

Business Fighting Poverty

The Rise of New Private Sector Strategies in Swedish
Foreign Aid

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Abstract

This thesis aims to explain the rise of CSR and the increasing private sector strategies within foreign aid in Sweden. The theoretical approach is grounded in three hypotheses that could explain the rise of this I) that the global idea on a changed role for business has fostered the development II) that it is due to a conservative more pro-business government in power or III) that it is a development due to business world influence with the means of lobbyism. In order to explain this, the investigation sets out to trace the processes of private sector strategies in the foreign aid agenda from 1991-2012.

The results present that there seems to always have been some party differences in relation to tied aid in the earlier phase and CSR in the later phase, and business has an interest in affecting the content, but the overall trend has not been driven by these factors. The change process from tied to untied aid was spurred by new thinking about how corporations should be integrated, legitimating business involvement according to their role in market-making and as members of civil society. The results of the thesis are drawn from extensive empirical material, including interviews with major actors in the field.

Key words: *Corporate Social Responsibility, the New Aid Architecture, Foreign Aid, Development, Sweden, Political Science*

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1 Introduction

1.1 Changing Aid Modalities

To reduce global poverty has been a static goal in Swedish development policies since WW2, but the aid modalities to achieve this goal and the sub targets have been reformed several times. This has led to major organizational changes within both the Swedish International Development Cooperation Agency (Sida) and the Ministry of Foreign Affairs (MFA). The most recent changes involve an increasing focus on the private sector and Corporate Social Responsibility (CSR) strategies. This process started modestly in the 2003's *Policy for Global Development* (PGU) where business was introduced as an important actor in development and poverty reduction. Since then, the private sector strategies have increased extensively. This statement by Gunilla Carlsson, the Swedish minister of development, was expressed after the 4th top meeting in Busan in November 2011;

"Within aid policy we have not been capable enough to take care of the initiatives, expertise and resources of the business world. This is going to change. For the first time in the international discussion on aid efficiency there is an agenda regarding cooperation with the private sector"

According to Professor Göran Hydén, Swedish aid policy is in transformation, a shift that in his view amounts to a new development-paradigm. He argues that the private sector as well as other actors in civil society have been given a key role in development which now seems to be defined as "*strong, sustainable and universal growth*" (Hydén 2011). Swedish aid policy has in recent years also become increasingly result oriented (Odén 2012). Policy documents and directives of Sida and the MFA as well as statements of the Swedish Minister of Development also indicate that there will be additional changes in the following years. Sida has recently developed a range of co operational programs with the private sector. One example is the Business for Development (B4D) department within Sida and another example is the increased focus on development finance institutes within the aid cooperation strategies.

In 2011, 650 million SEK was administered to Sida's work with capacity development and actor coordination i.e. strategies involving the private sector (Resare 2011 p. 10). Swedfund, the Swedish Development Financial Institute (DFI) has since the start (1979) been allocated with about 2,4 billion SEK from the aid budget, and the majority of these, in fact, more than 1,4 billion, has been allocated since 2007. In addition, 400 million SEK were allocated in 2012 to

Swedfund (*ibid.* p.10). It is important to observe that these strategies are still limited when you look at the total aid budget¹, however, increasingly growing.

The private sector has always had, more or less, a role in foreign aid – but the role has been quite different. Before, in the 80's and 90's, Swedish corporations were directly involved through tied aid strategies as they were suppliers of products or systems. The tied aid strategies meant only Swedish companies were present in procurements. However, the awareness of the negative effects connected to tied aid grew in the 90's and onwards, which led to a marginalization of the private sector.

In recent years a new form of private sector involvement has developed. In line with growing globalization challenges and market liberalization, it seems that corporations have gotten new roles and new responsibilities in the development field. Companies are now supposed to make investments, support market development, and develop technology, products and services - that all *gain the poorest* as well as having a greater social responsibility (Rudebeck & Wall 2006 p.3-4).

However, this change is not only seen in Sweden. The discovery of the multinational corporation's potential importance in sustainable development, human rights and poverty reduction has since the UN's Global Compact in 2000 – been highly discussed and debated within international institutions, national governments, corporations and it has also been a much researched area among economists and political scientists. In a recent report by Eurodas it is stated that by 2015, the public flows to the private sector through the worlds DFI's is predicted to exceed 100 billion Euros, making it almost one third of all external public finance to developing countries (Kwakkenbos 2012 p.3). This transformation shows a changing role of business in society on a global level, part of what is often called 'the new aid architecture'.

Davies concludes in an evaluation of Sida's work with the private sector; "*Both the challenge and the opportunity for Sida in working with the private sector is that there are practically no examples of development agencies and companies collaborating in genuine, engaged partnership where there is a recognition that different groups are working towards a common goal, even if that is for different motivations*" (Davis 2009 p.21-22). An interesting question is consequently; what has fostered these changes?

1.2 Aim & Research Questions

The aim within this thesis is to explain the recent CSR and private actor strategies for development and poverty reduction in Sweden, aiming at the wider explanation that fostered this development. The implementation of CSR is therefore not interesting. The aim is rather to investigate Swedish aid policy as a

¹ In 2012, the total aid budget was 36,1 billion SEK

process of change and see how and what wider political mechanisms, motives and ideas founded these more recent changes.

The contribution to existing will be two folded; first, the thesis will contribute to a deeper understanding of the rise of CSR where seeing CSR as a tool for development is in focus. Secondly, it will contribute to a greater understanding of business influence, role of ideas and party politics in the field of foreign aid as well as a greater understanding of Swedish aid policies. This is the research question that is aimed to be answered and analyzed:

- How can we explain the recent developments in Swedish aid policy regarding the increasing focus on CSR ‘as a tool for development’ and other private sector strategies?

1.3 Hypotheses

I will approach the empirical material using three hypotheses. These hypotheses could all explain the recent changes seen on the national level and I will set out to investigate which of these hypotheses is most likely to explain the Swedish case. The hypotheses are quite open and intuitive in their character, since this field of study is quite unexplored. This means they are reasonable predictions in the form of more general explanations. The hypotheses are drawn from an introductory research on the topic and will be linked to different sets of requirements that need to be verified in order for the different hypothesis to be confirmed or disconfirmed. These demands and requirements will be discussed in chapter 2.5. These are the three hypotheses:

- I.** The changes in aid policy are a result of the diffusion of global ideas to the national political arena concerning the role of private actors in the field of foreign aid
- II.** The changes in aid policy are best explained by party ideology where the conservative parties engage in more pro-business type of aid policy
- III.** The changes in aid policy are due to interest group politics where business lobbying is in focus

1.4 Scope and Limitation

In order to answer the stated research question there is a need to have a *before* and an *after* which enables an investigation to a certain period of time. Since the end of the Cold War implied a set of changes in the aid policy structure - both on a global level and in Sweden - the early 90's will be a useful starting point. The increasingly interconnected world led to the thinking of spillover effects and more focus was put on human rights, democracy and institution building (Odén 2006 p.107). Sweden took a new turn in development in the 90's which includes both

theoretical and practical strategies in aid policy as well as a turnover within the Swedish development authorities. I decided to start with the conservative government that came to power in 1991 and then investigate the following period of Social-democratic rule 1994 – 2006 and then again a conservative government from 2006 upon until today. The 90's is also a good starting point from the CSR perspective since it was not even on the agenda before that in Sweden.

It is important to notice that CSR as a definition for social responsibility in various ways have been on the international agenda for long but that the evolving *CSR as a tool for development and poverty reduction* is quite a new phenomenon and has not been rooted in policy processes before the beginning/mid 2000's. What is also important to understand is that business, more or less, has been a part of foreign aid since the 'beginning 'when a large part of the aid share was tied. This means that private actors were providers or suppliers to projects that the Swedish government carried out in developing countries.

The strategies in recent years have focused on a quite different role for the private sector, where they are seen as independent actors in the field of development and not as employees of projects or products. This distinction on the role of private sector engagement in the field of foreign aid is of utmost important as a starting point for this thesis.

1. 5 Defining the Concept of CSR

There is a need for conceptual definition regarding CSR. It is however important to observe that there is no international agreement upon the definition of CSR. In this investigation, the kind of CSR that is seen as *a tool for development* is the important one. That means I am only going to focus on the development case of CSR, where multinational corporations contribute to development goals, poverty reduction and human rights promotion in developing countries. CSR as 'a development tool' includes many different strategies of involving the private sector in development, enhancing the greater role and responsibility that corporations have in foreign aid. As mentioned in the chapter above, CSR as a development tool is a rather new phenomenon, whereas CSR as 'a business case'², more or less, has been institutionalized for a longer time. It is nonetheless important to understand that CSR – both as a business case and development case – are *voluntary* actions by corporations.

² The business case of CSR consists of commercial arguments why business should engage in CSR (Blowfield 2005)

2 Presenting the Theories

This chapter contains a theoretical overview of the relevant literature for my thesis. The overview is structured into five main parts: a) A short presentation of previous research that touches upon my area of study, b) Theoretical discussion on the role of ideas, founding hypothesis I, c) Theoretical discussion on the role of party ideology and interests, founding hypothesis II, d) Theoretical discussion on the role of business as an interest group, founding hypothesis III, e) Discussion on the operationalization of the theoretical hypotheses.

2.1 Previous Research in the Field

The end of the cold war implied increased power for non-state actors in the global economy and marked a ‘new aid architecture’ involving new actors in the fight against poverty. The importance of non-state actors, including corporations of all sizes, has since then become the center of attention.

Grimm et al (2009) argue that these emerging actors have posed new challenges to donor proliferation & development coordination and that these actors therefore have restructured foreign aid policy. Braunerhjelm & Lindbaek (2011) along with Hopkins (2007) argue that the existing ‘traditional’ instruments and policies in foreign aid are increasingly being questioned and that this has been an important departure for private sector involvement.

Regarding research on CSR, it has been largely based on ‘the business case’ of CSR i.e. focused on commercial arguments for CSR and not on the socio-political factors (Blowfield 2005 p.521). However, the CSR-development link within the donor government as a study objective has to some extent been investigated. Studies have shown how governments view the positive effects of CSR; Haufler (2001) shows that some governments pay interest in CSR since they view business as a ‘helping tool’ to achieve policy objectives. Moon (2002 p.399-400, 2007 p.302) illustrates that CSR with a ‘soft law’ character implies low political costs in contrast to hard-law regulations, which contributes to the understanding of this widely adopted strategy around the world.

Other studies have shown that CSR can be viewed as a part of the ‘new societal governance’ that has developed in recent years, implying that governments are not (anymore) the only actors in dealing with societal issues. This view implies a wider debate on the transition on the role of the government and the ‘opening up’ to self- and co-regulations (Pierre in Steurer 2010, Moon 2007).

There is some previous research using incentives as an object for study when investigating changes in foreign aid. Incentives are usually defined as a motive and refer to both internal motivation and external influence (Bandstein 2007 p. 11). Williamson (2010) investigates the role of incentives in explaining foreign

aid failure, Monkam (2012) investigates the role of incentive structures in aid effectiveness, Ostrom et al. (2002) investigates the effects of choices made by different incentives and Bandstein (2007) focuses on what determines the choice of aid modalities in Sweden. These studies have all included different incentives to show how they affect policy.

In the next chapter I will further discuss my theoretical approaches; ideas, partisan ideology and interest groups as possible explanations to the changes seen in policy. The previous research of CSR and the introductory research on the topic have contributed to further acknowledge these possible theories in order to explain the changes that have taken place in Sweden. It is important to observe that the theoretical lines are quite open and intuitive to their character due to the intuitive and explorative nature of the thesis.

These theories can also, to some extent, be drawn from the CSR research of Maria Gjolberg (2009), as she uses two hypotheses for investigating country differences regarding CSR. She uses a ‘global hypothesis’ and an ‘institutionalist hypothesis’ when trying to analyze the origins of CSR in several countries. My research somewhat reflects upon these two ‘themes’. Although Gjolberg’s research is largely focused on the business case of CSR, the global vs. domestic factors are also relevant for the research of CSR as a tool for development. It is however important to separate ‘the business case of CSR’ from ‘the development case of CSR’. Many researchers agree upon that the business case of CSR has to a large extent been driven by the civil society as an ‘anti-globalist’ movement – demanding companies to take higher responsibility - whereas CSR ‘as a tool for development’ is seen as driven by states, international organizations, consultants and corporations (Sahlin-Andersson 2006 p.606).

Also, regarding the private sector and development, the ongoing and previous debates are quite politically charged, pointing at the difficult relation between making profits and favoring the poorest at the same time (See for instance: Blowfield 2005, Frynas 2008, Merino & Valor 2011).

2.2 Ideas & International Influences

In the CSR debate regarding its link to development, Michael Blowfield argues that we need to question how business is affecting the meaning of development itself, rather than only focusing on compensating the problems – as CSR (Blowfield 2005 p.515). This type of view is usually how ideas are seen in the CSR literature. But this is not the type of ideas I am looking for. Instead – I will have a different take on it and focus on the wider idea, where corporations have become more integrated in foreign aid and development with a new role and new responsibilities in line with the new aid architecture.

In order to investigate if this development in Sweden is due to a diffusion of ideas, we must further look upon what type of idea that could have influenced these changes. What is called the new aid architecture has gotten more focus in recent years and one important aspect of this is the multiple actor focus that

includes corporations, where the private sector is seen as more important in the fight against poverty indicating a changed role for business. This international ideational turn is sometime called the ‘Private Turn of Aid’ (Resare 2011).

As previously mentioned, Braunerhjelm & Lindbaek (2011) along with Hopkins (2007) argue that the existing instruments and policies in foreign aid are increasingly being questioned and that this has been an important departure for the private sector involvement. As one example, tied aid that before was a large part of the foreign aid budget got to be seen problematic in the late 90’s and beginning of 2000’s, when realizing that tied aid increased the costs for the developing countries with as much as 25-40% (Resare 2011 p.5). Problem definitions like these, where existing policies are being challenged, are usually a first step towards a turn to adapting new ideas – this is when you start to look for alternatives. Also, since there has been an international turn towards more untied aid, resulting in a marginalization of corporations, new ideas on how to integrate the private sector might have started to take form and influenced the Swedish development.

Kinderman (2012) explains the rise of CSR in UK as a legitimating tool due to a growing role for corporations and the spreading of market liberalism. In this development, private actors have also used CSR to take over some of the activities that previously was a matter of the government. He also shows how these ideas were influenced by corporations, aiming for softer self-regulation instead of having to deal with governmental ‘hard’ regulations.

It is also important to observe that there has been a ‘global turn’ towards a new aid architecture, where corporations has a bit of a different role in foreign aid than ever before. The international community seems convinced that private sector cooperation is vital for development (Hydén 2011, Resare 2011 p.10, Odén 2006 p.162) and it is portrayed in many international frameworks as UN’s Global Compact, OECD’s guidelines among many others. This ‘new aid paradigm’ could potentially have influenced the Swedish development which will be investigated.

How should we then investigate ideas? Parson defines ideas as “*claims about descriptions of the world, causal relationships or the normative legitimacy of certain actions*” (Parsons 2002, p. 48). Ideas are seen as tools that decision makers use to predict certain effects (Lindvall 2009 p.705, Goldstein & Keohane 1993 p.9) in contrast to values or norms - the focus here will be laid on *ideas*.

When looking into the wider spectrum of research regarding ideas, there is a discussion in the field of policy change regarding ideas vs. interests– where Goldstein & Keohane argue that interests can explain foreign policy variation rather than ideas since interests shape ideas (Goldstein & Keohane 1993). And there is a possibility that interests (i.e. corporate interests) shaped this global idea of CSR as a tool for development, however, the aim of the study is not to investigate the origins of the global idea or trend. Instead, I will investigate if the global idea affected the Swedish development.

In recent years, numerous studies have shown how ideational processes impact policy change in different ways (See for instance: Hall 1993, Blyth 1997 & 2003, Steinmo 2008, Lindvall 2009, Béland 2009). Steinmo (2008) argues that politicians are ‘problem-solving’ and therefore bring ideas as solutions to new

problems, and enhances the link between problems and potential solutions. He sees that new ideas are important when a) old ideas are discredited b) new political /economic contexts open up (which gives new opportunities) and c) certain policy ideas are able to push their agendas due to a shift in the political balance of power.

Daniel Béland emphasizes that ideas play a major role in shaping policy change but that this is not the only possible explanation. According to Béland, there are three main ways of how ideas can impact policy change according to existing literature in the field: *problem*, *policy* and *political streams* (Béland 2009 p.704).

First, ideas can contribute to problem definition on the policy agenda that result in problems that political actors may address, which is similar to what Steinmo (2008) argued.

Second, ideas can contribute to challenging the existing policies (Béland 2009 p.702-704). This is based on Peter Halls work and illustrates that ideas can take the form of ‘economic and social assumptions’ also defined as ‘policy paradigms’ that challenges the existing policies. This policy paradigm is “*a framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing*” (Hall 1993 p. 279) and highlights that the paradigm becomes very important when existing policies are being questioned. This second point can be seen line with Brauerhjelm& Lindbaek (2011) & Hopkins (2007), that the existing foreign aid strategies were increasingly questioned, which led to a greater role for the private sector.

The third way ‘political streams’ is based on Mark Blyth’s research on how ideas can become powerful weapons that form a public discourse that help convince decision makers, interest groups and the public that change is in fact, required. Blyth, in line with Hall and Béland, also argue that new ideas become important in times where actors need to face new puzzles or problems that they haven’t come across before (Blyth 2003 p.698).

Since these ideas are connected to the international development towards a new aid architecture (as Hopkins 2007, Resare 2011, Odén 2006 etc) it is highly important to investigate the role of ideas. Although ideas as an explanation to the “why” question is highly possible, it is not unproblematic. Proving ideas as an explanation for change is difficult since it is hard to isolate ideas from other explanations, and this problem is also present in the previous research in the field. On the other hand, since I am continuously evaluating the competing hypotheses over the specific time period, it will mitigate such problems.

The theoretical line will be to see if the global trend, that is more and more focused on that the private sector has an important role to play in development, has influenced the Swedish development. An important aspect here will be to see if there has been a diffusion of the idea of CSR as a development tool from other countries or international frameworks. Another important aspect regarding the prediction of ideas will be to investigate the different actor’s attitude towards this development, since an idea would indicate that all actors have, more or less, been

'convinced' this is a new and good approach. As tied aid was proven not to be effective, perhaps the idea of CSR as a new way of integrating business in foreign aid spurred the Swedish development. In chapter 2.5 the requirements and indicators for 'ideas' as an explanation will be further operationalized.

2.3 Party Ideology

Before moving on it is important to observe that party ideology has not specifically been used as a variable in explaining the CSR-development paradigm in previous research; however it is a commonly used explanatory factor for political scientists when investigating foreign policies and foreign policy changes. Therefore, investigating party ideology in this case can also contribute to something 'new' to the CRS community and academia by understanding how national political actors may or may not influence CSR strategies.

Political parties are an essential part of representative democracies and they are usually classified in terms of ideology. Using the terms 'left' and 'right' - can be seen as instruments that helps the orientation in a complex political world and to summarize programs of political parties and label political interest in a specific time period (Knutsen 1995). In this investigation the terms 'left' and 'right' will be used to generalize political positions. However, to avoid misunderstandings, 'right' or 'right wing party' does not concern the ideology of extreme right wing parties. To conclude, the 'right' parties in this thesis are the more conservative parties (The Moderate Party, Liberal Peoples Party) and the 'left' parties are the more socialistic parties (Left Party, Social-democratic Party).

Regarding the importance of partisan politics when investigating policy outcomes, there are two major schools of thought. One of these suggest that partisan politics play little - if any role - in the shaping of public programs, and financing them. The other one suggests a central importance to partisan politics, and usually refers to the left-right dimension where differing class interests are central. Lower income groups and labor are here favoring a large and dynamic state, *public sector focus*, where upper income groups tend to favor a minimized role for the state when shaping the market, *private sector focus*. The basic partisan model concludes that parties on the left side in the left-right dimension tend to provide more government spending due to the favoring of redistribution than the right wing parties (Cusack 1997 p.376-377).

Many researchers have argued that changes in government ideology also means changes in foreign aid since decision makers have different preferences in this area (Tingley 2010, Kilby 2006). These theories are contested by some quantitative researches that find vague or non correlations between partisan orientation and foreign aid efforts (See for instance: Breuning 1995).

Tingley discusses the importance of being aware of that foreign aid is fundamentally about governmental transfer of resources away from taxpayers, which in turn should point to differences also in foreign aid with regards to the ideological dimension (Tingley 2010). Gomez (1999) found that the domestic politics of parties do influence international politics, since the political orientation

of the party is an important indicator for how the country will act regarding the allocation of foreign aid. He argues the first visible differences between the parties is how they view foreign policy, where the left wing parties are more humane internationalist oriented than the right wing parties.

A well known study of Olav Stokke (1989) compares what determines aid policies in 5 countries; Canada, Denmark, Norway, Sweden and the Netherlands. Stokke's results show that there are some variations in party explanations between the compared countries but that the left-right dimension is discernible in all cases when explaining changes in aid politics. He argues that the political parties represent different socio-political values and interests in the society and that the different parties tend to orientate their politics more strongly towards their values and interests also in foreign aid. He argues that the ideological dimension is specifically useful for explaining the volume of aid, where 'leftist' parties tend to be more generous.

The discussion becomes even more interesting if we look at the previous research of Moon (2002) where he describes the nature of CSR as 'soft-law' regulation which has much lower political costs in contrast to 'hard-law' regulations. In Sweden, a right wing party has been in power since 2006 and they are usually more pro business and according to previous research - minimizing government spending as well as they seem to be a little less generous regarding the volume of aid. Perhaps the costs and the limitations for the size of the state in shaping policy have been motives for the Moderate party to further develop these types of CSR strategies involving corporations.

Bjereld and Demker show that parties have had ideological motives that have been affecting the overall foreign policy in Sweden. They also explain that the party ideology motives "*can make a party more or less interested in specific issues*" (Bjereld & Demker 2000 p.25) which in this case could explain the recent business directed foreign aid strategies. Later in the same study by Bjereld & Demker, they argue that party motives are thus quite limited since the overall strategy within the Swedish government is to have a strong unified foreign policy, and that this is of high importance - especially in time of crisis.

Taking the above literature as a starting point, we can assume right wing parties to have a more business oriented welfare politics than the leftist parties. In order to investigate partisan influence in this topic we must therefore look upon the partisan behavior and opinions in debates on Swedish aid through the specific period of times which includes both right and left wing governments. The partisan outcome theories that argue for differences in the policy outcomes allow me to investigate if the rise and focus on CSR 'as a development tool' is due to ideological orientation of the party in power. Hence a possible explanation would be that CSR as a development tool is a right wing 'party preference', involving private actors and supporting the private sector more (in contrast to the public sector).

2.4 Interest Groups

The third theoretical approach for understanding the increasing CSR focus is influence from the business world. Can the changes be a result of the growing focus and influence from interest groups such as multinational companies? Some even say that big multinational corporations have more power than governments in today's globalized world (Hopkins 2007 p. 2).

Körner (2005), along with other authors, bring up the decreasing direct governmental influence and the increasing private sector influence in politics due to the increasing number of transnational corporations and globalizations processes. In recent studies, one approach to 'the business case' of CSR shows that the engagement in social responsibilities is a win-win situation and might even be a question on the survival of the company in future prospects (Merino & Valor 2011 p.161).

These theories are based upon the concepts that consumers are increasingly aware of company performance and can chose not to support a company if it acts deficiently toward a number of societal aspects. This development has also grown important due to the need of long-term sustainability and the media which exploits company behavior to the civil society (*ibid.*).

Gjolberg (2009) and Vogel (2005) illustrate the importance of investigating the dimension of CSR that suggest the company's impact on public policy is very much relevant. Gjolberg argues the institutional pathway, which highlights national legacies in the rise of CSR, suggest that CSR and corporate political activities - specifically lobbyism - is very relevant for explaining CSR. However, there seems to be little research on this business-government dimension of CSR in the academia (Gjolberg 2009, Blowfield 2005, and Vogel 2005). Fooks et al (2011) has shown how a company's CSR strategies can enable a dialogue with policy makers and that this has given opportunities for companies in issue definition at the political arena. They argue that CSR can and should be seen as 'corporate political activity' and that it is highly important to view the companies as interest groups when investigating CSR.

Farnsworth & Holden (2006) argue the importance of bringing up private sector influence in the CSR debate is due to four main factors, first, social policy changes in recent years have largely taken place due to business demands or due to the need of business in national competitiveness. Second, corporate power within states has been growing due to globalization and this has led to social policy changes. Third, business has been increasingly incorporated into many areas of the welfare state and forth, welfare services have in recent years opened up to private markets. Later in the article they also highlight that decision makers within states must try "*to induce corporations to invest through pursuing policies which are favorable to the pursuit of profit*" since failure in business investment can lead to hardship for labor and electoral failure for the ruling party. Therefore, they argue that the parties' ideological motives are not making a difference in the

case of CSR since they both have to strive for capital accumulation (Farnsworth & Holden 2006 p. 475).

The previous research on business influence leads us to theories on corporatism and lobbyism. Sweden has a strong corporate background along with the other Scandinavian countries, which means that the politics has been driven in a close institutionalized cooperation between the state and a few centralized interest groups with monopoly to represent a certain interest or social group (Naurin 2001 p.14). Although, research in field has pointed to a turnover; Scandinavian politics have faced a decrease in corporatist strategies, instead there has been increases in lobbyist strategies. The fact that organized interests influence policy in Sweden is still adequate, even though it might be seen as marginal. Lobbyism has, in contrast to corporatism, a lower degree of intuitionism and is more ‘informal’ than corporatism (Christiansen & Rommetvedt 1999).

The real “measurable” influence of lobby groups or think tanks is however much debated. Some researchers argue that interest groups have a very limited role and others argue they play a crucial role in the process of resource exchange (i.e. information transfer) to policy makers, and that this can be the result of why certain interests are shown on the policy agenda and others not (Bouwen 2004 p.474). Roth states that corporate power has been so influential (in contrast to the nation state) that one should call democracies for ‘corporacies’ (Roth cited in Farnsworth & Holden 2006 p.474).

What is also important to observe is the development of development finance institutes (DFI's) which is seen both on the global and national level. In Sweden, a DFI called Swedfund that is owned by the Swedish government (through the MFA) has become a more important actor in foreign aid in recent years. The possible influence or information exchange from this type of company must not be overlooked since Swedfund have received significant ODA funding the recent years.

To conclude, this ‘interest group’ approach will enable me to investigate if there has been lobby related incentives that has triggered the development of CSR at a national level. My theoretical line in compliance with hypothesis III will be mainly based on theories where lobbyism is seen of utmost importance for the development of CSR along with Fooks et al (2011) where the business-government dimension at a national level is noted as an important factor triggering the development of CSR. In this case it would be that corporations has a vested commercial interest in the foreign aid budget, and that CSR as a tool for development rose due to corporate interest and engagement in this issue at a domestic level, trying to lobby for a more commercial directed aid policy.

2.5 The Theories & the Hypotheses

The chosen hypotheses (chapter 1.3) are grounded in theories presented in chapters 2.2, 2.3 and 2.4. All of the three hypotheses are intuitive and open in their characteristics due to the intuitive and explorative quality of the whole investigation.

Within the analysis I will continuously refer to these three hypotheses, investigating statements that speak for and against them – with the aim of explaining why Sweden has taken this road in foreign aid policy. That means there will be continuous evaluation of the hypotheses in the analysis. Beyond the hypotheses, I think it is important to take into account the dynamics of this process, national and international environments and other foreign aid policy determinants at the specific times. It is nevertheless important to understand that I am aiming to investigate the ‘wider explanation’ for the development and that I am well aware that other, less wide, determinants could also have contributed to this development.

Some might argue the hypotheses will be hard to separate from each other, that all of these explanations can support the development of CSR in Sweden or that the first and third hypotheses are not contradictory. I am aware that this can be a possible criticism for the theoretical and methodological outline of the thesis. I will however argue that it is important to try to investigate the motives in a more explicit and separate way since explaining that ‘everything matters’ is not adequate for understanding the development of this phenomenon. Some motives for explanation might be more important than other, which is a part to be highlighted in the analysis. Also, the formation of the ‘requirements’ in relation to the hypotheses (see table 1 page 14) will contribute to a clearer separation of these three and decrease the problems of not being able to separate the explanatory variables.

Table 1: Specifying the expected relationships between the concepts

Hypothesis I: Ideas & Influences	Hypothesis II: Party preferences	Hypothesis III: Business world influence
All parties agree on importance of CSR as a tool for development as well as other actors (Sida, MFA etc.)	Parties within the government must have had <i>different views</i> on CSR as a tool for development	Strong linkages to private actors, private actor interests and business influence indicators during both left wing and right wing governments
Repeatedly references to international guidelines, same objectives and goals with CSR described in Swedish policy as in the international guidelines	The Social-democratic government must have seen difficulties or problems with the CSR approach	Evidence of strong presence, pressure or involvement of the business world must be found within policy documents and interviews
Timing of CSR in Sweden in line with international: UN, OECD as well as other countries	Different foreign aid approaches overall - in line with shifting governments can support this hypothesis – partisan patterns appear	A confirmation of the usage of lobbyism strategies and how it works within the field of CSR can support this hypothesis
Interviews can contribute to the knowledge if ideas and influences have been important factors	Ideological motivations for private sector engagement appear	Strong presence of DFI's and companies in the cooperation strategies of Sida

*Hypotheses are presented in the horizontal line and requirements in the vertical line.

3 Methodological Framework

Before moving on to the empirical and analytical parts, a methodological discussion will be presented in this chapter. The chapter will start with considerations of the analytical framework; i.e., discussing the case, the two folded methods approach, methodological discussion on the empirical material as well as method critique.

In order to explain the recent aid policy' changes' in Sweden I decided upon qualitative data analysis. A strength with qualitative methods is the possibility of in-depth research and hence to understand underlying values or motives of individuals or groups (Bauer et al. 2000 p.7). Therefore it is appropriate in line with the problem formulations and aims with the thesis. The qualitative data analysis in this thesis is based on two sources of data or texts: relevant policy documents, debates and official reports and interviews (more on that in chapter 3.3.1 and 3.3.2). A multiple data collection method, a so called triangulation of data, increases the confidence in the findings (Bechhofer et al. 2000 p.57).

3.1 The Case of Sweden

The primary reason for choosing Sweden as a case is that Sweden has been a bit different aid policy objectives than the “typical OECD donor”. Bertil Odén explains that Sweden *has* been one of few countries that have focused on the poorest countries within aid policy whereas commercial motives and self interests have been more prioritized in other OECD donor countries (Odén & Wohlgemuth 2006 p.19). This is a very interesting point of departure for my case study since two of my hypotheses also concern the private interests of political parties.

The case selection method is based on what George & Bennett (2005) classifies as *least likely* case selection. Sweden's aid policy has been different from the 'typical' OECD donor since they have been characterized by a history of aid policy that is not driven by self interest - therefore it is a least likely case selection. In relation to the hypotheses, Sweden can be seen as the least-likely country to be affected by these global ideas concerning the private sector (hypothesis I). Also, business has previously had a more marginalized role, especially when comparing to other OECD donors that have been driven more by self-interests, which is also makes it 'least likely' regarding hypothesis III.

This type of case selection is highly useful when trying to strengthen the support for theories even in cases where they should be weak which is of importance in this investigation. Also, if in this case I should find that commercial interests are a reason for this development in Sweden – the least likely case, it

means that this theory could, to some extent, be useful to explain other cases, since they have been proven in a ‘toughest test case’ (George & Bennett 2005 p.121).

Also, the fact that there has been a strong Social-democratic government for many years and now, since 2006, there has been a Moderate Party led government is very beneficial for my research since it means that there has been variation in left/right governments.

3.2 Process Tracing with a Historical Approach

The prior method adapted in the analysis of this thesis will be close to a theory guided process tracing. According to Collier (2011 p.824) process tracing is highly benefited through five types of aims, whereas two of these fits into the aim of this thesis; a) identify new political or social phenomena’s and describing them, b) investigate exploratory hypotheses, discover new hypotheses and asses causal claims.

Process tracing in this sense can test the observed processes among the variables to see if they match the predicted, i.e. ‘testing’ the hypotheses (George & Bennett 2005, p.355). The deductive process tracing method is very suitable if theories appear to make potential explanations and will therefore be used in this study where the hypotheses outline the predictions. The historical approach is also an important part of this study since the aim is to understand the *rise* of CSR ‘as a development tool’ in Sweden. Collier explains that a good process tracing analysis focuses on some important key steps or events in the process, since the key steps are important to characterize a process of change (Collier 2011 p. 824).

The analytical framework will therefore be divided into two time based key steps: 1) before: which constitutes an analysis of the period before CSR was brought on to the foreign aid agenda, 2) the change and the ongoing: where the actual ‘change’ process will be in focus. The first part is important when analyzing a process or a change since we need to see ‘what was before’ in order to explain a new phenomenon and also in order to see eventual party patterns and the role of ideas and business within the field of foreign aid. The second part is of course important since it marks the actual change from the beginning when these strategies first were adapted up until today. This is of course of utmost importance for seeing this process as a causal chain. It is however important to notice that instead of aiming at reconstructing the exact causal process of foreign aid connected to my hypotheses within the time period of 1991 onwards - I will try and focus on some key steps in the process of the rise of CSR as a strategy in Swedish foreign aid and events that can be connected to the broader structural context. This makes it possible for me to put more focus on the analysis of the specific phenomenon rather than a fully covered historical description of foreign aid policy in Sweden.

As mentioned, my hypotheses will in this investigation be served as predictions about the process. To operationalize the method, observations that are relevant to

these predictions will be made within the case of Sweden (Hall 2006 p.27). These observations are data drawn from the documentary research and from the interviews. This allows me to see if there is a causal chain that the theories or predictions anticipate are present within the case. The final stage in the process analysis allows me to make judgments about the theories due to congruence between the set up predictions and the observations made from the data (Hall 2006 p.28).

Within the analysis, the observations will generate constant evaluation of the competing hypotheses from 1991 and onwards. I will also specify what the evidence is grounded on in order to falsify or confirm a hypothesis. The judgment of the evidence is based on the requirement model of the hypotheses (Chapter 2.5 Table 1).

3.3 Qualitative Content Analysis of the data

Even though process tracing is the primary method, content analysis will be used to analyze the specific documents. The content analysis provides an understanding of the general impression in the texts which is important for my thesis. In addition, the method of content analysis enables the understanding of statements, causal relationships, similarities, differences, patterns and processes in the different texts and documents (Johannessen & Tufte 2002 p.109). When the general impression of the data is in place, I need to classify the data according to certain principles. These principles are important since they define the categories on what to look for in the data. It is important to observe that this thesis analysis will not outline a count of codes or any other quantitative influenced approach.

The primary categories will be the hypotheses: i.e. the role of these explanations and statements and information that speak for and against these hypotheses in the process (ideas, party ideology and business influence). Statements and segments concerning descriptions, motives and objectives and these hypotheses will be in focus.

The reason for this open strategy is that I don't want to miss out on important information that a structured coding approach might do. The aim with this thesis is neither to quantify qualities, rather to attach importance to the in-depth approach of qualitative methods.

The policy documents of importance for my investigation are usually a part of a wider debate; they include many political aspects and are often more than 100 pages long³. Therefore this strategic selection of important parts or contents of the documents is of importance. This is where the coding categories become important; the important parts will be chosen in line with the hypotheses but also in line with 'a wider lens' that aims for national and international contexts. Some

³ What is also important to observe is that many of these documents are in the form of html documents which means no page numbers are in place - hence some of these references will only refer to the document and not the page number

distinct determinants or categories in the content analysis enable the process that if someone else investigates the same categories in these policy documents again, they will find the same answers.

3.3.1 The Documents

The documents chosen for this investigation is mostly primary data. These documents are a mixture of government and parliament policy documents; motions, propositions, debates and decisions. In excess of this, I will also use official guidelines that focus on the private actor role in foreign aid (for instance: Sida guidelines). The government motions are important since they bring up the parties views as well as criticism on the strategies applied in foreign aid. The propositions and decisions are of importance since they indicate the process and development in this field that has led to the ‘outcome’ of today. In the analysis part from chapter 4.2 and onwards, a greater focus will be laid on the policy documents ‘Politics for Global Development’ onwards shortened as PGU. The first one was launched in 2003 and the second one in 2006 and they both are of importance for the more recent developments in foreign aid. A great number of documents were investigated, and through the content analysis ‘coding’ method I chose the most important ones to be included in the analysis.

Some secondary data will also be used in the analysis, mainly to give depth to the descriptive parts. The secondary data will primary outline Bertil Odéns book that describes the Swedish foreign aid development since the Marshall aid strategies up until the 21st century. I will also use some reports that have been carried out by different actors; civil society organizations and evaluation institutions (e.g. Diakonia reports, evaluations from the Swedish Consultants).

3.3.2 The Interviews

A strategic selection of the interviewees was done due to the need to interview people that have a certain amount of knowledge in this area of study. The interviews have been carried out with persons working with CSR or private sector strategies within Sida, the MFA a Swedish DFI (Swedfund), and The Confederation of Swedish Enterprise, members of both right and left sided parties within the Foreign Affairs Committee and also a former Minister of Development - for a historic input. The interviewees have been selected upon the criteria that they know about the process and development of CSR in Sweden and are familiar with Swedish aid policy in general: and of course that they can contribute to the research by being important actors for my investigation. An overview investigation over the important actors was done in line with my hypotheses, and led me to these selections. The chosen interviewees are aimed to address different aspects in my investigation and to bring out the ‘multiple actor’ focus in the thesis. In total, 10 interviews have been carried out. The results drawn from these

interviews are therefore still limited but I decided upon “quality over quantity”. The list of interviewees can be found in appendix A (page 56).

After carefully considering different interview guides, I decided to use semi-structured interviews as a point of departure for my interview guide. The interview guide is therefore constructed with some topics to be discussed along with some main guiding questions. Some variation with the interview questions has been done due to the different actors as interviewees. Instead of viewing this as a problem of objectivity (as the realist approach might suggest) I argue that in order to answer the stated research questions there is a need to adjust the interview to the specific interviewees. The questions are a mixture of interpretive and descriptive questions and the interview guide can be found in appendix B (page 57).

3.4 Critical Methodological Reflection

A strong methodological framework does not disregard a critical reflection upon the chosen methods. All methods come with strengths and weaknesses and it is important as a researcher to be aware of these and discuss them.

Many quantitative researchers argue that many qualitative methods fail in the aspects of reliability. Reliability is focused on the credibility of the data which might be a bit problematic for my investigation. Since I have carried out interviews, the question is if the interviewees are going answer truthfully or objectively to my questions (especially regarding the topic of lobbyism), and to what extent I might influence the interview. This is a criticism I am aware of but it is a risk I have to take since the interviews are very important for this ‘in depth’ investigation. Although, I think the problem of reliability decreases very much since the interviews are not the only data to be analyzed and since the interviews have been carried out are structured in a way that aims for objective answers. Also, the problem decreases since I am interviewing a lot of different actors and this multiple actor focus contributes to an investigation that is not only seen ‘through one scope’. The transcripts or sound files are also available upon request.

The second weakness is regarding the process tracing method approach. A general problem with deductive process tracing is proving that the hypotheses are separate from each other and not intervened as part of a wider explanation (Bennett & Checkel 2012). As presented in chapter 2.5, the requirements of the hypotheses contribute to certain hypotheses not being able to be combined. However, the first and the third hypotheses might be hard to separate from each other since it can be hard to prove that they are not a result from each other or that they are not interwoven within each other and therefore just parts of the same process. Increasing business world influence in aid politics might have been a part of a wider idea. This might be a methodological weakness but I still argue that it is important to try and separate them in order to gain important insights on the development of CSR.

4 Analysis

The analysis will be structured into four main parts where the first two are time specific: I) Before CSR II) The change period when CSR was brought in to Swedish foreign aid up until today, III) A concluded view from 1991 onwards IIII) Results. The role of the hypotheses will be discussed and present throughout the analysis.

After conducting a concluded overview through content analysis, some events and topics seem to be of more important to the CSR development than others. These are; the topic of *tied vs. untied aid*, the *general role* of private actors in foreign aid and the policy agendas '*PGU*' first one in 2003 and the second in 2008 which promotes topics as coherence, multiple actor focus and the role of business. Since these processes show utmost importance for the development, they will be in focus in the analysis. This is partly done due to time restrictions but also since I want to try to focus on this specific process.

4.1 Before CSR

4.1.1 The Bildt Government and Foreign Aid

The foreign aid policy in Sweden took a turn in the 90's. After the cold war the aid got more focused on strong institutions as well as promoting democracy and human rights. Also, poverty reduction through commerce and investments got more prioritized; focusing to a larger extent on transforming societies to market economies and 'pro poor growth' thinking dominated both the international and the Swedish aid agenda. A review of the aid recipients was done and a greater focus was laid on giving aid to the countries with the 'right' policies (Odén 2006 p. 121f).

Many critical aid discussions were also carried out in the Swedish foreign aid agenda. The aid strategies were being increasingly criticized from many different actors and the realization that the need for aid in developing countries was increasing - not decreasing, was a strong motive for further discussions (Motion 1992/93:U221). There seemed to be a problem definition on foreign aid effectiveness and that was the fact that the earlier strategies had been unsuccessful. This thinking developed intense discussions on how to achieve new, improved and more effective aid strategies.

Bertil Odén developed a table including international trends and dominating theories as well as domestic strategies (See table 2 page 21).

Table 2: Dominating Trends in the 90's

International context	End of the cold war, unipolar world order, globalization accelerates, Africa in deep crisis, East Asian rise
Theories & Models	Democracy, human rights, liberalization, privatization, neo classical national economy theories dominates
Aid strategies	Conflict management, structure adaption programs, depth relief, global strategies, promotion of democracy and human rights, HIV/Aids focus
Important actors	IMF, WB, EU, NGO's, Japan, UK
Trends in Sweden	Decrease in total aid amount, structure adaption, African crisis, criterions on democracy and human rights, increased focus on NGO's, gender equality as a sixth development goal (1995), transformation countries

From Bertil Odén (2006) p. 124

From 1991-1994 there was a Moderate Party-led government. Some changes in the foreign aid agenda were made when the party came to power. The Moderate Party in 1991 started enhancing fast and rapid results in the Swedish foreign aid policy (1994/95:U203).

They also started focusing on the transformation towards market economies. According to a critical Gudrun Schyman (Left Party); *"Market economy transformation is in reality made to a sixth development goal, and it is being equalized with the democracy goal. According to the Minister of Development himself 'trade not aid' thinking is dominating the Swedish aid policy now* (1992/93:U223). This approach was highly questioned among the 'leftist' parties.

As some party theories in chapter 2.4 explained, ideological motives in the form of issue preferences in foreign aid can contribute to different strategies depending on right or left led governments (Tingley 2010). This is to some extent confirmed when investigating the foreign aid policies of the Bildt government. The strategies of the Bildt government are highly result oriented and focusing on strategies that promote market economy transformation of developing countries. These strategies were highly criticized by leftist parties. The left party states: "*There is a shift of the aid to countries that are commercially more interesting, i.e. from the poorest countries to the less poor*" (Motion 1992/93:U233).'

“The aid policy is formatted towards being more in line with the Moderate Party...and the World Bank. If this policy gets majority it becomes a victory for dogmatism over solidarity” (ibid.).

“The government wants to cut back on the aid modalities that affects children, the poorest farmers etc. We cannot accept this. Make the cutoffs towards the World Bank and drop the credits for developing countries instead” (ibid.).

These statements suggest that the views on the role of commerce in foreign aid policy are highly different between the right and left parties, as well as the view on aid modalities and volume. The left party even criticizes the Moderate Party to have dropped the concept of solidarity, which has been a key stone for Swedish aid since the beginning of foreign aid in the post war era. This is not the only criticism that the Moderate Party got in 1991-1994. Among other statements, the Social-democratic Party argues:

“The government is specifically interested to promote the type of aid that is practically tied to procurements in Sweden, i.e. aid that gives Sweden commercial benefits....We find this attitude very alarming” (Motion 1992/93:U250).

“The Social-democratic party is sorry for the way the Moderate Party has handled foreign aid. We must soon again find the cooperation beyond party boundaries that has characterized Swedish aid policy in previous decades” (Motion 1993/1994:U212).

The overall conclusion when studying these documents is that the ‘leftist’ parties do support and agree with the importance of strategies for growth in developing countries, but that the strategies of the Moderate Party have been too focused on commercial and market oriented approaches that benefit Sweden in one way or another. The last quotation indicates among others that there has, through the history of Swedish foreign aid, been a close corporation between the parties and a common view on foreign aid policy -but that this changed when the Bildt government came to power. The oppositional parties expressed a shared dissatisfaction over the way the Moderate Party handled foreign aid, which according to them focused more on the commercial benefits for Sweden rather than the helping the poorest.

In a policy document developed by the Moderate Party they clearly state that growth and trade as well as Sweden’s own growth is of utmost importance for poverty reduction (Motion 1990/91:U227), and this was part of the overall trend in the 90’s. What also got more focus during the Bildt government were macroeconomic aspects, business and administrational development, structural adjustments as well as support for infrastructure in line with adjustments towards the politics of the World Bank (Motion 1992/93:U221). Another change was regarding the amount of aid distributed. Extensive cutoffs were made in the 90’s, both in bilateral and multilateral aid, although this was very criticized among the other parties.⁴

⁴ The 1% target was not reached again until 2006 (Odén 2006)

Another important key event during the Bildt government was the ‘opening up’ towards civil society organizations (CSO’s) in foreign aid. CSO’s were increasingly seen as important for democratic development that was enhanced in the 90’s foreign aid strategies and this became acknowledged in the 90’s, as a range of international research pointed to this (Lodenius 2007 p.8) Bringing in civil society in the field of development was considered a ‘solution’ to certain problems with aid that came to be during this time period, and especially the problem with aid efficiency. CSO’s were increasingly seen more efficient than states and they provided alternatives to “*the forces of market economy strategies that were increasingly criticized in the field of aid*” (*ibid.*). Bertil Odén describes this as a step in the development of thoughts on aid towards what came to be called the ‘new aid architecture’ and the idea of greater cooperation between states, foundations, business, and NGO’s (Odén 2006 p.132).

During the Bildt government the globalization processes speeded up rapidly, which also resulted in global approaches toward certain political issues. There was a range of UN top meeting resulting in global strategies. The Rio conference in 1992 and Agenda 21 resulted in a domestic focus on the foreign aid towards environmental aspects and sustainability (Odén 2006 p.100).

These internationally agreed sustainability aspects indicate that Sweden did follow and promote international trends. But, since Agenda 21 introduced the perspective of the poorest and protecting the least developed countries, the Moderate Party actions still indicate that partisan politics was one step ahead of these ideas, since they seemed to have chosen commercial benefits instead of the helping the poorest countries. The Left Party argued that Sweden was ‘*moving from the poorest to the less poor*’. It seems that partisan politics instead played a larger role for the changes that the Bildt government introduced.

What also appears is that the private sector in fact had an influence in the 90’s foreign aid policy. Göran Norén from The Confederation of Swedish Enterprise explains there was a high presence of business Swedish foreign aid in the 90’s. At that time foreign aid was still, to a larger extent, tied. This meant, Göran argues, that “*The tied aid strategies in Swedish foreign aid were customized for Swedish corporations*”⁵. He continues explaining that Swedish corporations in the 90’s were important suppliers. Swedish corporations provided and delivered products that the developing countries needed. If the Swedish government wanted to improve infrastructure by building a bridge, the Swedish companies worked as ‘performers’ for the government proposals.

Göran also describes lobbyism in the 90’s as a prominent phenomenon. Swedish corporations wanted to be involved in foreign aid and influencing policy makers. Corporations saw many commercial benefits in the field of aid when it was ‘tied’ to specific projects. This kind of cooperation between companies and aid agencies also increased the success rate in the projects and investments. He also explains that in the 90’s, the Swedish Confederation of Enterprise were

⁵ To clarify: Tied aid is tied to procurements with Swedish companies and is hence not done in open global competition (Göran Norén 2012)

putting a lot of efforts on lobbyism; they wanted to impose a more business directed foreign aid policy. “*This type of lobbyism was our entrance way, and a lot of companies were active in these types of issues*” (Göran Norén 2012). The tied aid share was still quite high in Sweden in the 90’s and Göran Noréns statements does suggest that corporations did in fact succeed with their lobbying.

This was also the time when in Sweden, the problems with tied aid got more and more focus. The Foreign Affairs Committee also supported the road towards more untied aid, stating on the topic that:”*Aid is not meant to be a subvention for Swedish industrial life*” (Reflection 1990/91:UU15). It is however clear that all party members were *not* agreeing on the turn towards untied aid at this point since motions from the Moderate Party and the New Democrats indicate that some of the parties members wanted to hold on to tied aid (See: Motion 1993/94:U229). These discussions however illustrate the beginning of the global and the Swedish turn towards untied aid that was yet to come, and more on this turn will be presented in chapter 4.3.3.

Johan Åkerblom explains the tied aid strategies were important for Swedish enterprises; “*When the aid was tied during the 80’s and 90’s – it came to mean a lot for Swedish project export, carried out by Swedish corporations. That was still when the general idea was that ‘if you want aid, you should have Swedish suppliers’*”. These statements speak for a high presence of Swedish enterprises as suppliers and providers, strongly connected to the tied aid strategies adapted.

According to Alf Svensson, Minister of Development 1991-1994, the foreign aid politics during this time period was already showing some indicators that CSR thinking would soon be applied. He explains that earlier decades were characterized by an overconfidence regarding both the power and the role of the state. He states;”*Many lived honestly with the conception that e.g. Julius Nyreres collectivistic ideas were something to strive for*”.

He continues explaining that private actors got involved to a high degree in aid policy strategies when the government decided to start giving soft loans to companies when they were set up in China. The Swedish company Ericsson’s establishment in China implied thousands of jobs in Sweden. He also argues the companies got a bigger role in development when aid was broken off to Vietnam. This development implied that Sweden engaged in the restructure of the country which also meant that Swedish companies could get established and also – practically - contribute to tackling a range of social issues.

Alf Svensson also points to facts that CSR as a ‘development tool’ got more focus in a range of developing countries where the state administration was very weak, with very few educated persons. When companies got established they offered the educated persons better wages and corruption got a hold on those who were not offered jobs within these new established companies. Alf continues “*CSR came into the picture in developing countries since there was a need to ‘compensate’ this development*”.

4.1.2 A New Government

In 1994, Sweden got a Social-democratic government that lasted until 2006. As you can see from the table below, the major trends are quite similar in the 21st century as in the 90's with some few exceptions⁶.

Table 3: Dominating Trends: 21st century

International context	Globalization processes continues, China & India gets greater influence, the war on terror, Iraq
Theories & Models	Neo-classic national economy dominates, democracy and human rights in focus, liberalization and privatization, the meaning of human capital, institutional theory
Aid strategies	Good governance, democracy, human rights, aid efficiency, conflict management, fight on HIV/AIDS, depth relief strategies, The UN's Millennium Development Goals
Important actors	IMF, World Bank, UNDP, UK, EU, NGOs
Trends in Sweden	Good governance, democracy, human rights, budget support, back to 1% target (2006), multidimensional poverty concept, politics for global development (2003), partnership, coherence between policy fields

Bertil Odén 2006 p.137

During the first years of the Social-democratic rule, some changes were made in the foreign aid structure. In 1995, SIDA was restructured; what before were multiple aid agencies; SIDA, Swedecorp, BITS and Sarec became the one 'Sida' of today. Emphasize was put on a coherent aid organization where the new Sida and Swedfund were to be responsible for the implementation of foreign aid. In Report 1994/1995:UU15, the Foreign Affairs Committee clearly states this was a development due to international criticism, where the previous aid among the four agencies was seen as "*shattered and unclear*" by both receiving countries, multilateral organizations and the EU.

Another national event that can be observed is that the debt relief order of state finances led to a decreased share of aid in relation to the Swedish BNI where the 'limit of shame' was reached in 1997 where only 0,7 of the total BNI was set out for foreign aid. Also, Sweden became a member of the European Union in 1995. Sweden started to put a lot of focus on how to establish a common foreign aid policy in line with the EU and the member states (Odén 2006 p.123).

⁶ Table of 90's trends in chapter 4.1

In 1995 a new development goal was set up, a gender equality goal. Gender issues got more focus in Swedish development policy, in dialogues with other countries and at an international level. Also, a multidimensional approach toward poverty was institutionalized, illustrating its complex nature (Odén 2006 p.123f).

4.1.3 Foreign Aid during the Social-democratic Governments

When the Social-democratic government came to power in September 1994, there was a clearly stated need for the aid policy to change. The Social-democratic party started putting greater focus on the foreign aid to be directed towards the poorest countries, a so called poverty oriented strategy. Also, a greater focus was laid on strategies that were to tackle new challenges due to rapid globalization processes. A committee was appointed in 1999 to investigate how Sweden's policy should be further developed in line with global, economical, social sustainable development from a solidarity point of view in a time where global co-dependence is growing (Committee Directive 1999:80). They point to the new challenges that globalization processes are posing, and the need for norms and rules to protect the poorest countries. This investigation laid the ground for PGU that was launched in 2003.

Within this time period, international trends affected the Swedish foreign policy in different areas (Odén 2006 p.133). The UN millennium development goals launched in 2000 was one of them where Sweden actually became a strong advocate. The MDG's included important aspects development assistance as well as a global coherence and coherence among policy areas (Odén 2006 p.127). Other international frameworks influencing foreign aid policy was the UN's Global Compact, Agenda 21, OECD's and DAC's frameworks, and especially the Paris declaration in 2005.

Regarding UN's Global Compact, the Social-democratic writing (2005/06:204) states "*Sweden is the largest financier of UN's Global Compact and has been driving to strengthen the development dimension of the framework, especially the local networks in developing countries*" indicating that Social-democratic Party indeed was very involved in the international frameworks of CSR and the link to development.

According to Krohwinkel-Karlsson (2008), PGU 2003 and the previous pilot reports secured what was called 'the new aid architecture' also focusing on greater cooperation with all of civil society's actors, including the private sector. This indicates an ideational development that were to include more of the civil society actors in the aid strategies that started with opening up to NGO's and global foundations in the 90's, followed by a greater cooperation with the private sector, which increasingly seems to be seen as an important part of the civil society – and not just profit 'maximisers'.

Billig et al (2012) states that evaluations that were carried out in the beginning of 2000, confirmed the 'policy paradigm' that was ongoing – on the international level as well as is Sweden, "*Sida adopted a new Private Sector Development Policy in 2004 based on a report called 'Making Markets Work for the Poor' that*

recognized the importance of macro-economic stability, institutions and rule of law for market effectiveness" (Billing et al, 2012 p.18, Report: Ferrand et al. 2004) leading to a more market focused aid policy in line with international policy.

On the topic of the Social-democratic Party and the role of business Olle Thorell explains; "*We in the Social-democratic Party realized the private sectors' important role in development cooperation. The more commerce there is in the world, the more impact corporations will have on foreign aid, and therefore they also have to make an appearance in PGU and CSR strategies. And since corporations are more aware of human rights, sustainability etc, of course they become very important actors in development*" He continues; "*We have also realized that corporations have an important role in society and that they can be a partner in our policy, not just a counter-force*" indicating a shift where the Social-democratic Party at the time did start to see the private sector as a more vital part in development cooperation.

What is also noted during the Social-democratic Party is that there was a more peaceful coexistence between the parties and there was a clear strive from their point of view to engage in a consistent, common foreign aid policy. They wanted all parties to 'agree' on the aid policy issues. This need for consensus is present in many of the motions in the mid 90's stating, as one example; "*We must find cooperation beyond party boundaries again*" (Motion 1993/94:U212). The leading principles; poverty reduction with a human rights perspective, was seemingly consistent among parties, resulting in a more peaceful coexistence between the parties than observed in 1991-1994. This indicates that the MDG's as well as the other international frameworks that were aimed at a consistent view of how to achieve development and what strategies to use influenced the Swedish arena. This led to a joint and united approach between the parties, suggesting the international ideas might have played a role in this time period's foreign aid policy.

At this time, Sweden did however to some extent oppose international pressure; 'proving' Sweden has not always been orthodox. Steps towards untied aid were done, but not to an extent that was recommended by the OECD's aid committee DAC. In the report by Diakonia and the Swedish Church, Nils Resare concludes: "*The pressure from DAC and the EU was why Sweden seriously started discussing the problems with tied aid...These ideas were strongly advocated by DAC and the EU, but got a resistance within the Swedish private sector and the previous Social-democratic government chose to partly go against the international recommendations...It was not until the Paris Declaration was implemented that Sweden started adapting the rules of untying aid. It was not an outcome of political wills - it was enforced by international actors*" (Resare 2011p.9). In 2005, 624 million was still channeled to tied aid strategies⁷ (Diakonia

⁷ 624 million SEK = about 2 % of the aid budget in 2005 in contrast to 2011, where only 0,1-0,3 % is seen as tied (Diakonia Report 2006). It is however important to notice that the *real* percentage or volume of tied aid is very hard to find.

Report 2006). However, if you look at the total aid budget, which was 23,4 billion SEK in 2005, it is still a limited share. Nevertheless, it indicates that the role of business was still quite strong and that the Social-democratic government actually went, to an extent, against the global turn of untied aid that was increasingly recommended by international actors. This means that the government chose to promote Swedish business interests over international recommendations (Resare 2011 p.9).

However, the awareness that untied aid was the ‘right road’ was increasingly spreading in this time period, and in the mid 2000’s a common approach towards untied aid was done with to some extent might indicate the power of international pressure. Sweden is today one of the ‘top’ countries on the subject of untying aid (Hans Linde, 2012).

An interesting question here is why the Social-democratic party opposed this international pressure at first? Kenneth G. Forslund explains: “*I’m not sure, but I think it was also due to practical reasons, that the ongoing projects would not abruptly end*”. As could not get further answers to ‘why’ in the interviews it’s hard to draw conclusions, but my interpretation is that it seemed as when the international pressure towards untied aid rose, Sweden started ‘for real’ to think about other strategies. When the international pressure ‘won’, Sweden had already started to adapt other strategies to again integrate corporations, and here is where the new idea of CSR as a development tool grew stronger, and tied aid strategies got much weaker.

This indicates that the road towards untied aid and the road towards CSR were parallel processes, as they existed at the same time during the Social-democratic government. Now, the tied aid strategies are abandoned by all parties, and the importance of CSR strategies – enhancing private actors’ responsibilities - has grown. In SOU 2006:108, on the topic of the Social-democratic Party and PGU 2003, the evaluation states: “*Today there are strong interests from the government and Swedish corporations to break the marginalization of business that has happened in foreign aid. This is expressed in the foreign aid policy as well as the evaluations followed*” indicating that perhaps the ‘hold on’ to tied aid in the beginning of 2000 was due to not wanting a *total* marginalization of corporations, and there may have been a lack of other ‘real’ ideas on how to integrate corporations in foreign aid. Johan Åkerblom, Sida, explains that Sida and the MFA started in 2005/06 to think about new strategies on how to integrate business world in the Swedish foreign aid as they became marginalized due to the movement towards untied aid (Johan Åkerblom, 2012).

4.2 The Rise of CSR in Swedish Foreign Aid

When investigating the aid policy documents it becomes clear that the start on ‘CSR as a development tool’ actually was set in Sweden already when the first proposition Politics for Global Development (PGU) was launched in 2003. This is where a greater focus on the role of business and the definition and concept of CSR becomes apparent. Early reports were written already in 1999-2001 but the

actual action plan was launched in 2003. I will start this chapter with focusing on this proposition and then move on to the new version of PGU from 2008 and then as well go into the more recent changes.

4.2.1 “A Joint Responsibility: Sweden’s Politics for Global Development”

The motive for launching PGU was fundamentally about the need for protecting the poor in an era of increasing globalization processes and along with that: new challenges. The need for policy coherence and mutual responsibility was in focus. When the government proposed this policy, they were united on this topic. The need for changing strategies was not something debated; it seemed to be supported by all parties.

What is this policy then and what does it consist of? To conclude, it aims for coherent policy for a just and sustainable development that also is to contribute to fulfilling the MDG's. A rights-based and a poverty perspective is promoted as well as a extended collaboration between society's different actors.

The report by Globkom found that the motives for this launch were twofold; solidarity and enlightened self-interest (SOU:2001:96). This second motive was despite the Globkom report, not accepted as a legitimate motive for the Social-democratic Party; hence they only referred to the motive of solidarity from then on (Abrahamsson & Ekegren 2012).

PGU includes many actor aspects where one of them is the role of business, which is most of relevance to further acknowledge for my investigation (Proposition 2003/04:122). In this proposition the Swedish business world and labor unions as well as the rights of the employees are pointed out to be important for global development due to their knowledge and experience that are seen as important resources for Swedish development coordination. It is also aimed at greater cooperation between business, unions, organizations and governments – to promote Swedish corporations' to take responsibility in CSR strategies. In the proposition, it is enhanced that a greater cooperation should take place with Swedish corporations in the implementation of the MDG's.

In addition to this, they enhance the meaning of Global Compact and the OECD framework for multinational corporations, and points out that MFA's department ‘Global Responsibility’ was set up in 2002 to promote Swedish corporations and to implement principles and rules connected to CSR (ibid. p.56-57). In the reflection on PGU 2003, Göran Norén, representative from the Confederation of Swedish Enterprise, was present at the reflection meeting and expresses a positive position towards this ‘new’ role for the private sector. Also, Ari Kokko, board member of Sida, argues that the private sector and the trade sector as well as privatization are very important factor for a successful development. (Reflection 2003/04:UU3)

Exporrådet was also mentioned as an important actor in PGU 2003. Later in an evaluation writing of the progress towards PGU 2003 and the goals connected to it, the Social-democratic Party states; “*Exporrådet and project export promotion at 5 authorities are cooperating with Sida and Swedfund to promote*

Swedish participation in projects and procurement financed by international organizations and development banks" (Writing 2004/05:161 p.38).

In two evaluative reports carried out in 2006 during the Social-democratic Party, the expression of a deeper cooperation between Swedish export institutions and Sida is clearly stated (Åkesson 2006, Rudebeck & Wall 2006). This is quite interesting, since some similarities appear to the tied aid strategies in the 90's – where the Swedish resource base is enhanced. Although, what is new here is that it is Sida, Swedfund and Exportrådet's role to integrate Swedish corporations in the foreign aid.

What were then the changes from the Bildt government's private sector aid strategies and the Social-democratic party's private sector engagement as described in the section above? Well, first, the Foreign Affairs Committee – with a Social-democratic majority - states in Reflection 1994/1995:UU15 that private sector development and market economy has been increasingly 'recognized approaches' due to experiences, and that the balance between private and public sector is of importance, indicating that the 'leftist' parties already here seemed more convinced of the private sector strategies and ideas than in the four first years of the 90's.

Along with PGU in 2003, the private sector involvement aimed at a greater cooperation between the private sector and the aid agencies, Sida and Swedfund, but also with focus on surrounding legislation, working conditions and labor unions. Hence, the importance of the private sector is acknowledged but not with the goal of return flows or commercial benefits for Sweden as the Bildt government seemed to be more focused on during the 'aid fatigue' in the 90's.

Johan Åkerblom, Sida, explains that Sweden has always been orthodox in many aspects, which led to untying aid stricter than other OECD countries. This led to the business world complaining that there was not any room for them. When PGU was launched in 2003 - corporations were very involved in this process. It clearly states in PGU that all of society's actors should be involved. Corporations expected, through project export, to be able to deliver more in terms of aid, but that was not the case. This led to strong tensions between the private sector and Sida & UD. And this was where it all started, when we started thinking '*how can we work together with business?*'(Johan Åkerblom, 2012).

In 2005, The Swedish Consultants got the assignment to further investigate how Sida and Swedfund could start working with Swedish corporations. This investigation resulted in two reports where one further investigated arenas, dialogues and instruments for a greater cooperation with the private sector and the other one looks into 'the changing operational methods in Sida, the MFA and the embassies' with focus on private sector cooperation and CSR (Åkesson 2006, Rudebeck & Wall 2006). Since these reports include recommendations on how to actually implement a stronger cooperation between the aid agencies and Swedish corporations, it seems this kind of work (as Sida's business for development program [B4D] today) already started to get planned when the Social-democratic Party was still in power, this of course becomes a strong indicator for the possibility to falsify hypothesis II and confirming hypothesis I.

In September 2006, the Moderate Party came to power. In 2008 there was a ‘second’ launch of the PGU. The aim with this policy was to put a renewed focus on policy coherence and sustainable global development. The reasons for the renewal were argued for by “*four years has gone and many of the global challenges have become even more substantial*” as well as distinct expression of that the PGU in 2003 has not lived up to the expectations (Writing 2007/08:89). This new version was based on a two folded strategy, making more distinct separations between *policy coherence* and *development cooperation (aid)*. In the updated version, the private sector still has an important role, although here, it is more emphasized that it should not off-set the Swedish turn to untied aid (*ibid. p.19*)⁸.

What is a major different between the first & the second PGU was that in the first version, a specific goal for employees was set; to improve working conditions globally (Writing 2004/05:204 p.31). This goal was not acknowledged in the ‘new’ version, neither was the freedom of labor unions addressed among the goals that were set up. This was criticized i.a. in a motion from the Social-democratic Party where they are ‘noticing the ideological shift’ since the focus is solely on the market, not on humans (Motion 2007/08:89), indicating that CSR is not enough - without surrounding legislation on working conditions, labor unions etc.

4.2.2 Recent Developments

The Moderate party has in recent years directed foreign aid towards a more result oriented approach (Ulrik Nilsson 2012 & Odén 2012). One major ‘change’ in the most recent years regarding the role of private actors is the establishment of Sida’s Business for Development (B4D) program. A pilot initiative was done in 2006/07 but never adapted. B4D was developed in 2008/2009 and was adopted in 2010.

Maja Forslind explains how this program is taking a different approach involving private actors than ever before. Before, Sida was working with ‘making markets work’ but that the cooperation partners in these strategies were mostly governments and institutions – not (yet) business. Maja also explains that corporations have gotten a bigger independent role as an actor in foreign aid policy in the more recent years since they saw a need to bring in corporations in their ‘own role’, in a role as themselves and with their own driving force, not as only suppliers. She explains that before, we have been taking advantages from organizational driving forces and not corporations, and that this is something B4D now does (Maja Forslind, 2012). The B4D program has gotten a more important role in the field of foreign aid during the recent two years and many of the policy guidelines and the documents indicate an even bigger role in the future.

Swedfund’s increasing budget is another development that has been noticed in recent years. Swedfund has since the start (1979) been allocated with about 2,4

⁸ As previously noted, the untying of aid started ‘for real’ in Sweden in 2005 when the Paris declaration was formulated, and untied aid recommendations strongly promoted.

billion SEK from the aid budget, and the majority of these, in fact, more than 1,4 billion, has been allocated since 2007. In addition, 400 million SEK were allocated in 2012 to Swedfund. Per Juth explains: “*When I started here in 2006, we were 19 employees and had a capital on around 2 billion SEK. Since then we have almost redoubled the employees and also redoubled our capital. And we are putting more and more efforts on presenting development results and CSR*” (Per Juth 2012).

In addition to Sida’s B4S & Swedfund mentioned, there has been increased focus on the MFA’s ‘Global Responsibility’ (established 2001) and their private sector engagement with a budget of 77.5 million SEK in 2011. Other export and commerce directed approaches have also been established, inter alia a deepened cooperation between Exporträdet (Swedish Trade Council) and Sida since 2003. Exporträdet’s general development projects allocated 22 million SEK in 2011 as well as the program ‘Meeting Points Mining’ got 23 million SEK divided on four years. In addition to this there are Demomiljö, Spider, MFA’s & Stockholm Chamber of Commerce programs and Partnership for Development programs – who are all export or commerce directed development approaches (Resare 2011 p.10-11).

Besides of this, Sida has developed support for business organizations as well as support for business innovation programs (Innovations Against Poverty). Without further going into too many details, it seems that there has been a changed role for business where more extensive focus is put on these types of strategies (*ibid.*). These strategies are nevertheless still limited when comparing to the total aid budget, 28,55 billion SEK in 2011 (See: www.openaid.se), however, increasingly growing.

The Moderate Party along with Gunilla Carlsson has in recent years also been indicating changes within the field of Swedish foreign aid, with the use of terms ‘new’ and ‘change’ in many statements and debates on this topic. After the aid top meeting in Busan 2011, Carlsson has stated many times that the Swedish foreign aid must become better at cooperating with the private sector (Göteborgsposten 30/11/2011). This is motivated by the important knowledge and experiences that private actors has as they operate in these countries, and that this is something foreign aid agencies could learn from.

In the interviews, both Ulrik Nilsson from the Moderate Party and Johan Åkerblom from Sida talks about ‘gearing up’ the aid, the *benefits* from cooperation with business, as well as the realization that corporations contribute with good development results that it would be stupid not to adapt into the foreign aid strategies. This indicates a shifted thinking from where corporations were the ones who saw commercial benefits with getting a piece of the cake from the aid budget (when the aid was tied) - to that aid policy actors are the ones who sees benefits when involving corporations, indicating that foreign aid actors today see some sort of profits with getting ‘a piece of the corporate cake’.

These changes towards an even more focus on private actors in foreign aid are to some extent discussed among Swedish CSO’s. In one report from the Fairtrade Center, they enhance that the role of private sector must get more focus and be

taken seriously while at the same time they point to the need of ‘proving’ that corporations actually do contribute to the aid policy goals (Fairtrade Center 2008 p. 4). This indicates that the private actor focus is more than welcome, although pointing out that there is a need to address the challenges that arise when involving corporations.

The political debates during the recent years show a consistency among the foreign aid policy and a pretty peaceful coexistence between the parties. However, regarding the second launch of PGU in 2008 – the social democratic party states: *“The government is putting a strong focus on growth and the private sector. We in the Social-democratic Party are of course not against any of this... but, the market alone is not enough , growth is not the only measure for a successful society, business is not the only factor that create job opportunities”* and *“We must also promote working conditions and labor unions”*. (Debate 16/06/2008) indicating that there were different opinions on the role of labor unions and global working conditions – which according to the Social-democratic Party is not touched upon enough in the new PGU.

Also, some motions from this time period illustrate some important debates regarding the increasing focus on Swedish interests in foreign aid. This can be illustrated with examples from the Social-democratic Party motions during recent years, where Swedfund is under ‘debate’. In one motion they state; *“We have a positive attitude towards Swedfund’s operations, economic growth is very important, but we also want to take the criticism that has been pointed towards their work seriously ,i.e. that Swedfund has used tax havens and that their development results and effects are inadequate”* (Motion 2009/10:U339).

What is also brought up as a ‘conflicting issue’ on the left-right scale is the implementation of obligatory legislation for transnational corporations; where the opposition parties seem to agree that legislations is necessary, and an important complement for CSR as a development tool, but where the right wing parties seem to argue that no legislation is needed (Hans Linde 2012, Olle Thorell 2012, Motion 2002/03:N311, Debate 12/12/2011).

4.3 ‘Testing’ the Hypotheses

In this chapter the three hypotheses will be discussed in line with the findings. First, I will discuss the general problem definition that got noticed and then move on to the key findings from the data.

After conducting the interviews, certain aspects of the general problem definition got noticed. The problems that these new strategies were aimed to address, is of importance when investigating ideational processes (hypothesis I) since it can illustrate how new ideas become powerful in the first place. The interviewees seemed to agree, that there has been a general ‘realization’ that traditional aid has not been as successful as wished for as well as the problem definition of how to integrate the private sector during the movement towards untied aid. According to Steinmo (2008) new ideas become important when old

ideas are being discredited by experience, which might indicate the possible influence of ideas.

Hans Linde (Left Party) explains that during the 90's, tied aid was identified as more problematic, and that Sweden has adapted the rules of untying aid very clearly and that this marginalized Swedish corporations in the field of aid. Per Juth explains that there has been more discussions on that the traditional aid strategies have not succeeded, and that this has led to the rising awareness of involving the private sector in foreign aid strategies. This seems to be the overall problem definition that these strategies were supposed to address: The fact that the previous aid modalities have not been succeeding and the need to integrate corporations in the context of untying aid. Johan Åkerblom (Sida) and Göran Norén (The Swedish Confederation of Enterprise) make similar statements as Hans Linde and Per Juth (above) regarding the problem definition. Similarly, Kenneth G. Forslund states; "*We have realized more that we have to create that kind of development where one can 'go it alone'*" and he explains that this is where the private sector comes to play a major role, creating jobs and opportunities.

Göran Norén explains the development of CSR in foreign aid policy as a changed global thinking towards corporations as an actor in contributing to development goals. He explains that there is a more positive attitude towards private actors in the field of foreign aid than there was 30-40 years ago, when the world was then more ideologically polarized between left and right. Today, we have an economic development that makes corporations very important actors in this game. And whether or not you like market liberalization, it has become more realized that you cannot operate without regards to private actors. Corporations are seen as important for a growth in developing countries. He continues; "*The view on private actors in the field of foreign aid is more pragmatic today*" (Göran Norén, 2012).

These statements of Göran Norén go to an extent in line with Steinmo (2008) who argues that ideas become important 'when new political or economic contexts open up'. In this case, the rapid spreading of market liberalism (whether you like it or not) was a 'new' context that led to foreign aid adapting the policy to meet these new challenges connected to it and indicating a shifted thinking on the role of corporations. It also seems that the private sector is seen as more efficient in developmental contexts.

When looking into the policy guideline of Sida, it is shown that Sida's B4D program is to a large extent based on international agreements and strategies. In one report they state that: "*The international community is increasingly convinced that to tackle the global challenges development cooperation must involve the business sector. The shared experiences and commitment within strategic cooperation with the business sector serves as an important foundation for Sida's work with CSR* (Sida Guidelines for CSR 2012). This suggests a global idea on that private sector must be involved in development and that this is a phenomenon that the international community has been convinced of. They also state that

Global Compact, OECD and John Ruggie's version of the 'new' Global Compact has in fact been strong influences of Sida's work in the field.

Johan Åkerblom, advisor for B4D, states that when they started to develop the strategies for a business program they investigated how other countries had done in the matter, especially the UK regarding their challenge funds, indicating a diffusion or distribution of ideas. He also explains that these overviews have influenced Sweden's work in the matter (Johan Åkerblom 2012).

In line with Göran Norén statement on the more and more positive attitude towards business in foreign aid on the previous page, Johan Åkerblom says that Sida and B4D has been working a lot with exactly this. *"The dominating paradigm in the aid industry has been to not cooperate with private actors since they are only profit-maximizers. It has sort of been seen as a 'taboo'. We have been working a lot with breaking this taboo"* indicating a 'shift' in thinking on the role and so called usefulness of business in development strategies. The dominating paradigm was, in the 80's and 90's, not to cooperate with companies since they are only profit-driven (of course except from procurements). Now however, John Åkerblom explains that this has been through a change in recent years and that everyone growingly realizes the importance of business for global development. The idea of CSR as a development tool seems to have 'convinced' Sida.

Bengt Johansson (MFA) states; *"Sida has always been struggling with their relation to Swedish corporations, and Swedish corporations has been complaining when they don't get the deliveries, that the aid is not adjusted to the Swedish resource base...But then they found this B4D solution when working together"*

Ulrik Nilsson (Moderate Party) states on the rise of CSR and party views: *"You don't have different opinions on CSR between the parties; I think all actors agree on its importance and that everyone sees the benefits with more actors respecting the grounds of CSR."* He continues; *"We 'welcome' globalization, but the challenge of 'shopping according to the most beneficial system for me' has become more common, which also means we need to equip our commercial instruments with some type of moral, and this is when CSR came into the picture"*

This statement along with Alf Svensson's statement on 'compensation' (chapter 4.1.1, page 24) goes in line with the previous research regarding CSR of Daniel Kinderman. According to Kinderman, CSR has compensated some social dislocations that results from unfettering markets, and hence legitimating business in their role of market-makers (Kinderman 2012).

Ulrik Nilsson also explains that due to the Moderate Party's positive approach towards globalization, more focus has also been put on CSR strategies. He also explains that the reasons for the development of CSR strategies in foreign aid were largely due to the results that one could see – from the 'business case' of CSR. He continues; *"If the Swedish citizens would not have demanded companies to take greater responsibility, this would not have been such a powerful tool".* When Sweden could see the positive results that companies could contribute to, they adapted cooperation on this subject in the field of foreign aid (Ulrik Nilsson

2012), indicating that the foreign aid agenda definitely got influenced by the wider 'business case' of CSR.

Hans Linde (Left Party) explains that private actors play an important role in the world we live in, and that this is noted by both center-right and left wing parties. He continues; "*When it comes to poverty reduction and development it is not possible to turn away from private actors*". On the other hand, he seems to be convinced that the even more extensive focus in recent years on the private sector seems to be due to the conservative government and their growth-directed aid policy strategies (Hans Linde 2012).

In the more recent years there seems to be some party differences in the left-right scale. However, the leftist parties do not argue with the concept that CSR is a good strategy in foreign aid, rather that the debates are concerning *surrounding legislation of* and to what extent one should integrate the private sector. According to Hans Linde this debate can be traced back to ideological explanations, and he discussed how the different parties' views are quite different on the topic of development where he points out the Moderate Party is more focused on the term of growth whereas the leftist parties are more focused on CSO's, labor unions, legislation for companies etc. What is also important to notice is that there seems to be more difference of opinion between the Left Party and the Moderate Party than between the Social-democratic Party and the Moderate Party.

Hans Linde says; "*There is not disagreement on the importance of CSR strategies in foreign aid, but we do think that this is maybe not enough... the importance of legislation, labor unions and other surrounding topics connected to CSR is just as important and should not be overlooked*". Olle Thorell (S) also seem to agree and explains there are differences on the left-right scale on the view of markets as 'the only solution' to sustainable development, but that the private sector is very important. This indicates that the rise of CSR could be explained as the new idea that emerged to include corporations when tied aid no longer was legitimate, but there are still party differences - as it was also in relation to business and tied aid in the 90's.

On the topic of the Moderate Party and the recent private sector strategies Kenneth G. Forslund (Social-Democratic Party) states that "*The Moderate Party is continuing to run the work that started before 2006*" confirming the Social-democratic Party's positive approach towards these strategies. However, he also explains that the Moderate Party has put a lot of focus on these types of strategies in recent years since it is more a 'natural part' of foreign aid for them.

Both Göran Norén and Per Juth highlight the development of CSR as a 'development tool' in Sweden as a result from an international trend. Per Juth explains: "*These private sector involvement and CSR has become more focused on since aid is now also involved in the business world*". He argues that this development has not taken place due to national interests or institutions of any kind. He explains that Sweden has investigated how other countries have done in the matter, and that international legislation, even though it is voluntary, has been a cornerstone for this development. "*All frameworks that Swedish corporations and our 'sister' DFIs work according to - are the international ones.*" Per Juth

also seems convinced this development is not due to a party preferences,” *In the budget that the Social-democratic Party laid in 2006, they promised us 1 billion SEK. And the alliance, when they came to power, did not change this. I think all parties agree on the importance of involving the private sector in the fight against poverty*”.

All the interviewees seem to touch upon this development as a global trend that has been adapted and that all actors were agreeing on the importance of implementing CSR strategies in foreign aid strategies. Alf Svensson states;”*Some activists had the conception that business was exploiting and were driven by unsound organizations, and we have to remember that aid to poor countries started with churches and orders. Then there were no connections to business but their work was, to a large extent, social responsibility*” .This statement seems like another way of legitimating business involvement, where they are seen as part of the civil society. Göran Norén argues that it is nothing ‘remarkable’ about the business directed foreign aid since “*We live in a world that is increasingly colored by market liberalism, and then it is perhaps not so strange that it affects the foreign aid policy and the cooperation between these ideas*”.

What about business influence? What the data presents is that companies also have interests in these issues. Hans Linde explains that some of the companies are promoters of CSR since they want to be self-regulated, that this is a way of not having to be regulated by international legislation or other regulations. Since the data also presents that many companies indulge in CSR strategies for development and poverty reduction and promoting HR on their ‘own’ - and not part of the aid strategies or aid funds in Sweden, it might indicate the strive for ‘self-regulation’ that has been seen in the UK.

Göran Norén states, among others, that lobbying for foreign aid issues is not done by the Swedish Confederation of Enterprises - not anymore, which instantly weakens hypothesis III. Per Juth also concludes that Swedfund is not involved in influencing politics in any way. He also explains that the investments that they choose to support are not chosen by country of origin, and that around 50% of the investment are Swedish corporations and the other half are corporations from all over the world. On the topic of business influence he explains; “*Our sister DFI in Denmark is only allowed to invest with Danish companies, perhaps over there business influence is important, in our case there is no national interests involved*”.

Göran Norén explains that corporations actually have become tired to try and influence the aid policy since the processes are so long - B4D took 10 years to establish - and that companies do not have that time horizon. Why companies engage in CSR strategies for achieving developmental goals is a bit of a different subject, it is nonetheless important to understand that companies has some type of interest in these issues. These processes seem instead to be driven by politicians. Along with a turn towards untied aid, lobbying for specific projects has decreased rapidly.

It seems like an idea of a changed role for business and market as well as the state that Bengt Johansson (MFA) also illustrates with his statement; ”*We have*

abandoned state-interventionism. Now, as soon as there is a market, the state steps aside, and the market will take care of it all. In this way a lot has changed”.

The data from the texts and interviews indicate that this idea, largely influenced by international agreements contributed to a changed thinking in Sweden on the actual role of business. This idea, that corporations are important actors and that they therefore need to be involved in development goals, was adapted through these international agreements. As Blyth (2003) has argued, ideas can influence the agenda setting of policy makers. The Social-democratic Party had 10 years earlier criticized the Moderate party to be adapting aid strategies that benefit Sweden in many aspects (chapter 4.1). Now, the Social-democratic Party took a turn from this thinking and started to see business in a more pragmatic way (Olle Thorell, 2012). They seemed to agree with this CSR as a development tool-idea, which led to a more open approach towards business in the field of foreign aid due to the rising awareness that companies are important actors in this field. There seems to have been a shift within the party -which we should expect to be against this development.

What also gives support to hypothesis I is the 'orthodox' Swedish foreign aid policy, that has a history of promoting international frameworks and agreements, in this case especially Global Compact, Agenda 21 and other sustainability frameworks, as well as DAC's principles and recommendations for untying aid. The timing is also in line with global turn which could indicate support for hypothesis I.

On the next page (chapter 4.3.1) I will present the findings in line with the hypotheses in a concluded form.

4.3.1 Table 4: Hypotheses & Findings

Hypothesis I	Hypothesis II	Hypothesis III
Supporting the hypothesis	Supporting the hypothesis	Supporting the hypothesis
<ul style="list-style-type: none"> - All actors agreeing on the importance of CSR - Diffusion from UK -Social-democratic Party that ‘started’ the process - Interviews contributed to acknowledge this development as an international trend - More pragmatic view on business by all - No lobbyism - ‘Traditional’ aid increasingly questioned 	<ul style="list-style-type: none"> - Differing views on tied aid in the earlier phase and CSR in the latter phase between left/right parties 	<ul style="list-style-type: none"> - Business <i>has</i> interests in these issues
Weakening the hypothesis	Weakening the hypothesis	Weakening the hypothesis
	<ul style="list-style-type: none"> - The Social-democratic Party started the process - The Social-democratic and even the Left Party & Sida seemed to welcome these approaches - The differences are only concerning one aspect of CSR strategies, i.e. rights of unionization, working conditions 	<ul style="list-style-type: none"> - No lobbyism or other business pressure from Swedish corporations -Business tired of trying to influence foreign aid - Process seems to be driven by politicians, not business

A short conclusion of the findings in line with the hypotheses is presented in the table above. It seems that hypothesis I gets strong support. However, in order to draw any conclusions I am going to look a bit further into why hypotheses II & III can be considered ‘falsified’ in the next chapter.

4.4 Falsifying Hypothesis II & III

If I want to confirm hypothesis I, it is important to further discuss the indicators that contribute to falsifying hypotheses II & III. The second hypotheses regarding CSR as a development tool has risen due to the Moderate Party in power from 2006 onwards is to a large extent considered falsified when looking at the developments that the Social-democratic Party adapted from 2000-2006. The PGU of 2003 and following reports that were ordered by this government consisted of different approaches and strategies on how to involve the private sector within foreign aid strategies. All actors, including ‘leftist’ parties, Sida and CSO’s have recognized the importance of private actors indicating a shift in thinking on the role of private actors and this ‘idea’ that corporations are needed in the fight against poverty (although the question on ‘how’ or ‘to what extent’ might differ).

The 90’s debates between left and right wing parties on the topic of private actors, self-interests and commercial motives indicate that there has been a shifted thinking about business within the ‘leftist’ parties, where cooperation with private actors within the field of foreign aid are seen as more pragmatic as well as within Sida, where Johan Åkerblom and Maja Forslind both explain that there has been a shift in thinking about private actors, their role and their importance.

Hence, the theories suggesting party ideology affects foreign aid policy cannot be confirmed in the explanation of the rise of CSR as a development tool. This investigation gives instead support to Bjereld & Demker’s study, showing that Sweden tries to have a unified foreign policy, and hence party motives are limited in this area of politics. (Bjereld & Demker 2000 p.34). The rise of CSR did not match with hypothesis II.

However, as mentioned in the chapter above, some party differences do appear in this issue, but not really until more recent years and they do not argue with the concept that CSR is a good strategy in foreign aid. The debates are instead concerning *surrounding legislation* of corporations and to what extent one should integrate the private sector in development strategies. Hence, it is possible to argue that CSR can be explained as the new idea that emerged to include corporations when tied aid no longer was legitimate, but there are still party differences - as it was also in relation to business and tied aid in the 90’s.

What about hypotheses III? The confederation of Swedish Enterprise does not work with any type of lobbyism in aid policy today, and not Swedfund either. Swedfund are not basing their decisions on who to invest with due to country-origin of the company, but instead on what is a good investment– indicating that Swedish corporations does not have an advantage regarding national interests.

Data from the interviews suggest many companies have gone ‘their own way’ in the field of CSR and development without any support from the aid budget, which highly suggests that this is not a development due to lobbyism from the

private sector. Of course business has an interest in this field, but as Göran Norén explains; “*These processes and programs are slow and take a very long time, B4D took ten years to launch, and companies do not have that time horizon*” and explains that this is why many corporations focus on CSR as a development tool on their ‘own’ rather than putting effort on influencing foreign aid. He also explains that corporations were more interested in foreign aid when the aid was to a larger extent tied and companies were ‘only’ suppliers, since; “*Aid today is more focused on democracy development and institutional build-up... these areas are not so close to the private sector competence*” (Göran Norén, 2012).

The interests are not line with the lobbyism-type of commercial interest for companies as hypothesis III and the grounding theories that suggested CSR as ‘corporate political activity’. Business has an interest but this seemingly happens ‘below’ the general development, but the trend has not risen by business influence at a national level. Corporations have some kind of interest in these issues, but the initiatives seem to have come from politicians. Direct lobbying for special projects has decreased rapidly with the process of untying aid. Due to this evidence regarding the rise of CSR as a development tool in line with the empirical material available, both hypotheses II and III are strongly weakened, which in turn gives stronger support to hypothesis I, the global trend.

5 A concluded view of the rise of ‘CSR as a development tool’

During the Bildt government, partisan politics seems to have been a motivation for the private sector strategies as well as there was a high presence of business influencing the aid agenda. This was largely due to the tied aid strategies that implied a more direct presence of business as well as the evidential lobbyist strategies.

The opening up to civil society in the 90’s is here seen as an important step in the ‘new aid architecture’ that started to develop. This also indicated a shifted thinking on role and power of the state.

After the Bildt government, there was a more peaceful coexistence between the parties. The international trend towards a more coherent policy as well as the human rights focus and democracy promotion was agreed ‘corner stones’ in the foreign aid policy. In 2003, PGU was launched that introduced CSR and a greater private sector integration in foreign aid. The Social-democratic government seemed at this time to be moving towards untied aid and CSR at the same time, as parallel processes. It seems that while realizing that tied aid was not effective, there was a growing realization that companies are important actors in the field of development. This suggests that new ideas influenced these strategies, where companies started acting in a new role.

This was also the time when a shifted thinking about business started growing, where business got seen as more pragmatic, even through the lens of ‘leftist’ parties and Sida - which had a history of not wanting to cooperate with business in other issues than procurements. The role of private actors shifted from suppliers or ‘building bridges’ towards independent actors, creating markets and having knowledge of important fields connected to development and growth. The global idea or trend then influenced the policy on how to integrate corporations in these types of solutions. Since then, the focus on private actor involvement and CSR as a development tool has increased rapidly. As Kenneth G. Forslund stated, the Moderate Party today have continued to develop the private actor strategies that were developed during the Social-democratic Party.

As Johan Åkerblom stated, Sweden has been orthodox in many aspects in foreign aid, which means we strongly adapt and promote global trends and frameworks within the national foreign aid strategies. This also indicates the national ‘room for maneuver’ is in fact quite small. However, in the most recent years the ‘leftist’ parties seem to have some different opinion on the extent of the efforts involving the private sector from the Moderate Party led government, and they have argued that CSR strategies are not enough, that the aid policy strategies

also need focus on labor unions and the rights of employees. It seems that all have agreed on that CSR is an important tool for development, but that the debates and differences of opinion is instead concerning *to what extent* and *with what surrounding instruments*.

5.1 Results

In this chapter the results will be presented in a concluded form, aiming to answer the stated research question; where chapter 5.1.1 presents the political arena and chapter 5.1.2 explains the rise of CSR as a development tool.

5.1.1 The Political Arena

When investigating policy documents and interview texts regarding the political arena and the rise of CSR, it becomes clear that it was in fact during the process of making PGU and the launch of this in 2003. Along with PGU, a greater focus was laid on CSR and integrating the private sector in foreign aid.

The political arena was at that time united on this new policy, parties had some different opinions on parts of the policy but the general line was a welcoming of this new approach. This coherence among actors and policy arenas was promoted by international frameworks. Statements from board members of Sida indicates a positive attitude towards private sector involvement (2003/04:UU3), which indicates a changed thinking on the role of business, a more positive attitude, as Johan Åkerblom also explained in the interview. This time was characterized by a ‘unified’ government as well as other actors regarding foreign aid policy and no one really seemed to question the private actor development that started to take form. This suggests this was a global idea and a turn that has ‘convinced’ Swedish actors, aiming to address development challenges and the new aid architecture in a more complex globalised world.

It is a very interesting result that practically all actors were unified on this development in Sweden since this topic in the academic literature is very sensitive and politically charged, enhancing the difficult conflicts of interest between development goals and profit making corporations.

5.1.2 The Rise of CSR in Swedish Foreign Aid

Regarding the rise of CSR, what the data clearly presents is that when a larger amount of the total aid share was tied, corporations had a more direct presence in foreign aid as providers of products or systems to developing countries. These tied strategies however got a lot of criticism and many problems arose. Along with a global and Swedish turn towards untied aid, companies got more marginalized in Swedish foreign aid. It seems that the process towards untied aid and the process towards CSR were parallel processes.

The idea of CSR as a tool for development has been a way for Sweden to again, integrate companies in foreign aid – however now, in a different role.

Sweden saw a need to integrate corporations in foreign aid and the spreading idea of private actor importance in global development (through CSR) also of ‘filled the gap’ between business and policies that was encountered when the aid got increasingly untied. Swedish foreign aid actors, and especially Sida, seem to have been tackling with how to handle the business involvement for some years before CSR got ‘launched’. Traditional aid strategies also seem to have been under questioning i.e. not turning out as successful as hoped for, which could have been an important trigger to bring in new ideas.

In this process corporations has played a role, but not in an interest/ lobbyism type of way that is illustrated by hypothesis III. Instead, it seems that companies have engaged in these issues with other motives. I argue it is obvious the private sector has some commercial interests in engaging in these issues, but that these interests cannot explain the rise of CSR in Sweden. Olle Thorell (Social-democratic Party) explains that companies have a vested interest in engaging in these issues to get access to new markets as well as support. As no evidence was presented for lobby groups or think tanks in the available data, it is possible to consider hypothesis III, strongly weakened. The political story and the rise of private sector strategies in Sweden are better explained by hypothesis I.

What is also important to observe is that companies’ interests probably could have influenced the *global trend* - which Sweden seems to have adapted. My aim is however not to explain the rise of the global trend but to focus on explaining *why Sweden adapted this idea* and in Sweden – lobbyist groups cannot explain the rise of CSR. As no lobby groups or think tanks seem to have been engaged the problem of distinguishing ideas from interests (which is also discussed in the theoretical chapter 2.2) is not so big.

Instead, this idea has been adapted due to a growing realization that business has responsibilities and competence in the field of development. Both business interests as well as party differences seem to have developed on a lower stage, *within* the general development of CSR in Sweden, and the debate from interests groups and parties seems to be more about what type of CSR will develop and to what extent these strategies can be used.

What is also observed is that there seems to always have been a left-right party ‘fight’ within these issues in foreign aid, regarding tied aid in the earlier phase and CSR in the latter phase. However, since it is confirmed that both left and right parties supported these ideas, it cannot explain the shift. Since the start of CSR in Sweden can be traced back to different indicators during the Social-democratic government, the party ideology hypothesis could not get further support. The first hypothesis also gets stronger support since it is concluded that all parties and actors were agreeing on CSR in foreign aid.

To conclude, there seems to always have been some party differences in relation to tied aid in the earlier phase and CSR in the latter phase, and business has an interest in affecting the content, but the overall trend is not driven by these factors. The change from tied to untied aid was spurred by new thinking about how corporations should be integrated, legitimating business involvement according to their role in market-making and as members of civil society. The

global trend affected the policy on how to integrate corporations in foreign aid in a ‘new’ role – that fit in line with the new globalization challenges and increasing market liberalism. Hence, it is possible to argue that the wider affecting variables are external. Even though proving this global idea as the only explanation is difficult, it is still arguable that the idea of CSR ‘as development tool’ in line with the new aid architecture and were companies are seen as legitimate part of civil society, have influenced the Swedish development to a large extent.

6 Executive Summary

Foreign aid policy in Sweden has in recent years started to integrate corporations with new methods. A greater focus has been laid on CSR and private sector strategies to achieve development goals. Corporations have been given greater responsibilities in the field of foreign aid as an independent actor, with the aim to contribute to poverty reduction.

One example of this development is the start of Sida's *Business for Development* (B4D) in 2010 that aims to integrate the private sector in the field of development. Another example include the greater focus on *Swedfund*, Sweden's development financial institution (DFI) that has received significant ODA funding in recent years as well as there has been a greater focus on cooperation strategies with export institutions.

However, private actors have always more or less, had a role in foreign aid. Before, in the 80's and 90's, corporations were directly involved through tied aid strategies as they were suppliers of products or systems in developing countries. That was the way aid was handled at that time. From the 90's and onwards, the negative effects of tied aid started to spread and the private sector got marginalized in foreign aid.

In the beginning/mid 2000's, new approaches on how to integrate corporations started to take form, where the private sector is seen as a legitimate actor in foreign aid. Companies are now supposed to make investments, support market development, and develop technology, products and services - that all *gain the poorest* as well as having a greater social responsibility.

The aim with this thesis has been to explain the rise of CSR as a development tool and the other 'new' private sector strategies in Sweden that during the recent years has been given more focus. The aim has been to capture the wider explanation that has fostered these changes. The contribution to academia both aimed at a deeper understanding on the rise of CSR as a development tool as well as a greater understanding of Swedish aid modalities.

6.1 Operationalization

To approach the empirical material, I decided to use three hypotheses that all could have been possible predictions of this development. The theoretical framework was also developed in line with these hypotheses. Since the field is quite unexplored, the hypotheses were in the form of general explanations. These hypotheses all had different requirements that could strengthen or weaken the predictions as they were compared with the findings.

The first hypothesis predicted that this development has been due to a spreading global idea that concerns the new aid architecture, where corporations have been given greater responsibilities in a 'new' role, not only as profit maximizers.

The second hypothesis predicted that these developments are due to right wing party preferences. As the Moderate Party has been in power since 2006, and as they are usually more ‘pro-business’ and focuses on private sector, it could be a reasonable prediction for these developments.

The third hypothesis predicted that these developments are due to private sector interests, with the means of lobbyism. As corporations seem to have commercial interests in these issues, perhaps they tried to influence foreign aid towards a more business oriented policy.

To operationalize the research, I limited the study to the time period 1991-2012. This limitation is useful since the end of the cold war marked new approaches to development, both internationally and in Sweden. Also, CSR was not even on the agenda in Sweden before that.

The methods used have been a mixture of process tracing and content analysis. Through the different time periods in the analysis I have evaluated the competing hypotheses at the same time discussed the findings or ‘evidence’. The data was a triangulation of both policy documents (motions, propositions, debates, policy guidelines) and interviews. The interviews were carried out with major actors that have worked or are working with these new private actor strategies. The interviewees were also chosen with regards to the chosen hypotheses – with the aim to contribute to indicators and evidence regarding all three predictions. In total, 10 interviews were carried out (See appendix A & B pages 56-57).

6.2 Key Findings

First, I found that the actual start of these new strategies came with the launch of the PGU proposition in 2003, where private sector cooperation and CSR were enhanced and adapted in a new way. Private actors got focus as an independent actor in foreign aid and not only as suppliers. At this time there was a Social-democratic government, meaning that hypothesis II (the party ideological explanation), already got weakened. Also, there seems to have been unified government at the time supporting these new private sector strategies, even the leftist parties. Sida and the MFA also welcomed these new strategies.

However, as Johan Åkerblom (Sida) explained, there *has* been a different view on corporations. He explained that before, there was a dominating view in the aid industry *not* to cooperate with the private sector except for in procurements, since they were seen as ‘bad’ partners and only profit maximizes. However, this view has been under transformation and the importance of business has become more realized within Swedish aid agencies.

Second, I found that there seems to have been a bit of a transformation period in the beginning of 2000. The negative effects of tied aid were more and more realized and at the same time, an awareness of the importance of integrating the private sector in development was growing. This indicated that the movement towards untied aid and the movement towards CSR were parallel processes since they existed at the same time in the beginning and mid 2000’s.

I found that there always seem to have been some party differences on the left-right scale towards business strategies and business also has an interest in the content of these strategies, however, these explanations could not explain the rise. Parties on the left-right scale seemed to have some different opinions towards tied aid in the first phase and these new CSR strategies in the latter phase. However, since all parties moved towards this development, and since the Social-democratic Party actually launched the first strategies on deeper private sector cooperation, the second hypothesis could to a large extent be considered falsified. The party differences seems to be more about surrounding legislation, what type of CSR will develop and to what extent one should focus on these strategies. This means, all parties were welcoming these new approaches where corporations have been given greater responsibilities.

Business seems to have an engaged interest in these issues, however, I did not find support for any type of lobbyism. It seems that business has an interest to engage in these strategies, for different reasons, but the development seen in Sweden cannot be explained with business influence or lobbyism.

When analyzing the data, both the documents and the interviews, the first hypothesis got stronger support. Sweden seems to have adapted these strategies on basis of the global trend and developed with concerns to how other countries have done, especially the UK, indicating a diffusion of ideas. Since all actors were welcoming of these approaches, it also gives hypothesis I stronger support. The adaption of the 'global trend' and the more pragmatic view on corporations in line with increasing market liberalism were reoccurring themes in the interviews. Also, there seems to have been a strong realization that corporations are, in the globalized world, an actor of utmost importance to development and poverty reduction, creating markets, job opportunities and as a civil society actor. Sweden started to move towards untied aid in the beginning/mid 2000's since the negative effects of these tied aid strategies were spreading. However, it seems that at same time, there was a growing awareness that the private sector is of utmost importance for development which led to adapting this global idea and trend.

6.3 Conclusions

To conclude, the rise of private sector strategies could not be explained by the domestic factors - party ideology *or* lobby groups. It seems the change from tied to untied aid was spurred by new thinking about how corporations should be integrated, legitimating business involvement according to their role in market-making and as members of civil society. The global trend affected the policy on how to integrate corporations in foreign aid in a 'new' role – that fit in line with rapid globalization processes and the spreading market liberalism that were posing new challenges to successful development. The opening up to civil society organizations in the 90's was an important step for 'the new aid architecture' that started to take form, that later also started to include the private sector.

However, it is not possible to totally dismiss other intervening variables. It is nevertheless possible to argue that the global idea on a changed role for

corporations, with focus on their role in market making and as a part of civil society, is of utmost importance for the wider explanation of the Swedish development.

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- Motion 1992/93:U250 "De fattigast rätt" Social-democratic Party, 1993
- Motion 1992/93:U221 "U-landspolitikens inriktning" Center Party, 1993
- Motion 1993/94:U212 "Biståndspolitik för en gemensam framtid" Social-democratic Party, 1994
- Motion 1993/94:U229 "Biståndet" The Moderate Party, 1994
- Motion 1994/95:U203 "Biståndspolitiken" The Moderate Party, 1995
- Reflection 1994/95:UU15 "Internationellt utvecklingssamarbete" Foreign Affairs Committee
- Committee Directive 1999:80 "Parlamentarisk utredning om Sveriges politik för global utveckling" The Ministry of Foreign Affairs
- SOU 2001:96 "En ny svensk politik för global utveckling", Statens offentliga utredningar
- Motion 2002/03:N311 "Bindande regler för transnationella företag" Left Party.
- Proposition 2003/04:122 "Gemensamt ansvar: Sveriges politik för en global utveckling"
- Reflection 2003/2004:UU3 "Sveriges politik för global utveckling" Foreign Affairs Committee
- Writing 2004/05:161 "Sveriges politik för global utveckling" Social-democratic Party
- Writing 2004/05:204 "Sveriges politik för global utveckling" Social-democratic Party
- Writing 2005/06:204 "Sveriges politik för global utveckling" Social-democratic Party
- Government writing 2007/2008:89 "Sveriges politik för en global utveckling" The Moderate Party
- Debate and decision 16.06.2008 "Sveriges politik för global utveckling" regarding the Reflection 2007/08:UU5

Motion 2007/08:89 ”*Motion med anledning av skr. 2007/08:89 Sveriges politik för global utveckling*” the Social-democratic Party

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Debate and decision 12.12.2011 ”*Uppgiftsområde 7: Internationellt bistånd*” regarding reflection 2011/12:UU2

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Appendix A: List of Interviewees

Ulrik Nilsson, Moderate Party	Foreign Affairs Committee	Telephone interview 30.10.2012
Hans Linde, Left Party	Foreign Affairs Committee	Interview 08.11.2012
Olle Thorell, Social-democratic Party	Foreign Affairs Committee	Telephone interview, 17.12.2012
Kenneth G. Forslund, Social-democratic Party	Foreign Aid Spokesperson for the Social-Democratic Party, Foreign Affairs Committee	Telephone interview 19.12.2012
Alf Svensson	Minister of Development 1991-1994	Email Interview 19.11.2012
Johan Åkerlom	Advisor, Business for development, Sida	Interview, 07.11.2012
Maja Forslind	Business for Development (B4D), Sida	Interview, 07.11.2012
Göran Norén	Head of Department Commercial Policy, The Swedish Confederation of Enterprise. Also, former lobbyist in Swedish foreign aid	Interview, 06.11.2012
Per Juth	Director for Strategic Development, Swedfund	Interview, 09.11.2012
Bengt Johansson	CSR Ambassador, the Ministry of Foreign Affairs	Interview, 08.11.2012

*Transcripts and/or interview sound files available on request

Appendix B: Semi-Structured Interview Guide

1. INTRODUCTION: THE RISE OF CSR IN SWEDISH FOREIGN AID

- Tell me about the rise of CSR and private actor strategies in Swedish foreign aid?
- When and how did these strategies get adapted into foreign aid?
- Were there any problems (problem definition) in foreign aid issues that these CSR strategies were aimed to address?
- How has the former development lines looked in Sweden? (90's?)
- What actors have been driving these strategies in Sweden?
- Were there any conflicts on the actors when these strategies started to take form?
- How does your institution/party view the rise of CSR in foreign aid policy?

2. EXPLANATIONS, MOTIVES AND INCENTIVES

- What national motives has there been for adapting CSR strategies? What Global?
- Has specific international agreements been influencing the Swedish development in this field? How? Which agreements?
- Is there a relation between CSR as a development tool and the spreading market liberalism?
- Has corporations been an interest group in this development? How?
- Has corporations been lobbying for foreign aid issues? How?
- Has parties (on the left-right scale) different views on the rise of CSR? How?
- Have there been any conflicts between the parties on this topic?
- What interest are there (among the different actors – companies, states, parties etc) to adapt CSR strategies ‘as a development tool’?

3. CONCLUDING QUESTIONS

- Have I understood this right, you mean that XX?
- What objectives are there to work with CSR strategies in foreign aid?