of this thesis.

As any other theory or concept, political conditionality has been modified since its birth and the critique given has been taken under consideration by the donor society. My hypothesis is that political conditionality is disguised and used in a developed form in Swedish bilateral aid, and maybe not mentioned explicitly. Political conditionality can take many forms even though it ultimately comes down to the same core definition. The purpose of this thesis is to prove this hypothesis by showing what is stated in Swedish aid policy and also by giving examples from aid experiences in four African countries. I have not been able to find any material discussing this connection why this thesis has both a describing and

to some extent a revealing task. I hope to be able to defuse the concept and show its natural place in development assistance.

1.2 THEORY, METHOD AND MATERIAL

To answer the question at issue I have chosen to distinguish theory on political conditionality, both in the early 1990s and today since I believe there have been severe modifications as response to the critique. This literature has been complemented by policy documents and interviews in order to reach an updated conclusion. I have used this theory to analyse Sweden's position and I have had the definition and critique in mind when studying the material. My understanding of political conditionality has also guided me in the search for and selection of material (compare Starrin 1996:107).

I have made a qualitative study in the sense that it focuses on a small research area, it has an interest in the Swedish case, and that the interviews have been carried out as conversations without strict questions and response-alternatives (Lundquist 1993:104). It is an empirical case-study of political conditionality in Swedish aid focused on describing and explaining a connection. Even though not generalising aid per se, I seek a greater understanding of Swedish aid policy in this area (Lundquist 1993:62, 71).

I have taken part of primary material in the form of interviews with people working for the Swedish International Development Cooperation Agency (Sida) and for the Ministry for Foreign Affairs (MFA) at the main offices in Stockholm, but most of them have also been working in the specific countries (see References for further information on the interviewees). The interviewees have been chosen both from my own research and on recommendations from their co-workers or other people working in this field. The interviews have taken place at the respective offices and for the first three a recorder was used, unfortunately the hard-drive memory was full for the last two. I have made qualitative interviews where I have talked to each interviewee in private and the questions were not sent in advance since I wanted to make sure that each person responded individually and with their own reflections. I started out with the same questions¹ but each interview took its own shape both since the interviewees have different positions and since they have different experiences and reflections. Qualitative interviews are a means to find occurrences, characteristics, meaning and significance why I found them an appropriate method for my purpose (Starrin & Renck 1996:53-56).

Official documents have also been an important part of the primary material and they mainly concern policies and evaluations. These have been published by the government, Sida, Statskontoret or by Forum Syd and I find them representative for the assignment since these organisations are the premier operators in this field. In the case of Zimbabwe recent official documents have been hard to find since big parts are classified.

I have tried to have an open mind to the material I have taken part of but I am aware that my personal beliefs are mirrored in the choice of method and material as well as in interpretations and conclusions. I do not claim to be objective, but my goal has been to be as objective as possible.

¹ See Appendix 1.

1.3 EMPIRICAL EXAMPLES

Four countries in Sub-Saharan Africa (Mozambique, Tanzania, Uganda and Zimbabwe) will show examples of how Swedish aid may be connected to political conditionality. The reasons for why I have chosen to highlight these countries are several. First of all, Sub-Saharan Africa is where the main part of Swedish development assistance is directed. *Mozambique* is also one of the Swedish ‘babies’ and is the second major aid recipient (Sida 2005a). The development has been bright and the democratisation process satisfactory. What caught my attention was a repayment in 2004 after an investigation of corruption in the educational sector to which aid had been given. *Tanzania* can be called a Swedish ‘pet’ when it comes to development assistance and has received aid continuously since its independence in 1961. In 2004 it was the main recipient of Swedish aid with an amount of about 614 MKR (Sida 2005a). Most interesting in this case is the withdrawn aid from Zanzibar after the violent elections in 1995. *Uganda* is the most recent, and according to me the most obvious case of political conditionality, where budget support was frozen due to dissatisfactory democratic development. For a long time President Museveni and his government have violated human rights and the charge for rape and treason of the strongest opposition-leader was what finally caused Sweden to cancel 65 MKR, whereof 25 MKR was redirected towards north Uganda in the form of humanitarian assistance. *Zimbabwe* has been an important partner country but due to President Mugabe’s bold and undemocratic ventures no governmental aid is now given. Negative democratic development and violations of the human rights caused sanctions in the form of aid withdrawal.

What I wish to show are specific occurrences within these countries when aid actually has been cutback, terminated or redistributed. These examples show different ways of using political conditionality, which makes them both different and similar. The purpose is not to make explicit evaluations of Swedish assistance in these countries, nor their effectiveness or justification. The reason for not doing so is that my focus is on the concept of ‘political conditionality’ and Swedish aid is used as one interesting example.

1.4 TIME AND DELIMITATION

Since political conditionality as a concept arose in the early 1990s, only a brief historical overview of Swedish aid before this time is made. Focus is on current Swedish aid even though some background is necessary to get a better overall understanding. There have also been several changes in aid policy the last 15 years why I have tried to use the most recent information. In some cases new documents are in progress and those have not been possible to take into consideration.

Focus is on bilateral aid since aid through multilateral organisations more strongly obeys under international policies. Even though Sweden is a member of

e.g. the European Union we do not always have to make the same decisions. I should also state that the discussion on aid is in the terms of *development assistance* if nothing else is noted.

I have chosen not to discuss specific international agreements or declarations since the relationships between Sweden and different international organisations belong in a thesis with a different focus. Comparisons will not be made with other donor countries' aid policies but some connections to international influences and cooperation will be mentioned. Swedish aid policy is also a subject that could only be covered in an own essay why I here highlight the parts relevant for the discussion on political conditionality.

Since the purpose is to show the use of political conditionality I have not brought up or questioned examples where it has not been used. I mean that it is used even though other studies might conclude that it is not used enough, effectively or consequently.

1.5 DISPOSITION

To make this thesis as clear as possible I start with a discussion on the concept of political conditionality in chapter two. Here origin, definition, critique and development are discussed and I explain what is new with political conditionality today. I will point out a 'new form of political conditionality', which I mean is used in Swedish bilateral aid policy and it is a form that has taken the critique under serious consideration. Chapter three is devoted to Swedish aid policy starting with a brief historic overview. I will focus more on Swedish aid policy of today, the decision-making process and Sida's role in the carrying through of bilateral aid. In this chapter the empirical examples are presented followed by a discussion on Swedish aid and political conditionality where loose ends are tied up. Here the interviewees' thoughts on political conditionality will also be declared and I will try to connect theory on political conditionality with the Swedish case and the empirical examples. Chapter four constitutes the concluding discussion where the question at issue is answered, the hypothesis discussed, and further research areas suggested.

2. POLITICAL CONDITIONALITY

2.1 ORIGIN AND DEFINITION

Conditionality is usually divided into economic² and political conditionality. Political conditionality is *when certain conditions concerning (liberal) democracy, the respect for human and civil rights, and the rule of law are to be met by the recipient country, either as a prerequisite for, or for keeping up aid. Political conditionality elicits policy changes that without foreign donor pressure would not have been implemented* (compare Baylies 1995; Burnell 1007:117; Checkel 2000:1; Dijkstra 1999:iii; Ethier 2003:100; Killick 1997:484, 487; Robinson 1993:90; Stokke 1995:9-11; Sørensen 1993:1; Uvin 1993:67, 74). The target for political conditionality is both ‘good governance’ and ‘good government’, which means that it includes sound economic policies, competent public administration, an open and accountable government, respect for the rule of law and human rights (Sørensen 1993:2-3) and “it covers the whole range of institutions and relationships involved in the process of governing” (Pierre & Peters 2000:1).

According to Crawford (2001:1) political conditionality most accurately only refers to negative measures, where aid is restricted in case of negative democratic development or repeated violations of human rights. The positive measures, where aid projects aim at strengthening democratic practices and the respect for human rights, he refers to as ‘democracy assistance’ or ‘political aid’.

Brodin (2000:79) differs between control and consent which are two ways of engaging democracy promotion. Control is what also is called conditionality and it entails sanctions on recipient governments if they do not comply with policy prescriptions. Consensus is the positive, ‘carrot’ approach, whereas conditionality is the negative, ‘stick’ approach. Brodin (2000:80) further states that the most central element of political conditionality is the donor’s use of pressure in order to make the recipients meet the set demands.

Political conditionality was triggered off by the fall of the USSR, which enhanced the enthusiasm for democratisation, mainly from the US who rapidly strengthened its support towards the East (Baylies 1995). The increased focus on political and social dimensions during the 1990s can also be explained by negative societal effects of the Structural Adjustment Programmes, SAPs, which dominated aid all over the world in the 1980s (Statskontoret 2005:35). The World Bank (WB) was initially sceptical towards the new political conditionality since it was thought to compromise economic reforms, and that “economic reforms were more susceptible to be fulfilled by enlightened authoritarian regimes than by democratic

² Economic conditionality concerns pressure for economic reforms such as market-steering, decentralisation, and liberalisation, most commonly carried out through so called Structural Adjustment Programmes (SAPs) (Baylies 1995).

states". The Bank finally decided, after demands from the G7-states³, to limit its requirements to four 'good governance' dimensions that were essential for the SAPs. These do not include dimensions of political conditionality but the Bank encourages its main partners to apply those kinds of conditions, it even acts as a coordinator in this matter (Ethier 2003:107).

In the Amsterdam Treaty (1996) three conditions (from 1993) were induced; an economic-, a political condition, and other obligations. The political criterion included "the capacity, not only to subscribe to the principles of democracy and the rule of law, but to put them into practice in daily life, the effective respect of human rights, the protection of minorities and the respect for their rights" (The Copenhagen political criteria) (Ethier 2003:102). In fact, today all assistance from the Organisation for Economic Cooperation and Development, OECD⁴, is linked to democratisation (Uvin 1993:67).

2.2 TYPES OF CONDITIONALITY

According to Collier et al (1997:66-68) conditionality is mainly used as an incentive⁵, in other words based on promises and rewards, but paternalism is mentioned as an alternative of how conditionality is used. Through paternalism the donors' own preferences are imposed on how the aid should be spent by the recipient government, and it is usually combined with incentives. The legitimacy of paternalism has been reduced through the ongoing democratisation since an elected government has more legitimacy in itself, and it would be unwise to overrule a government that donors have strived so long for.

Selectivity has been suggested as an alternative to political conditionality and it means that only countries with 'good policies' or 'good performers' receive aid. Conditionality is used in the selection of recipient states rather than through imposing sanctions (Martinussen & Pedersen 2003:53). Some additional solutions to selectivity have also been presented, such as the use of dialogue, which means that the donor country try to influence the recipient to bring about changes without imposing conditions (Brodin 2000:80). Another solution is 'positive conditionality' which means

[...] the use of aid to encourage democratizing governments by supporting the election process, or to construct an 'enabling environment' for democracy by supporting education or civil society organizations. (Dijkstra 1999:40)

Dijkstra (1999:41) however means that selectivity and positive conditionality are incompatible since a non-democratic country that does not receive any aid has no

³ The G-7 states include Canada, France, Germany, Italy, Japan, the UK and the US. Since the fall of the Soviet Union Russia has also been included in some meetings and they are then called the G8.

⁴ Members of the OECD are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the UK, and the US (OECD 2006).

⁵ Ethier (2003:100) however differs between conditionality and incentives whereas many other scholars see incentives as part of conditionality. She defines incentives as a free gift given to encourage someone to do something.

aid to use as support for civil society. This is why the strengthening of civil society mainly should be handled by Non-Governmental Organisations (NGOs). A problem with selectivity is that there is often a conflict between economic and political interests, and another is that if there is no consensus among donors they will set different criteria for applying selectivity. To be selective on political criteria comes very close to applying sanctions, and can only be successful if there is a large degree of donor coordination (Dijkstra 1999:41).

There are both punitive (negative) and rewarding (positive) strategies of conditionality. The use of negative measures proposes decreases in budget allocations or termination of earlier aid agreements (Brodin 2000:201). Positive strategies (often favoured by donors) provide additional aid as a reward for genuine efforts to strengthen the democratic system. These rewards can be in the form of extra support to NGOs or media, training for legislatures and judges, and electoral monitoring (Robinson 1993:90). This kind of aid is used when a country is considered to be experiencing a positive democratization process that should be supported either through accepting the country as a new main recipient or through increased allocations (Brodin 2000:201).

Crawford (2001:44) uses the terms carrots (positive measures) and sticks (negative measures) to explain how different kinds of policy implementations take place. These two measures are used in different circumstances.

The stick of aid sanctions is mainly applied to help leverage change from an authoritarian to a democratic regime (especially where incumbent rulers are resistant) or to forestall democratic backsliding. In contrast, 'political aid' [i.e. positive measures] aims to encourage and assist ongoing political reforms at different stages of the democratisation process from initial liberalisation to democratic transition and subsequent democratic consolidation. (Crawford 2001:44)

Crawford (2001:45) states that both sticks and carrots should be used in an appropriate combination in accordance with individual circumstances in particular countries in order to reach an optimum strategy to secure political reforms. He further points out four types of restrictive measures: (1) full suspension (of all aid, except humanitarian assistance); (2) suspension of programme aid⁶; (3) new project aid suspended (including technical co-operation); and (4) overall reduction of aid allocation or aid disbursements on political grounds (2001:169). These four types will be further discussed and related to Swedish aid in division 3.5.

2.3 CRITIQUE AND POSSIBLE IMPROVEMENTS

Political conditionality has received much critique for being ineffective. Most of the critique came during the 1990s, which can be explained by the new and widespread use of this method. Due to this critique the concept of political conditionality was quieted down and it was no longer a legitimate course of action. To clarify why a new form of political conditionality was necessary I will here explain the most common critique and suggested improvements before I start with the

⁶ Programme aid is aid in the form of long-term relationships where money is given to certain sectors or to the government. Further explanation is given in section 2.4.2.

account of Swedish aid. The criticism is in many ways interconnected but to make it somewhat clearer I have divided it into four subcategories.

2.3.1 Sovereignty and the Principle of Non-Intervention

According to Stokke (1995:34) foreign aid is an intervention in the recipient country and to many states an attack on sovereignty is seen as unacceptable (Ethier 2003:107, compare: Nelson 1992, Robinson 1995:370, Uvin 1993:68). In order to combine the conflicting principles of non-intervention and jointly binding agreements, Stokke (1995:80-81) brings up the idea of a development contract between donor and recipient authorities. This cooperation is not necessarily restricted to one donor and one recipient but the development contract includes an agreement between partners that are intended to be equally based on mutual benefits and mutually binding obligations.

Crawford refers to Nherere who states that this argument is both misguided and irrelevant since (a) there is no legal obligation to give aid, and (b) there is nothing wrong for a donor to add any chosen condition (Crawford 2001:34).

2.3.2 Asymmetric Power Relations, Responsibility and Ownership

These three concepts all point in the same direction, at the need for consensus between donors, recipient governments, and NGOs in the form of a higher level of responsibility and decision-making within the recipient country, which generates so called 'national ownership'. The term ownership is frequently used in Swedish evaluations and policy documents, which can be seen as a result from this critique and an indication of where focus is put in foreign aid.

One of the foundations of the legitimacy problems of political conditionality is the extremely asymmetric power relationship between donor and recipient. Sustainable development⁷ cannot be completely created or driven from the outside. Policy change is therefore most effective when foreign aid supports reforms that the recipient government wants to carry out, and when objectives are more or less similar on both sides (Stokke 1995:33, 71, 79, 82). Transitions towards democracy that come from above and are dominated by an elite might lead to so called 'frozen democracies' which are unlikely to adopt the narrow limitations imposed on them by the groups in society initiating democratisation (Sørensen 1995:405). Robinson (1995:372) puts forward the concept of 'people's conditionality' which includes both a socio-economic dimension of human rights, and that development projects should be more oriented to the micro-level and to people who has been displaced by development projects. Political conditionality would be more efficient if it had the support of those affected by the suspension or termination of aid. Sørensen (1995:401) highlights that societal development in the form of democratisation and the strengthening of civil society (especially in authoritarian regimes) is best supported by NGOs and not by foreign governments.

If a society does not have a social basis in which certain values and desires of democracy are bred, political conditionality can not only be ineffective, but also

⁷ When I refer to sustainable development I do not exclusively mean environmental considerations, but from a more holistic point of view.

have disastrous results. It will deepen distrust and corrupt the achievement of real democracy. Political conditionality has the best chances of success in societies where the internal forces work in the same direction and towards the same kind of political reform. It is important that civil society is included (Baylies 1995, compare Uvin 1993:76).

2.3.3 Sanctions and Lack of Consensus

The most common use of pressure by the donor is through the threat to terminate or reduce aid, and the withdrawal of aid can have both positive and negative effects. It might produce policy reforms from within the system but it might also stagnate developmental objectives such as poverty reduction, which leaves the oppressed on their own (Stokke 1995:78-79). The use of sanctions is debated and while it can be considered a necessary response to bad democratic performance and human rights violations, it can also be questioned who is really affected. The poorest people and NGOs are usually the ones hardest hit when aid is either suspended or terminated. In several countries aid has been reduced, suspended or terminated since the donors adopted the principle of political conditionality (Robinson 1995:360-361). It is also important that sanctions do not only become empty threats, which may happen when donors have internal reasons, such as political relations or trading benefits, for continuing aid programmes (Killick 1997:488).

Martinussen and Pedersen emphasize, concerning the use of democratisation as conditionality, that the people are those who suffer most when aid is withdrawn from an autocratic regime. Democracy cannot simply be implemented by telling the leaders what it should be like, but it needs a long-term process of cooperation and the inclusion of civil society (Martinussen & Pedersen 2003:280-281).

Consensus among donors is a key factor. If one country freezes its aid and the recipient instead receives aid from another country or organisation, the first attempt of political conditionality is completely undermined which leads to a loss of credibility (Uvin 1993:70). Robinson (1995:370) states that there is nothing wrong in linking aid to good government and human rights, the problem lies in how conditionality is applied, either because cooperation between donors has been weak or because applications vary for different countries.

[...] aid restrictions need to be implemented with greater integrity by Northern donors and with enhanced Southern participation, entailing the fair and equal treatment of all nations, as part of a larger package of non-co-operation with regimes that show contempt for the rights of their citizens. The alternative is a rhetorical commitment only and a practice that continues to be based on self-interest and characterised by an assertion of power over poorer and weaker nations. (Crawford 2001:243)

2.3.4 Other Possible Improvements

Uvin (1993:76-77) points out the importance of donors reconsidering their own foreign policy when it comes to cutting off military assistance, give positive encouragement to those seriously pursuing political reforms, creating a stable ground (in civil society) for democracy, such as organisations, literacy, etc., and institutional reinforcement. The people I have interviewed all agree that the Swedish aid policy has altruistic goals, which also is requested by Uvin.

There are, according to Dijkstra (1999:iii), three paradoxes with conditionality and the one most specific for political conditionality is when “the setting of policy conditions by donors conflicts with one of the demands made, namely that of more democratization and accountability”. What she means is that it is extremely important that the government is not undermined since that would mean undermining the democratic system, and it comes back to the issue of responsibility.

Most recipient countries support the basic idea of promoting democratisation and the respect for human rights. The ideas (among donors) of how to realize these goals are however sometimes contradictory. What donors need to do is to adjust their aid to the specific conditions in the recipient country, its needs, problems and capacity (Martinussen & Pedersen 2003:297).

Political conditionality is by far the most questioned donor activity (Brodin 2000:80). There may very well be many improvements/modifications needed to strengthen the effectiveness, credibility, and the legitimacy of political conditionality, or by all means, of conditionality per se. The initial meaning of the concept is not very likely to be used but an improved form, which has taken the critique under consideration, has emerged but it is no longer classified as conditionality, at least not in the Swedish context. What I will try to explain is that conditionality has developed and that it does not have to completely distinguish itself from consent and that carrots and sticks can work together.

2.4 A NEW FORM OF POLITICAL CONDITIONALITY?

For most donors, the change in aid relations during the 1990s moved towards their greater involvement in institutional structures and processes in developing countries and a stronger role for developing countries' institutions in the total aid process. (Martinussen & Pedersen 2003:195)

In the more recent aid theory there are two main concepts that have been widely acknowledged: *partnership* and *ownership*. The difference between *project aid*, *programme aid* and *budget support* also needs to be discussed and I will in this chapter define and explain all these five concepts. Finally there will be an explanation on how I see the connection to political conditionality in this context.

2.4.1 The Need for National Ownership and Partnership

The terms *partnership* and *national ownership* arose in the 1990s. Partnership means that there is a dialogue between donor and recipient and that there is an intended long-term commitment. Ownership refers to control of and responsibility for the development strategy. During the 1980s and 90s there was a great distance between donor and recipient and experts were appointed by the donor. During the last 15 years, emphasis has been put on national and local project ownership⁸, and donors have taken the role of advisers in the effort of using domestic experts. This

⁸ There is a general agreement among donors on the importance of national ownership (Martinussen 2003:257).

has led to more indirect donor involvement in aid implementation and responsibility has been transferred (Martinussen & Pedersen 2003:39,176-178).

The demand is equally strong for participation, which is considered a means to ensure more effective and sustainable implementations, and empowerment is a prerequisite for poverty eradication. Developing countries have had a tendency to embrace the demand for participation in all levels of society, but the long-term tendency has however been that participation climbs upwards (also labelled ownership) (Martinussen & Pedersen 2003:178-181).

There is one problem for donors however in the move towards national ownership that has to be dealt with.

If donors accept the idea of full ownership, they must also accept national and local priorities that can conflict with donors' conception of and demand for economic liberalization, institutional effectiveness and democratic political leadership. (Martinussen & Pedersen 2003:294)

This is a complex problem and in Sida's aid evaluations the difficulties of full ownership is discussed. It is a question concerning contradictions between foundational values, justification and effectiveness.

2.4.2 Project Aid, Programme Aid and Budget Support

The best way of explaining project aid is that it is tied to specific projects, usually concerning infrastructure like building roads, dams, radio towers or schools (Gibson 1999:165, note 2). These specific projects or activities are in accordance with the goals of the donor's development and aid policy and with technical assistance the donor can contribute to implementing only the preferred activities. This is a way for the donor to demonstrate to the world and to taxpayers that aid is used effectively on efforts of importance (Martinussen & Pedersen 2003:188-189).

Programme aid is tied to a particular sector (e.g. the educational sector) and it is aid in the form of actual currency deposited in the central bank in the recipient country. In practice this can however indirectly support other sectors since the government can allocate the budget to e.g. military expenses (Gibson 1999:165, note 2). Since programme assistance is paid directly to the government it should facilitate ownership. It is also more easily suspended than project aid, why it is a more powerful lever for political and economic pressure (Weeks et al 2002:44-45). Programme aid is more easily cut than project aid since the latter has ongoing commitments. It is also flexible and does not jeopardise any long-term commitments why freezes of aid easily can be used to signal discontent with the recipient's policies. It is also a convenient way of signalling that the donor approves of or support a certain political strategy (Danielsson & Nilsson 1999:20, 27).

Budget support is the most extreme form of programme aid and it is when donor money goes directly to the recipient country's budget, i.e. straight to the government, with the only demands on the partner country to follow its Poverty Reduc-

tion Strategy (PRS)⁹ (Larsson 2005, Strömsten 2006). In ‘Uppdrag Granskning’¹⁰ (2006-01-10) the journalists were extremely sceptical to this kind of aid and meant that it boosts corruption and is unethical if the recipient government can use aid for military expenses. Both Hartvig (2006) and Strömsten (2006) however refute this critique since it involves great consensus with other donors and extensive follow-ups of the monetary assistance. There is also continuous work against corruption and they mean that the risk of corruption is no greater than in specific projects. Budget support is a good way to strengthen national ownership since it generates governmental responsibility. Strömsten (2006) also highlights the importance of consensus among donors concerning suitable conditions, which according to her is easier to reach with budget support.

2.4.3 Connection to Political Conditionality

So, what do I mean by a new form of political conditionality? The critique has been considered and instead of imposing conditions they are agreed upon through dialogue between partners. In order to adjust the asymmetric power relations the importance of national ownership and responsibility has been enhanced. Instead of donors setting conditions for the recipient to apply, recipients make a strategy that in order to be approved has to be more or less in consensus with the donor’s policies. Selectivity has become more prominent in the sense of choosing suitable partners. Political conditionality implies that certain political demands have to be met either to keep up or as a *prerequisite* for aid and these demands are still set on the recipient’s PRS.

One has to recognise that full ownership and political conditionality are not compatible and that the dialogue between partners never can be between equals (Weeks 2002a:63). There is a strong contradiction between these concepts because demands set by the donor decrease the level of ownership since reforms can be considered imposed (Lindell 2005). In the new form of political conditionality, however, the starting point is the recipient’s own strategy. Weeks et al (2002:29) stated that “no aid is or can be extended without conditions”, and due to this political conditionality is always present to some extent.

⁹ The PRS is generally based on foundational values shared with the donor society and includes among other things struggle for democratisation, respect for human rights and economic growth. See 3.3.1 for further information.

¹⁰ A revealing TV-programme on societal issues on SVT1.

3. SWEDISH AID POLICY

The goals and focus of aid has varied over time, but the Scandinavian countries have always kept poverty reduction high on their agendas (Martinussen & Pedersen 2003:28). Martinussen and Pedersen (2003:279-280) mean that these countries have come relatively far in engaging civil society and political rights in the democratisation process and that they as opposed to many other bilateral donors not only focus on a Schumpeterian (minimalist) democracy¹¹. In Swedish development cooperation a wide definition of democracy is used, pointing at three dimensions: (1) institutions and procedures; (2) human rights; and (3) democratic culture. According to the MFA these need to correlate in order for a real democracy to be possible (Utrikesdepartementet 2000:20).

3.1 HISTORICALLY

The first comprehensive government document on aid policy was the Aid Bill of 1962, and the main objective of Swedish policy has remained essentially the same – poverty alleviation (Elgström 1999:122). The fact that democratic development has been on the aid agenda since 1962 makes Swedish aid unusual (Crawford 2001:56).

In the 1972 Government Aid Bill country programming was introduced, which means that aid is given for several years at a time. Through a friendly and equal dialogue a framework is created within which the recipient authorities are expected to be able to use the aid as they themselves wish (Elgström 1999:127). Four goals were laid down in 1978: (1) economic growth; (2) economic and social equality; (3) economic and political independence; and (4) the development of democracy in society. In 1993, the fourth goal was expanded to also concern the respect for human rights (Crawford 2001:56, note p. 255), and in 1995 gender equality was included (Statskontoret 2005:35).

Most bilateral donor countries started promoting democratisation, respect for human rights, and good governance after the end of the Cold War (Martinussen & Pedersen 2003:30), and just as in other donor countries Swedish aid became more concerned about political demands in the 1990s. Not only economic conditionality was adopted but goals of gender equality, democratisation and respect for human rights were given more space. The top priorities for reducing poverty are democratic development and economic growth (Elgström 1999:135-136).

¹¹ A minimalist measure of democracy only refers to free and fair elections.

Historically, Swedish aid has been focusing on solidarity, probably due to the long rule of the Social Democratic Party (the SDP). Aid has not only been directed to the poorest countries, but also to the poorest people within those countries. For two decades democratic development had relatively low priority, in comparison to social and economic equality. In the 1990s the importance of democratic rule was reconsidered and given higher priority, and dialogue was favoured rather than conditionality. When the conservative coalition governed (between 1991 and 94) conditionality became more prominent and aid to single-party states such as Vietnam and Cuba was reduced (Crawford 2001:56-58).

In Sweden there has been great differences in aid sanctions depending on the ruling parties, where the SDP has been in favour of promoting democracy through dialogue instead of through political conditionality (Crawford 2001:178). In 1991, when the bourgeois government gained power, democratisation became an even stronger incentive on foreign aid policy and attention was brought to the idea of attaching conditions to the absence of respect for human rights, i.e. civil and political rights (Brodin 2000:168-169). In proposition 1991/92:100 (4) p. 69 it was stated that “[i]t should be clear to recipient countries lacking a distinct will to promote democratization that this will affect the extent and direction of future development cooperation.” (Brodin 2000:10).

3.2 SWEDISH AID POLICY TODAY

The basic ground for Swedish development cooperation is to create possibilities for poor people to fight poverty on their own, and the main objective is to improve the living-standard for the poor. Both organs in the United Nations (UN) and the European Union (EU) focus on poverty reduction, but security and environment issues are also on the agenda (Utrikesdepartementet 2000:5-6).

Countries undergoing political reform towards democratisation and NGOs in countries with non-democratic governments (responsible for abuses of civil and political rights) are in focus of Swedish assistance¹². There is little evidence pointing at national economic interests pursued through the selection of political aid recipients (Crawford 2001:121). According to Elgström (1999:146) Sweden has often acted quite altruistically in the global arena since it is a small power with no ambitions to control any other country or region of the world.

Every country is responsible for creating internal favourable conditions for development and to have development-friendly national policies, without which no progress is possible. These national efforts must be supported and complemented by donor countries (Government Bill 2002/03:122:19).

Development can never be externally created or imposed on people. Development is created by people in their own society. We must therefore become better at listening, but also at making demands. (Government Bill 2002/03:122:7)

¹² In countries where the government continuously violates human rights Swedish aid exclusively goes to NGOs, but a government who aims to respect human rights is however a natural partner (Crawford 2001:127).

This is however not a new idea and Romare (2000:7) also stated in 'Partnerskap för utveckling' that

[t]he political will to improve the living standard of the entire population is crucial for the societal development. It is improbable that an undemocratic governing elite, [...], gives much more than pretty words to the poor. [...] Real democracy gives the poor a voice that is equally worth as everybody else's and it means that they can influence the structures that make them poor. At the same time as aid should strengthen civil society to create pressure on the ruling government it is important to cooperate with those governments who want to improve the living standard of its people.

In order to reach the UN Millennium Development Goals (MDG)¹³ set in 2000 a strengthened global cooperation for development is necessary (Government Bill 2002/03:122:32). A global development agenda was formed which can be considered an action towards improved donor cooperation, an act that has been demanded by conditionality criticsers. Consensus among donors is now greater according to my interviews.

The Government Bill of 2003 suggested a more holistic approach¹⁴ of Swedish aid and global development in order to achieve equitable and sustainable development. The new policy should be based on solidarity with the poor and everyone's equal rights, as well as the recognition of shared responsibility for the world's future. Important issues that need extra support are accountability, participation, the distribution of power, and conflict resolution. Special emphasis should be put on the poorest countries with the goal to support poor people's own effort to improve their quality of life.

Sweden's new Policy for Global Development, the PGU¹⁵, from 2004 rests on one overall objective: poverty reduction, two main perspectives: poverty and justice, and eight principle features: (1) democracy and good governance; (2) respect for human rights; (3) gender equality; (4) sustainable use of natural resources and consideration for the environment; (5) economic growth; (6) social development and safety; (7) conflict solution and security; and (8) global common goods. For this analysis on political conditionality the first three issues are the most important, why those need some further explanation. 1- It is crucial that everybody has the possibility to participate, which only is possible in a democracy based on common values of every person's rights and liberties. This includes free, elections, functional political parties, independent media and the autonomy of NGOs and civil society. Political accountability and transparency are also crucial factors. 2- The respect for human rights is a necessity for a country's development. 3- Gender discrimination is one of the more important reasons for poverty and it is a

¹³ (1) Eradicate extreme poverty and hunger, (2) achieve universal primary education, (3) promote gender equality and empower women, (4) reduce child mortality, (5) improve maternal health, (6) combat HIV/AIDS, malaria and other diseases, (7) ensure environmental sustainability, and (8) develop a global partnership for development (UN Chronicle 2005:40-41).

¹⁴ It should embrace all areas of policy and political decision-making. With this new holistic approach many different forces within Swedish society have to work together in order to reach equitable and suitable development.

¹⁵ In Swedish: Politik för Global Utveckling (PGU). My interviewees all agreed on that it has so far not been implemented to a greater extent, but that it is an ongoing process.

great obstacle for sustainable development (PGU 2004:3). The MFA has also stated that democracy and the respect for human rights are interconnected and that one cannot reach long-term stability without the other (Utrikesdepartementet 2000:20).

Even though some countries do not have the right preconditions for long-term development cooperation different kinds of aid can be possible, such as support to positive processes. The preconditions in each specific country are what distinguish the choices of cooperation-channels and cooperation-forms (PGU 2004:10). Where rights are violated and the political development is negative assistance with the purpose to strengthen democracy and human rights can be important contributions to the development (Utrikesdepartementet 2000:21).

3.2.1 Sida¹⁶

The bigger part of Swedish aid is channelled bilaterally and Sida has the main responsibility. The agency's task is to see to that Swedish aid is carried through in accordance with the eight political aid-targets mentioned in 3.2 (Utrikesdepartementet 2000:69). A democratic system strengthens people's possibilities to claim their rights and Sida's work for democracy is a means for the struggle for poverty reduction and not a goal in itself (Sida 2004a:34).

The execution of foreign aid is handled by Sida, which is "the central executive aid agency for planning, administering and evaluating bilateral development cooperation programmes". The objectives set are on a high level of abstraction, which gives Sida quite substantial freedom of action. Strategies are optional but not policies (Elgström 1999:118-119). Sida does not make policies, but determines strategies by which policy will be interpreted, and it is Sida's responsibility to determine the means to achieve the set goals. So, aid through partnership and with increased ownership lies within Sida's mandate and even if ownership was not included as a stated goal Sida could choose to adopt it to achieve effectiveness and sustainability. Decisions regarding how the set goals are configured for each recipient country are influenced by the partner's internal conditions, its capacity and needs, and the history of Sida's relationship with that country (Weeks et al 2002:4-5).

Concerning Sida Weeks et al (2002:30) place conditions into four categories: (1) legally binding requirements on Sida that arise from its relationship to the Swedish government; (2) conditions derived from shared values and are set by Sida's national constituencies, and include the recipient's commitment to a poverty-focused development strategy; (3) conditions based on technical considerations; and (4) conditions that are motivated by the Swedish government's desire (via Sida) to modify the behaviour of the recipient government with respect to political, social and economic development.

¹⁶ The Swedish International Development Cooperation Agency, Sida, was formed on July 1st, 1995 through a coalition of SIDA, SAREC, BITS, Swede-Corp, and Sandö U-Centrum (Utrikesdepartementet 2000:69).

Sida does not usually work on the grass-root level but rather on a national or regional level since questions concerning the participation of the poor must be considered in the dialogue with the government. Civic participation is a democratic goal in itself but it is also an important means in order to reach other development goals (Sida 2004a:47).

3.2.2 Decision-Making

In foreign aid responsibility is shared between the government and Parliament, where the latter decides upon the annual foreign aid budget and the financial frame for each recipient country. It also forms the general foreign aid policy and objectives and states which areas should be given priority (Elgström 1999:118). The Department of International Development Cooperation in the MFA is responsible for overall policy decisions and Sida is responsible for most implementation (Danielsson & Nilsson 1999:4).

The government outlines how they want to distribute resources in each annual budget proposal, and it concerns both an overall level and in relation to each main recipient (Brodin 2000:175). They also decide with which countries Sweden shall have long-term cooperation, even though these decisions are based on discussions with Sida and on evaluations (Lindell 2005, in accordance with Johansson 2005).

Before the new document on Swedish international development cooperation the decisions to reduce or suspend aid were made by the MFA, but since May 2005 these decisions can also be made by Sida (Statskontoret 2005:58). The government decrees on whether a partner should receive budget support, but Sida carries out the strategies and can choose to freeze or terminate this kind of cooperation (Strömsten 2006). Even though it lies within Sida's domain to make decisions on sanctions concerning budget support the government can always make decisions as long as it is done collectively and in writing. The mandate to reallocate aid between different sectors (e.g. from development to humanitarian assistance) only belongs to the government (Lindell 2005).

3.2.3 Sanctions

In 'Så arbetar Sida'¹⁷ (Sida 2004:37), guidelines for Swedish development cooperation are set and it distinguishes that aid should have (and has) a character of long-term commitment. Cooperation is seldom terminated due to differences of opinion concerning basic principles. However, when such differences do occur Sweden seeks to continue the cooperation (however in changed forms) with the goal to support changes that are considered to generate better prospects for future cooperation. One example of how this can be done is to redirect support towards civil society and NGOs or other partners working with poverty reduction, human rights and democratisation. It is however stated that "there is no simple model to decide when the cooperation should sustain and when it should be terminated"

¹⁷ Sida at Work

and this is one of the most problematic issues in this context, partly since it is impossible to set strict and just criteria (Sida 2004:36). When it comes to conditioning aid to the recipient's political development, the Swedish government wants to be careful since they consider it more important to deepen the dialogue than to set ultimatums. Sometimes aid cut-offs can be appropriate and they should in these situations be coordinated with other donors (Romare 2000:9).

In a Sida evaluation on ownership Weeks et al (2002:33) state that: "suspending aid is the ultimate manifestation of the unequal nature of partnership, but it is an option Sida must maintain, and every beneficiary government must accept as a possibility".

3.2.4 International Influence and Cooperation

Even though I have chosen to focus on Swedish bilateral aid I consider it important to bring up some issues concerning international influence and cooperation since we are a member of a much greater donor society (moreover we have liberties to distinguish our own strategies). About 2/3 of Swedish aid goes to bilateral development cooperation and 1/3 goes to multilateral cooperation, mainly via the UN, the WB and the EU (Sida 2005).

The WB, does not officially support 'democratisation' (due to its own article that prohibits pursuance in political objects¹⁸, Burnell 1997:119) but great resources are put on promoting 'good governance'; the strengthening of rule of law, accountability and human rights (Knack 2004:252). In 2000/2001 the World Bank expanded their poverty reduction strategy in recognizing the non-income aspects of poverty and supporting opportunity, empowerment and security (nevertheless to be covered by economic growth) (Martinussen & Pedersen 2003:256).

The United Nation's Development Programme, UNDP, does not have a mandate to intervene in developing countries' political relations, why they not directly can formulate democratic development as a goal. The UN MDGs were however an important step by making human development for everyone the major goal (Martinussen & Pedersen 2003:31). According to the PGU Sweden is obliged to contribute to the fulfilment of these goals (Statskontoret 2005:38).

During the 1990s 12 percent of total Swedish aid was programme aid, that is, aid not intended to finance a specific project, and like most other bilateral donors, it was linked to the conditionality set by the WB and the International Monetary Fund, IMF. Growth and economic reform have always been the objectives, but Swedish programme aid has occasionally been suspended due to violations of good governance (Martinussen & Pedersen 2003:252-253).

Policies formulated and pursued nationally must be coherent with those formulated and pursued by the EU which is a consequence of the calls for greater con-

¹⁸ "The Association and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in this Agreement." (World Bank 2005, Article V: Section 6).

sensus. Sweden also has to be consistent in all forums and must always represent the same policies (Government Bill 2002/03:122:32). The OECD, or rather the Development Assistance Cooperation, DAC, is important for improved development cooperation (Government Bill 2002/03:122:72) and since Sweden is a member we have already agreed to follow the stated guidelines (Johansson 2005).

Sida is not obliged to add the same conditions as other donors and sometimes Sida's assistance can be sufficient to allow governments to decline conditionality-demanding donors. In comparison to other donors, Sida generally impose (rather propose) conditions less strict, and are more willing to negotiate them. As a consequence mutual trust tends to be greater (Weeks et al 2002:34, 37).

3.3 SHARED VALUES, PARTNERSHIP AND OWNERSHIP

'Shared values' is a key factor in the discussion on partnership and national ownership since no arrangements can be made if there is no consensus on foundational values. The evaluation made by Weeks et al (2002:23) suggests that shared values in operational terms imply three main items:

- 1) Sida expects a government of a programme country to rule by consent of, and in consultation with, its people, although the manner of achieving that consent and consultation would be unacceptable in Sweden itself (e.g., absence of nationally contested elections),
- 2) the government takes the welfare of the population into consideration in designing economic and social policy, with a clear commitment to poverty reduction,
- 3) violations of 'core' human rights at any level of government are rare, though others, such as freedom of expression, may be substantially restricted.

A partnership has to be based on a minimum set of shared values, which include *gender equality, freedom of expression, pluralism, government accountability, and division of powers with an independent judiciary*. If these are to be met they have to be clearly presented as conditions for cooperation to which the partners then commit. It is important to keep in mind that our values not are commonly shared with African countries, so for finding suitable partners we must agree that 'movement in the right direction' can be good enough (Kayizzi-Mugerwa 1998:223-224). This is entirely in accordance with what Carin Jämtin expresses in Amnesty Press (Truedson 2005:11-11) about the importance of course of direction and governmental will. She means that when circumstances change donors have to decide as to where the continued direction of aid should be reconsidered.

Neither the Swedish government nor the Swedish people could allow assistance to governments violating human rights. The conditions concerning shared values can be negotiated in the specific cases, but never suspended. It is also mandatory for the recipient government to have a development strategy focused on poverty reduction. These negotiations arise in the creation of a partnership, and they set the initial framework for the partnership that subsequently develops. In this dialogue both partners have the right to withdraw and cancel the partnership. Even though it is a dialogue between partners it cannot be considered bringing equal terms since the risks taken by the parties are of different types. Sida is given

a bargaining power as soon as a partnership is on-going and a relationship of aid dependency is thus established. In order to successfully move from donor-ship to ownership, this asymmetric relationship must be treated with care (Weeks et al 2002:31-32).

Aid activities based on the determination of rules by one partner before the dialogue even takes place must be viewed as a rather unequal arrangement, which contradicts the very idea of 'partnership'. (Brodin 2000:42)

There are two broad guidelines for a partnership (except for shared values) and they require the recipient government to have a clear development strategy that gives priority to poverty reduction and to have shown the capability of implementing that strategy (Weeks et al 2002:45).

The responsibility for development must lie with the recipient and aid is considered as support to the country's own development efforts. The partner countries must have the power to design their own development and their political system, even though the donor society through dialogue should influence this design (Johansson 2005). The concept of 'ownership' has for decades influenced Sida policy, but over time the meaning has come to change (Weeks et al 2002:1). Ownership now

[...] refers to the exercise of control and command over development activities. A country or an organisation within a country can be said to 'own' its development programme when it is committed to it and able to translate its commitment into effective action. Where a country or organisation is not committed to its development activities or not able to take responsibility for them in practice, ownership is lacking. (Weeks et al 2002:2)

This implies that Sida, as far as it is politically and technically possible, pass on the control of development assistance activities to the recipient government (Weeks et al 2002:6). Ownership must belong to the partner (the recipient) and thereby have the overall responsibility and power over the designs, carrying through and follow-ups. Sweden's goal is to establish partnerships based on close relations founded on shared values and well-defined roles. There must be an open dialogue where no part is superior. Thus, Sida must have partners that share the view of what causes poverty and what has to be done in order to achieve a reduction, and the six issues¹⁹ mentioned in 3.2 are especially important (Sida 2004:35-38).

Weeks et al (2002:9) define Sida development assistance as nationally owned when the recipient government has taken control of the design, implementation, and monitoring of the development strategy, including specific projects and programmes. For ownership to be strong the development activity also has to be independently initiated and planned by the recipient (partner) country (Weeks et al 2002a:3).

An important factor in the building-up of national ownership is the country strategy, which will be described below.

¹⁹ The environment, human rights and democracy, peace- and conflict resolution, gender equality, global common goods, and politic for economic growth and social development.

3.3.1 Country Strategies and PRSPs

In order to create partnership and national ownership Sweden bases decisions to a great extent on the so called country strategy, which is formulated by Sida but based on the partner's own Poverty Reduction Strategy Paper (PRSP). This way the country's own preferences, methods and strategies are in focus and responsibility of development assistance activities can be transferred (Lindell 2005). The country-strategies are developed through cooperation between Sida and the MFA, but they are also based on a close dialogue with the partner (both government and civil society). These strategies should not only be correlated with the partner's but also with the strategies set by other big donors such as the UN and the WB (the PRSPs) (Utrikesdepartementet 2000:69).

The country strategy is also partly based on Sida-made country analysis and result analysis and the connection between the country analysis and the country strategy is what, in theory, guarantees that the strategy responds to the real needs of the poor people and other priorities within the country. The result analysis is based on earlier experiences and it evaluates what kind of cooperation that is expected to have the most positive result and through which channels aid should be distributed. The country strategy defines objectives and selects means of achieving them that are clear, justified and monitorable (Booth et al 2001:16-17). The PRSPs form the starting points for the Swedish country strategies (Utrikesdepartementet 2000:7).

Initially the PRSPs were designed as a condition for qualification for debt relief²⁰, but they have become the key link between donors and recipient governments, and they include a clear focus on poverty (Weeks et al 2002:72-73).

The PRSPs have to be approved by the governing boards of the WB and the IMF, but there is no requirement of approval from the Parliaments of the countries to which they refer. This easily raises doubts about the actual transference of ownership to recipient governments and civil society (Weeks et al 2002:2).

The importance of the PRSP to the institutional role of the World Bank has led the Bank to press other donors to treat the PRSP as the framework for donor-country dialogue. While Sida should be, and has been, fully engaged in the PRSP process, too close an 'alignment' of its programme with this specific vehicle could restrict its ownership agenda. (Weeks et al 2002:3)

Even though the strategies are founded in the PRSPs to mirror the country's own formulation of its needs, the WB has published a book on how the PRSPs should be formulated. Strömsten (2006) acknowledges that even though the PRSPs are designed by the recipient country donors are affecting the outcome, at least implicitly. The PRSP is formed by the government and does not have to be approved by Parliament. According to Agneta Johansson (2005) the PRSP-process has been altered and been more inclusive over the years.

²⁰ They derived from the HIPC Initiative and were initially a way of securing funding from donors rather than an effective poverty reduction programme (Weeks et al 2002:74).

3.3.2 Choosing Partners

Concerning bilateral aid the Nordic countries have mainly stuck to their long-term partnerships with least-developed countries (Martinussen & Pedersen 2003:248). As mentioned earlier the Swedish government decides which countries Sweden will have long-term cooperation with, and these decisions are based on thorough research, analysis and evaluations made by Sida. The starting point for the discussions on partner countries is the country's own PRSP and the level of poverty. Many different factors are taken into consideration and the most important ones are the *political will* for democratisation and strengthening of human rights, which *challenges* are put on the country with a partnership, and the *credibility* of the strategy. Cooperation strategies are not only made with countries with a flowering development but also where there is a positive trend or strong political will (Lindell 2005).

Brodin suggests that the issue of how recipients are chosen can be said to

[...] include conditionality considerations since the stated preferences include suggestions for new recipient countries, increases in proposed budgets for existing recipients as well as criticism and punishment of recipient 'misbehaviour'. (Brodin 2000:174)

3.4 EMPIRICAL EXAMPLES

Before I summarise the role of political conditionality in Swedish aid I will present some examples from Sub-Saharan Africa where it has been used in different ways. The following will constitute possible means and measures.

3.4.1 Mozambique

In just a few years Mozambique went from a planned economy to a market-economy, and from being a one-party-state to parliamentarianism. The first free election was held in 1992 and the second in 1999. The MFA considers the democratic development as bright, both from a public and electoral point of view, and the government shows good will for improvement (Utrikesdepartementet 2000:81). In 1999 the government in Mozambique took on a five-year Action Plan for the Reduction of Absolute Poverty, PARPA, which also is the PRSP. An update was made in April, 2001. The PARPA is thereby also the foundation for Swedish development aid in Mozambique why continuous research, analyses and improvements are necessary. The strategy correlates with the international development goals (Sida 2001:11-12).

Mozambique is considered a so-called 'good performer' with positive economic development, drastically decreased poverty and positive democratic development. The most recent election (December 2004) was considered free and fair²¹

²¹ Only 36,3 percent participated in the election which is a relatively low number. Even so, the donor society was content with the democratic performance. Lindell (2005) also means that Mo-

and the President left his position voluntarily in favour of the next candidate²². Some electoral rigging was spotted but not to an extent that would have affected the outcome (Strömsten 2006).

Corruption is however a serious societal problem and the most recent country strategy (Sida 2001:16) required Swedish aid to increase demands on Mozambique to come up with suitable measures to handle the situation. In 2004 a repayment of programme aid (to the educational sector) was demanded by Sida since the money had been misused. If the money had not been returned aid to this sector would have to be reconsidered.

Another corruption scandal occurred within banking (Banco Austral) where certain people within the elite had been granted high loans which never were expected to be repaid. In 2001 an inspector was appointed to impel these bank loans and the day before he was about to reveal the names of the people involved he unfortunately 'fell out of a window' from the 13th floor. In 2002 a journalist named Cardoso (who for a long time had been considered a 'thorn in their side' by the elite) digging in this matter was murdered. The perpetrators were found and convicted but somehow they managed to get hold of all the right keys and escape, probably an escape sanctioned by people of very high authority (Lindell 2005). In 2005 Sweden required a contract for a forensic audit²³ of Banco Austral and of the events in this matter, and it was set as a condition for receiving 30 percent of the budget support within that year. This year 30 percent of the budget support has been conditioned to the audit being carried through before 2006. The donor society has a common matrix for conditions but in this scenario Sweden has gone further and set additional demands. We are entitled to do so but it only happens in extreme cases since donor consensus is highly important concerning aid and condition setting (Strömsten 2006). There are more than a dozen donors of budget support that have set the same condition (Lindell 2005).

3.4.2 Tanzania²⁴

Tanzania became independent in 1961 and in the elections between 1965 and 1980 Julius Nyrere, who was the leader of the independence movement, won every five years since he was the only candidate. The first multi-party elections were held in 1995 and the revolutionary party (CCM) candidate won by a large majority, just as later in 2000 (Weeks et al 2002a:127).

Tanzania has gone from 'African socialism', self-reliance and a one-party state to market liberalisation, aid dependency and structural adjustments, and a move towards multi-party democracy. Tanzania (excluding Zanzibar) seems to be a

zambique has come a long way in their democratisation process which can be spotted in the relatively even elections.

²² The next candidate was from the same party but what was good was the acceptance of the constitution that each President only is allowed two election-periods.

²³ A forensic audit surveys financial obscurities in order to investigate whether there is a suspicion for criminal offence.

²⁴ A new country strategy is about to be presented and I have unfortunately not been able to take that into consideration in this thesis.

role-model even though there are some problems with ownership due to lack of capacity and conflicting interests (Weeks et al 2002a:xiii-xiv). Tanzania has been one of the major recipients since 1964 when Swedish government aid to Tanzania began (Weeks et al 2002a:137).

The first multiparty-elections went peaceful on the mainland but the results on Zanzibar were manipulated. Due to this in combination with human rights violations, Sweden terminated its development cooperation with the Zanzibar government in 1997, and so did the EU. Violations of human rights increased towards the 2000 election and corruption was a big problem (Utrikesdepartementet 2000:86-87). The development in Zanzibar has been kept under observation, especially concerning human rights (Sida 2000:15), and Sweden re-established governmental support in 2001/02 (Johansson 2005).

Tanzania is a country full of paradoxes where multi-party elections are held while extensive poverty limits poor people's possibility to affect their future. It has a high level of aid dependency but work is in progress for increased Tanzanian ownership. Since mid-2004, the Government of Tanzania (GoT) has led a process to develop a Tanzania Joint Assistance Strategy (JAS). Set in the global context of the Rome and Paris Declarations on aid effectiveness, this initiative is intended to deepen the impact of the relationship between GoT and its many development partners. In particular, the JAS aims to embed fundamental principles that strengthen national ownership of the development process, and harmonise donor and government processes and procedures in ways that make aid more effective, and simpler to manage. The JAS clearly states that to achieve these objectives two shifts are of utmost importance. Firstly, development cooperation shall primarily use General Budget Support to Poverty Reduction as a funding modality. Secondly, transactions costs of development cooperation shall be substantially reduced through a far-reaching Division of Labour amongst donors. The Tanzanian JAS is planned to be adopted in 2006 with implementation starting in the Tanzanian fiscal year 2006/07 (Johansson 2005).

3.4.3 Uganda

Swedish support to Uganda appears to be conditional upon continued democratization, peace, stability and respect for human rights. (Weeks et al 2002a:xi)

The situation in Uganda today is highly interesting in this context since Sweden recently (December 2005) decided to freeze budget support of 65 MKR²⁵. Sweden has earlier continued its governmental support to Uganda despite violations of human rights since the domestic development policy has favoured the poor majority, and there have been attempts to influence the government through political dialogue. Uganda has however had a negative development trend both from a democratic and a human rights perspective and in 2005 President Museveni proposed a review of the constitution so that he would be allowed to stay on his position for yet another election-period. This proposal went through by a decision made by Parliament even though there was strong pressure from the government.

²⁵ Of these 65 MKR 40 MKR is now frozen and 25 MKR has been reallocated as humanitarian assistance to the north of Uganda.

A country's choice to be a one-party state is not in itself enough for cutting off aid but there have been lively discussions on the situation. What finally caused the drastic decision to freeze budget support was according to Agneta Johansson (2005) the charge for rape and treason of the strongest opposition leader²⁶ (along with 21 other people), in Uganda who just returned from exile in South Africa, and she refers to it as 'the straw which broke the camel's back'. Lindell (2005) however states that even before this happened, Sida had decided to freeze parts of the budget support to Uganda since the government had not kept its part of the agreement. There were three conditions Uganda had agreed to uphold but they were all broken. First there were the 'Prior Actions' (conditions set by the WB on Poverty Reduction Support Credit), then increased respect for human rights, and democratisation.

3.4.4 Zimbabwe²⁷

Sweden initiated its development assistance cooperation with Zimbabwe in 1980 when the country became independent. For the first 15 years the democratic development was positive, the analphabetic population decreased, the country experienced poverty reduction, health improvement and flourishing agricultural production. In 2000 President Mugabe and the government wanted to change the constitution and make it possible for the President to stay in power yet another election-period. The opposition party MDC, Movement for Democratic Change, arose and won this referendum. They were even close to winning the national elections for President and Parliament in the same year. These elections were however neither considered free nor fair by any independent reviewer and people sent from the EU to supervise were thrown out. Due to this Sweden terminated all cooperation with the Zimbabwean government and total aid has decreased to about one third²⁸. This decision was made by the Swedish government and carried out by Sida. Since 2000 the democratic development has been negative and the situation for the poor is getting worse. The MDC still exists but is severely weakened and people supporting the opposition are persecuted and harassed. Sweden has no governmental correspondence with Zimbabwe but the Swedish government tries to influence the political leaders in neighbouring countries, with whom Sweden has ongoing cooperation, to work with Zimbabwe on democratic issues.

This is a clear example of political conditionality where aid was cut-off for political reasons, a negative democratic development trend and violations of the human rights. Hartvig (2006) agrees that this is a clear case of political conditionality since foundational democratic demands were set and when these were not met, governmental development cooperation was no longer possible.

²⁶ Dr. Kizza Besigye is the Presidential candidate representing the Forum for Democratic Change (FDC) and he challenged President Museveni in the presidential elections of March 2001 and lost. He appealed to the Supreme Court that the election had been offended by fraud and violence but lost and a few months later he fled into exile. He returned to in October 2005 to run for President and on November 15 he was charged with rape and treason before the High Court and remanded to Luzira Prison near Kampala (Human Rights Watch 2006).

²⁷ The information on Zimbabwe is based on an interview with Britt Marie Hartvig, deputy assistant under secretary at the MFA and senior handling officer for Zimbabwe, on January 17, 2006.

²⁸ EU terminated its aid in 2001 with reference to article 96 in the Cotonou Agreement; see Appendix 2 (EUR-Lex 2006).

3.5 SWEDISH AID AND POLITICAL CONDITIONALITY

This division is to a great extent based on the interviews but I also make conclusions of what has been stated earlier in this chapter and in chapter two and I will connect theory on political conditionality to the Swedish case and the empirical examples.

According to the PGU unconditioned aid is impossible, especially concerning political demands. In the evaluations made on Swedish aid policy and in the new policy documents there is a clear focus on partnership and national ownership whereas political conditionality barely is mentioned. As mentioned in division 3.2 three of the principle features of Swedish aid are democracy and good governance, human rights, and gender equality (PGU 2004:3) and I would like to highlight that they hit the core definition of political conditionality. It is obvious, for how can these goals be set without any conditions for fulfilment?

As shown in the examples from Mozambique, Tanzania, Uganda and Zimbabwe aid redistributions, reductions or cut-offs have been motivated with democracy-related arguments. This is the most obvious way of using political conditionality but I would also like to show that there are strong elements of selectivity in the choosing of partners, and that there are clear political demands in the agreements. Concerning Crawford's four types of restrictive measures brought up in division 2.2 the first two are the clearest examples in these cases. Mozambique is an example of suspension of programme aid that regards to the educational sector, and regarding the banking scandal no sanctions have yet been necessary but conditions are set for the continuation of aid. Tanzania, or rather Zanzibar, is an example of full suspension of all aid except humanitarian, and so are Uganda and Zimbabwe. Some projects are still supported but governmental support is not of current interest.

As mentioned in section 3.3.2 one of the most important factors when choosing partners is the recipient's political will to fight poverty and enhance democracy. This way the development strategy, which is founded in the recipient's own PRS, has focus on democracy and human rights without any conditions having to be imposed. This political will in the PRS is thus a *prerequisite* for aid. 'Good performance' can also be rewarded in terms of increased or extended aid programmes (Larsson 2005, Strömsten 2006). This I consider clear indications of political conditionality. We choose partner countries based on their poverty reduction strategy being in line with our foundational values of democracy and human rights. This is a form of selectivity but not only in the sense of rewarding 'good performers' but also rewarding good will and policy.

I have interviewed five people working for Sida or the MFA and not one could come up with an alternative to political conditionality but they all agreed that it must be handled with care. Emilia Strömsten (2006) means, theoretically, that in a close partnership with a high level of trust political conditionality might not be necessary, even though some political demands always are present and difficult to step away from.

To Agneta Johansson (2005) the term political conditionality has a bad tone, even though she cannot really explain why. Britt Marie Hartvig (2006) means that political conditionality is not negative per se, but acceptable when conditions are based on international law and agreed human rights norms.

Magnus Lindell (2005) and Strömsten (2006) have rather neutral views on political conditionality as long as it has a stable ground in the country's own priorities and that established demands are founded in the country's own development strategy. What they mean is that political conditionality can strengthen the process but never enforce changes that are against the recipient government's political intentions. Strömsten further states that there is a natural risk in using political conditionality that the donors become a too strong actor but that is a problem with any kind of development assistance.

Karl-Anders Larsson (2005) highlights the importance of predictability in order for aid to be sustainable and effective. There have been problems where recipient governments not have been able to rely on aid when making their budget, why received aid is not used in the most efficient way. Lindell (2005) also emphasises the importance of predictability and he means that conditions have to be mutually agreed upon and must not occur suddenly during the partnership. It is crucial to stick by agreements and not use empty threats. The sanctions also have to be in proportion to the 'crime' and the best scenario is when there is a 'high threshold in, high threshold out'. It is hard to predict what to do when the development trend rapidly is turning negative and one of the questions to answer is whether aid at all will do any good where there is a high level of insecurity (Lindell 2005).

Even though Sweden attempts to avoid providing assistance to governments violating human rights, there must be some divergence for the extent of shared values. Conditionality defines what the recipient should do and where there is a consensus of shared values ownership is fostered. If the recipient country however departs from these values, donor ship and behavioural modifications take place (Weeks et al 2002a:121-123). Hartvig (2006) and Strömsten (2006) are in agreement regarding the question of how to decide when aid should be cut or terminated. There is no specific matrix to follow so it differs in each case and is a matter of judgement where different trends, outcomes and occurrences are weighed against each other.

Finally, Magnus Lindell (2005) states that budget support never can be given completely without political conditions. To return to my hypothesis that political conditionality is disguised and used in a developed form in Swedish bilateral aid and maybe not mentioned, I would like to quote Karl-Anders Larsson (2005):

Ironically we do not really talk about conditionality at Sida even though we have conditions, so it is strange that we do not mention it. We rather talk about a dialogue concerning different questions but of course we have strong opinions on how we think the development should be like and we want it to go towards increased democracy and respect for human rights.²⁹

²⁹ My translation. Swedish original quote: "Vi pratar ju egentligen inte om konditionalitet, lustigt nog, på Sida fast vi har ju villkor så det är konstigt att vi inte gör det, utan vi säger mer att vi har en dialog om olika frågor men vi har ju naturligtvis väldigt bestämda åsikter om hur vi tycker att utvecklingen ska se ut och vi vill ju att det ska gå mot ökad demokrati och respekt för mänskliga rättigheter."

4. CONCLUDING DISCUSSION

There are two ways in which political conditionality is apparent in Swedish bilateral aid. Firstly, in the making of agreements where selectivity can be spotted since a partnership is based on the recipient's will and plans to reduce poverty and increase the level of democracy. If a country does not share Sweden's foundational values, to at least some extent, no agreements can be made. Secondly, Sweden has repeatedly withdrawn or redistributed aid in countries where human rights have been violated and where there has been a negative democratisation trend. This can also be considered withdrawal due to a breach of contract but since the agreement concerns political conditions I do not see how it can be anything but political conditionality. The definition of political conditionality used is *when certain conditions concerning (liberal) democracy, the respect for human and civil rights, and the rule of law are to be met by the recipient country, either as a prerequisite for, or for keeping up aid. Political conditionality elicits policy changes that without foreign donor pressure would not have been implemented* and I mean that we can see clear indications of this behaviour in Swedish aid.

I mean that political conditionality today works in a more indirect way where demands are set in the form of shared values. Countries that do not comply with the Swedish values and goals concerning poverty reduction, democratisation and the respect for human rights will not be considered as partners (nor should they). Even though partnership and ownership are emphasised, and that the country works out its own strategy plan, the development trend still has to be in the same, positive, direction as the Swedish aid policy requires. Sida and the government have the power to cut-off, freeze or redirect aid when they consider it appropriate and/or necessary. Even though they strive after not doing so and to only use this kind of sanctions in extreme cases, we can see several examples in the last ten to fifteen years, how is that not political conditionality?

My hypothesis was that political conditionality is disguised and used in a developed form in Swedish bilateral aid, and maybe not mentioned explicitly. Political conditionality can take many forms even though it ultimately comes down to the same core definition. I consider this hypothesis to be proven since political conditions are set, both in the process of choosing partners (prerequisite) and in the keeping of agreements (keeping up aid), even though the concept is not mentioned. Karl-Anders Larsson also strengthens this conclusion in saying that Sida does set conditions even though not talking about conditionality. The country-examples also show that reductions or cut-offs have been motivated with democracy-related arguments.

As to the revealing mission of this thesis, I was unsure what to expect in the beginning. I would say that nothing new has been discovered, but rather that something which has always been there has been brought up and clarified.

What I find most difficult in the use of political conditionality is how to know where to draw the line. It is inefficient to use aid sanctions too often and aid has to be predictable (referring to Magnus Lindell). As in the case of Uganda the government broke the three main issues of the agreement and budget support was frozen. What if only one or two had been broken?

However, I see conditioned aid as a necessity for legitimating any aid, except for humanitarian aid in crisis situations. What is the purpose of just giving away money? And concerning dictatorships or governments repressing human rights, shall we do nothing? What responsibility do we have?

For further research there are several interesting issues that have come to mind during the research for this thesis. It would be interesting to make a comparative study of Sweden and other donors to see how each country distinguishes itself concerning the use of political conditionality. As a field-study it would be interesting to examine Swedish aid in a specific country and analyse issues like effectiveness and consistency. A normative discussion of the concept and the use of it could be an interesting point of view since there are strong opinions both for and against political conditionality. What I would set as main questions in that case are: what are the alternatives to political conditionality and how could it ethically be justifiable not to set these kinds of demands?

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APPENDIX 1

INTERVIEW QUESTIONS

1. How are partners chosen?
 - 1a. How is an agreement on cooperation met?
 - 1b. Which Department makes these decisions?

2. To what extent can Sida decide the design of development strategies?
 - 2a. How have goals and strategies changed for the last 5-10 years, mainly since 2003 with the new PGU?
 - 3b. What is a clear distinction between 'project aid' and programme aid'?

3. How does Sida/the MFA consider political conditionality?
 - 3a. How does Sida/the MFA consider the critique on political conditionality?
 - 3b. How does Sida /the MFA consider selectivity?

4. To what extent can Sida influence decisions on sanctions?
 - 4a. Is it common to keep aid but re-distribute towards civil society?
 - 4b. When, how often, where, and how has aid been withdrawn the last 5-10 years?
 - 4c. What alternative sanctions are there?

5. To what extent does Sweden cooperate with the World Bank, the EU and the OECD/DAC?
 - 5a. What influence do these organisations have?
 - 5b. Are there any treaties Sweden would break through supporting an undemocratic government?

6. Does Swedish aid have an altruistic goal?

THE COTONOU AGREEMENT, ARTICLE 96

2000/483/EC: Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 - Protocols - Final Act - Declarations

Official Journal L 317 , 15/12/2000 P. 0003 - 0353

Article 96

Essential elements: consultation procedure and appropriate measures as regards human rights, democratic principles and the rule of law

1. Within the meaning of this Article, the term "Party" refers to the Community and the Member States of the European Union, of the one part, and each ACP State, of the other part.

2. (a) If, despite the political dialogue conducted regularly between the Parties, a Party considers that the other Party has failed to fulfil an obligation stemming from respect for human rights, democratic principles and the rule of law referred to in paragraph 2 of Article 9, it shall, except in cases of special urgency, supply the other Party and the Council of Ministers with the relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties. To this end, it shall invite the other Party to hold consultations that focus on the measures taken or to be taken by the party concerned to remedy the situation.

The consultations shall be conducted at the level and in the form considered most appropriate for finding a solution.

The consultations shall begin no later than 15 days after the invitation and shall continue for a period established by mutual agreement, depending on the nature and gravity of the violation. In any case, the consultations shall last no longer than 60 days.

If the consultations do not lead to a solution acceptable to both Parties, if consultation is refused, or in cases of special urgency, appropriate measures may be taken. These measures shall be revoked as soon as the reasons for taking them have disappeared.

(b) The term "cases of special urgency" shall refer to exceptional cases of particularly serious and flagrant violation of one of the essential elements referred to in paragraph 2 of Article 9, that require an immediate reaction.

The Party resorting to the special urgency procedure shall inform the other Party and the Council of Ministers separately of the fact unless it does not have time to do so.

(c) The "appropriate measures" referred to in this Article are measures taken in accordance with international law, and proportional to the violation. In the selection of these measures, priority must be given to those which least disrupt the application of this agreement. It is understood that suspension would be a measure of last resort.

If measures are taken in cases of special urgency, they shall be immediately notified to the other Party and the Council of Ministers. At the request of the Party concerned, consultations may then be called in order to examine the situation thoroughly and, if possible, find solutions. These consultations shall be conducted according to the arrangements set out in the second and third subparagraphs of paragraph (a).