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

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

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

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

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

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

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

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

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

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

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

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

Stockholm, March 2002

Maj-Lis Lööw
Chairperson

Viola Furubjelke	Ann Schlyter
Reynoldh Furustrand	Anders Wijkman
Sinikka Bohlin	Åke Pettersson
Bertil Persson	Madeleine Sjöstedt
Göran Lennmarker	Marianne Samuelsson

Experts and Special advisers:

Ragne Beiming
Bo Landin
Alfhild Petrén
from August 2001
Margaretha Ringström
Svante Sandberg
until August 2001 inclusive

/Secretariat:

Mia Horn af Rantzien
Principal secretary:
Torgny Holmgren
Assistant secretary
from August 2001
Agneta R. Johansson
Assistant secretary
Lars Ove Ljungberg
Assistant secretary
Elisabet Åkerblom
Administrative secretary

Content

The organisation of the committee´s work

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

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

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

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

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

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

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

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

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

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

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

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

The organisation of the report

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

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

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

Summary – a new Swedish policy for global development

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

Much *progress* has been made. In the last 30 years the average life expectancy in the world has risen by 20 years. Infant mortality has been halved. The number of pupils attending primary school has doubled. More and more girls are attending school. Many countries, particularly in Asia, have made a rapid transition from low-income countries to middle-income status. Democratic forms of government have been introduced in a large number of countries[1]. This shows that poverty can be reduced and that development is possible if there is firm political will.

Yet we still live in a world with *widespread poverty* alongside great wealth. More than 80 countries had lower per capita income in 2000 than in 1990. In large parts of the world one child in ten dies before the age of five, and in a number of countries as many as two in ten. Half a million women die every year as a result of pregnancy complications. 130 million children still do not go to school, most of them girls[2]. At least 1.2 billion people struggle to survive on less than a dollar a day and the very worst-off on even less. Everywhere it is predominantly women who are poor and the proportion of poor people who are women is increasing.

[1] OECD-DAC, 2001b.
[2] UNICEF, 2000.

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

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

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

Three new approaches for a Swedish policy for global development

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

A broadening of the policy area

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

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

A South perspective

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

A rights perspective

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

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

Reducing poverty must remain the overall aim. Currently, there are six development cooperation objectives[3] which has sometimes led to a lack of clarity about the overall aim of reducing poverty. The Committee proposes one objective for each part of the broadened global development policy area.

A more equitable global development

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

A preventive and sustainable management of common global concerns

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

[3] This is described in section 2.3.1.

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

An improvement of the living conditions of poor people

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

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

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

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

[4] Section 2.3.4 contains a description of these targets.

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

Increased access to global public goods is required

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

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

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

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

Development policy and poverty reduction strategies in developing countries

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

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

The role of development cooperation

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

Low-income countries or countries with extensive poverty whose governments

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

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

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

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

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

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

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

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

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

Many actors

The multilateral institutions

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

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

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

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

The EU

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

The business sector

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

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

Civil society

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

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

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

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

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

More results-based management

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

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

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

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

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

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

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

Management of global issues

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

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

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

1 A more equitable world without poverty

1.1 The challenge

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

Much *progress* has been made. In the last 30 years the average life expectancy in the world has risen by 20 years. Infant mortality has been halved. The number of pupils attending primary school has doubled. More and more girls are attending school. Many countries, particularly in Asia, have made a rapid transition from low-income to middle-income status. Democratic forms of government have been introduced in a large number of countries[1]. This shows that poverty *can* be reduced and that development is possible if there is firm political will.

Yet we still live in a world with *widespread poverty* alongside great wealth. More than 80 countries had lower per capita income in 2000 than in 1990. In large parts of the world, one child in ten dies before the age of five, and in a number of countries as many as two in ten. Half a million women die every year as a result of pregnancy complications. 130 million children still do not go to school, most of them girls[2]. At least 1.2 billion people struggle to survive on less than a dollar a day and the very worst-off on even less. Everywhere it is predominantly women who are poor and the proportion of poor people who are women is increasing.

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[2] UNICEF, 2000.

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

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

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

1.2 The dimensions of poverty

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

[3] World Bank, 2000b and 2000c.

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

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

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

Secondly, being poor means *powerlessness and a lack of possibilities to make one's voice heard and one's opinions known*. Lack of power entails degradation, inhumane treatment, and exploitation by the state and the wider community. The opportunities for poor people to act as free individuals and to participate in and influence decision-making processes that affect their lives often depend on there being functioning democratic institutions and processes. The ability of the poor to organise, and the norms and networks that give them opportunities and enforce their right to act together are among the most important assets of the poor. Existing institutions can both hinder and promote the ability of poor people to participate and influence. We can obtain valuable knowledge about poverty and the mechanisms that cause and maintain it by listening to the poor and studying the relationships between them and the institutions around them[4].

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

[4] World Bank, 2000c.

trophic events such as earthquakes, currency crises, unemployment and disease are a few examples of the threats facing the individual[5]. In a developed economy, most individuals are largely protected from negative shocks by a range of mechanisms from an effective legal system to home insurance plans and unemployment benefits. In less developed economies, social security systems are more rudimentary and primarily based on informal networks. In many cases, they are entirely lacking, in particular for the poor, who are more often affected by, e.g., unemployment and disease, and who have less access to various insurance schemes. Many poor households simply cannot afford to take risks and make investments that may be profitable in the long-term, such as sending children to school. This means in turn that poverty becomes entrenched[6].

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

Intensive work is in progress in many poor countries to develop comprehensive *poverty strategies* with the support of multilateral and bilateral donors. The Swedish government[7], DAC[8], the World Bank[9] and a number of other institutions have produced guidelines as to how the multidimensional concept of poverty will be mainstreamed in their work.

1.3 The extent of poverty

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

[5] I. Pettersson, 2001, summarised A. Sens's analysis of how famines can occur.
[6] Vlachos, 2001b.
[7] Skr 1996/97: 169.
[8] OECD-DAC, 2001b.
[9] World Bank, 2000b.

for sustainable development. For these reasons, in the following description, only limited aspects of poverty are described[10].

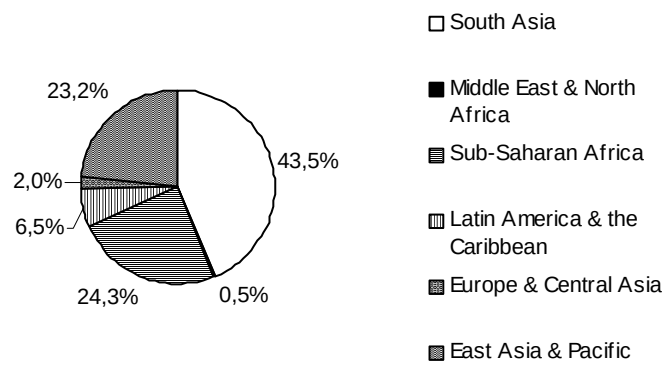
According to the estimates of the World Bank, a tangible reduction in terms of percentages has taken place with regard to the proportion of poor people during the past decade. However the total number of the poor continues to be the same since the world's population has increased. An estimated 24 per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

Of the 1.2 billion people who live on less than a dollar per day, 75 per cent, or 900 million people, live and work in rural areas[11]. Poverty is more widespread in the countryside than in the cities, although factors such as rapid migration from the countryside, population growth in the cities, and poorly developed social services even in urban areas have led to a rapid increase in the numbers of poor people in the cities. Half of the world's poor are children. The proportion of women in relation to men who live in poverty is also increasing, and women tend to become locked into more severe and more long-term poverty.

There are considerable regional differences in the development of poverty in the past decade. The proportion and numbers of poor people have declined in the Middle East and East Asia, in particular in China. The most striking increase in poverty in the 1990s is in Europe and Central Asia, where the number of people living in absolute poverty has increased from 1.1 million to 24 million[12]. In Latin America, the Caribbean and sub-Saharan Africa, the number of poor people has increased, while the proportion of the poor in the total population has decreased or been unchanged. There are also large differences within countries. A majority of today's poor live in South Asia and sub-Saharan Africa (see diagram overleaf) where a total of approximately 70 per cent of those who exist on less than a dollar a day live[13].

[10] For a more detailed description of measurement problems and the extent of poverty, see, for instance, Bigsten and Levin, 2000; World Bank, 2000b.
[11] Madestam 2001.
[12] World Bank, 2000b.
[13] World Bank, 2000b.

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



Source: World Bank, 2000, page 24.

An intensive debate is in progress on whether income differences in general have increased or decreased in the world during the past decade and how large the changes have been[14]. Regardless of the methods and measures applied in different studies, it can be noted that relative income differences have increased between the very poorest countries – which are mainly in Africa, and the richest OECD countries. The deterioration that has taken place is accordingly mainly concentrated to the very poorest countries.

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

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

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

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

1.4 Development in different regions

It is beyond the scope of this report to go into great detail in describing the nature and development of poverty in the world. Instead, reference is made to the Committee's background material and other sources[15]. Therefore, this section does not give a full picture of development in the different regions.

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

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

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

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

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

The Asian region has already lost some 90 per cent of its wilderness areas due to the expansion of agriculture, development of physical infrastructure and deforestation[16]. East Asia is expected to overtake the OECD countries as the world's largest producer of greenhouse gases within the next 15 years. After independence, the Central Asian countries have been affected by great economic setbacks, not least due to low oil prices and the fragile state of the Russian economy[17].

Today, *Africa* is poorer than it was twenty years ago. At the same time, major economic and political changes have taken place. Democracy has been strengthened in many countries. Multi-party elections have been held in over 35 countries and a number of civil wars have come to an end. The fall of apartheid in South Africa raised hopes that a new chapter in African history had begun. During this period , an increasing number of states in Africa have made the transition from a one-party to a multi-party system. A new generation is also affecting the private sector and the academic world. Women's votes have started to have greater impact. More and more African leaders are very aware of the great challenges facing them, and there is an increasing will and readiness to handle these with far-sightedness[18]. However, democratic and economic development has slowed down in many countries by ongoing armed conflicts. These conflicts affect the image of the African continent in the rest of the world.

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

[16] For a more detailed description of development in Asia, see Kokko, et al., 2001.
[17] UD, 2000.
[18] Skr 1997/98:122.

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

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

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

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

There are very *large variations* within the regions. The poorest countries, the so-called LDCs[19], have been gradually marginalised. Many of these countries' development efforts have been obstructed by very unfavourable conditions as regards geography, climate and the presence of tropical diseases. These factors have had a crucial influence on development[20]. The population in the resource-poor so-called dry lands experience particular problems in the form of poor harvests and low returns on labour in agriculture and animal husbandry, deficient infrastructure, etc. The population in the dry areas is estimated at approximately 90 million, which include the major part of today's extreme poor.

1.5 A humane globalisation is required

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

[19] Least developed countries.
[20] Sachs, 2000.

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

- *The fast pace of change.* The present rapid pace of change from industrial society to the new economy[21] is regarded by many observers as being faster than all previous technical and economic development in our history. It is estimated that the total amount of knowledge in the world which previously increased by a few per cent each year is now doubling about every fifth year. This speed originates from the rapid pace of innovation in research and technological development. It has led to a very strong pressure for change on institutions and various actors where those that have the most well developed ability to adapt to new conditions will swiftly gain a competitive advantage. Many analysts claim that this development favours private companies and civil society at the expense of governments and large international organisations.
- A "*technological revolution*". The development of IT affects every sector of society and leads in a general sense to greatly increased productivity in the economy. The creation of value by the individual in the new economy is increasing rapidly, leading to great differences in levels of income and remuneration between different sectors of the economy, between countries with good access to knowledge and those that lack it, and between different groups of individuals. For those who have access to the new technology, hitherto undreamt-of opportunities can open up. However, the prospects are bleak for those that are left outside of these developments. Information and Communication Technology (ICT) is developing extremely quickly, and access to this technology has increased rapidly. Internet is a relatively new phenomenon. Almost 500 million people are connected today, most of them in the OECD countries. The commercial force of the Internet is apparent and leads to entirely new forms of management, organisation, trade and distribution. It is clear that regions that lack access and the know-how to handle the new technology will be rapidly marinalised. The transition to the new information society, where information and specialised knowledge is becoming increasingly important, entails new and increased opportunities

[21] The concept "a new economy" clarifies the fact that conditions differ greatly from industrial society.

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

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

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

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

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

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

1.6 The opportunities are greater than ever before

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

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

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

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

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

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

1.7 Obstacles to development

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

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

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

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

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

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

tions at the international level. Robust legislation and a changed structure of incentives need to be developed in national, regional and international economies. Otherwise, development can in the long term be undermined by the collapse of important ecosystems[23]. No development policy can be successful unless environmental problems are also tackled.

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

HIV/AIDS will have unforeseeable consequences; many analysts consider the aids epidemic to be by far and away the most serious challenge in many countries for the future. Almost 80 per cent of the fatalities from AIDS affect people of working age. This is particularly serious in regions with a young working age population, such as Africa. An estimated 7 million farmers in developing countries have died from AIDS, which affects food security[24]. Vigorous efforts are needed on a large scale to prevent and alleviate the effects of HIV/Aids[25]. In some countries, up to 30 per cent of the adult population are infected, leaving million of orphaned children. The effects of HIV/AIDS leads to a growing shortage of trained labour and eventually to lower rates of growth and reduced resources to combat poverty. This is already taking place in many countries where poverty levels are already the highest. In these countries, diseases such as malaria and a rapidly increasing incidence of tuberculosis are also serious obstacles to development.

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

[23] Albaeco, 2001.
[24] FAO, 2001.
[25] de Vylder 2001.

population structure and its importance for the economic, social and political development in developing countries is increasingly being observed. In Africa, children account for over 40 per cent of the population today. According to some analysts, this will be an important resource for future development when children attain working age. However, development can be affected negatively by the HIV/AIDS epidemic[26]. Others emphasise the importance of creating productive work opportunities for all the new applicants for employment, and of taking measures are taken to reduce the birth rate. Both these factors in turn depend on access to health care, education, cultivable soil, technology, effective markets, and institutions[27].

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

The free capital markets can lead to more pronounced and more frequent fluctuations, thus increasing the risk of *economic shocks* and an *increased criminalisation* within the economies[29]. Increased openness and increased exposure lead to increased vulnerability. The need for a functioning state, social safety networks and social security systems are even greater in a globalised world[30].

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

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

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[26] Sommerstad, 2001.
[27] Madestam, 2001.
[28] Hindman, 2001a.
[29] Ahlersten, 2001a.
[30] Razavi and Mkandawire, 2001.

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

1.8 The knowledge gap must be reduced

Underlying many important steps forward in combating poverty are technical breakthroughs and innovations[31]. Today, technical progress provides a major opportunity and entry point for hastening development in poor countries. For this to happen, however, these countries and poor people must have better access to the accumulated fund of knowledge. It would appear to be of the utmost importance that new forms of technological collaboration and technical progress are considered in collaboration with poor countries, in particular in areas of direct relevance for environment and health. The intention should be not to take over the role of the private sector but to contribute with incentives so that the investments that are made are more environmentally friendly and more focused on the needs of poor people than would otherwise have been the case.

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

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

[31] UNDP, 2001.

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

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

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

New ideas are often created by novel combinations of existing ideas. This entails that new ideas are most easily created where there are already a large number of institutions and people involved in innovative activities[32]. This in turn means that innovative ability and know-how are difficult to re-distribute. The importance of strengthening education and research in poor countries is of crucial importance not only to reduce the knowledge gap but also to obtain new knowledge based on and adapted to the needs of the poor[33].

[32] Sachs, 2000.
[33] Albaeco, 2001.

1.9 Sustainable development for the needs of the future

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

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

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

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

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

While economic growth can create the prerequisites improvements in environmental management , it is not in itself sufficient to achieve environmental improvements. According to the so-called "inverted U-curve theory", with regard to the relation between pollution and economic development, economic growth should eventually lead to less pollution[34]. Studies show that this theory applies to a range of environmental problems, however not for certain problems of a global nature, for instance, emissions of carbon dioxide. The negative environmental effects of economic growth are not negligible and the resource base of the earth cannot sustain infinite material growth from an ecological point of view. If this base is irrevocably destroyed. all economic activity is threatened. It is evident that the way in which the service functions of

[34] Grossmann och Kreuger, 1995.

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

1.10 New actors and protests

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

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

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

The operations of the *multinational companies* have been the focus for a lot of the criticism that has been levelled at globalisation in general. Appeals to boycott various companies due to their activities in poor countries have become common in western media. The problems associated with the activities of multinational companies include pollution, corruption, poverty, exploitation of labour and economic instability. However, the importance of these investments as a way of spreading knowledge and technology between countries is often overlooked[35].

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

[35] Vlachos, 2001c.

spread of information technology has provided groups that have access to it with an inconceivable quantity of information at the same time as they obtain an effective new tool for their activities. The effectiveness of the actions and campaigns of *civil society* has increased dramatically. A range of political and social movements of a highly varying nature have come into existence during the past decade, based on a wide variety of mobilising features from religious, territorial, ethnic and regional identity, to specific struggles for a better environment and gender equality[36].

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

In terms of economics, the protests are not just about cross-border integration but also the content of the economic and political advice given to developing countries by the World Bank and the International Monetary Fund (IMF). The *discussions* between the actors, who all want to combat poverty, have become increasingly *polarised* and irreconcilable in particular issues. At the same time, they agree about other issues, for instance, on the importance of investments in education and health[37]. The extremes of opinion and stance can be said to be represented by two different groups and their world view: those that advocate the value of free trade, budgetary discipline, market liberalisation, and privatisation to achieve sustainable development and reduction of poverty, and those who regard these policy components as leading to further marginalisation of poor people and to a continued destruction of the environment and natural resource base.

Three possible explanations have been put forward to explain the differing conclusions[38]; that the two groups diverge as regards the

[36] Lundgren, 2001.
[37] Kanbur, 2000.
[38] Kanbur, 2000.

level of social and/or economic aggregation[39], the time perspective and how economic power relations are viewed.

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

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

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

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

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

The discussion is made even more complicated by groups who are talking, but who are failing to listen and communicate with one another on the issue of growth and its importance for combating poverty. Almost no one these days would allege that *growth*, in the sense of average increase in income, is completely irrelevant for poverty reduction. It is rather the quality of growth that is at issue[40].

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

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

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

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

[40] Kanbur, 2000; Vlachos, 2000.

1.11 The importance of coherence[41]

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

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

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

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

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

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

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

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

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

[42] Kaul, etc. 1999.

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

2 Approaches and objectives – a vision for a new Swedish policy for global development

2.1 The basic components of the vision

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

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

2.2 Basic approach

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

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

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

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

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

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

A great deal of work has gone into the drawing up and negotiation of international norms and regulatory frameworks in recent decades to tackle some of these issues[2]. However, recognized global frameworks and institutions are still lacking in a number of areas. Thus, international cooperation is required to ensure an acceptable level of different global *and regional public goods*. The weak capacity of the developing countries to participate in the fora and multilateral institutions where decisions are made on prioritised global public goods, leads to two problems. First, cooperation is generally rendered less effective since many developing countries lack both the capacity for independent analysis of the various kinds of problems discussed as well as the capacity and resources to actively implement the measures decided upon. Secondly, there is a

[1] What is a global public good? "Good" in English has two senses, a "useful product" and "something good" and, with reference to this, the term "public bad" has been coined, meaning a lack of public good. If we assume that peace and health are two public goods, the corresponding public bads will be war and disease (Eldhagen 2000). In this report, reference is made hereafter to global public goods and to global public bad. A description of the characteristics of global public goods is contained in Chapter 4.
[2] Bezansson and Sagasti, 2001.

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

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

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

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

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

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

In order to contribute to sustainable development and poverty reduction in present-day developing countries, well-focused action is required on all these fronts. Many different actors and many different policy areas can contribute to the elimination of poverty. A policy for global development (PGD[3]) with a focus on living conditions in the developing countries must be broadened to include a development perspective in all concerned Swedish policy

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

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

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

2.2.2 The South perspective with increased options

A basic aim should be to create the prerequisites for international collaboration based on trust and respect for poor countries and for poor peoples' political will, competence and capacity, based on a recognition of their own responsibility for promoting development measures that affect them. Research shows that a prerequisite for the effectiveness of initiatives to combat poverty is often that they are based on the *experiences and knowledge of those concerned*. Accordingly, the challenge lies in letting the priorities and perspectives of the poor serve as the basis for the work of producing effective strategies and implementing these. To make this possible, and in order for the other dimensions in the proposed PGD, to be designed in such a way that takes into consideration the priorities and prerequisites of poor people and poor countries, greater effort is needed on what the Committee has opted to call a *South perspective*. By this, the Committee means that efforts are made to work on the basis of the local actors' perspective, whether this is a government, an organisation, an individual or a group of individuals. This requires an increased capacity to understand the recipients' realities as well as knowledge of correlations and effects not only at macro levels but also at the individual level (micro level). It also means that a number of perspectives must be applied at the same time, for instance, the gender equality perspective and the child rights perspective. This combined approach will, in the Committee's view, further enrich the analytical frameworks that have developed within these two perspectives[4]. Furthermore, an assessment is required of the extent to which a government or organisation represents the interests of poor people. If this is not

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

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

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

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

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

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

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

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

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

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

esses. New forms of collaboration must be created whereby the partner country can receive and take independent responsibility for desired results – a collaboration that gives the cooperation partners, both governments and NGOs genuine choices to take full responsibility for their own development. A transition to a general budget support to partner countries that comply with a number of fundamental criteria[5] is a step in a development process by which the recipient country is given the possibility of taking its own responsibility for formulation of policy and its implementation, and thus also for the result and effects of policy.

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

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

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

[5] See section 6.4.2 for a discussion of these criteria.

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

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

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

2.2.3 The rights perspective and the importance of democratic processes

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

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

At the same time as a broader view of the concept of poverty has been evolving, the most recent ten-year period has also meant an expanded common view on human rights. The focus has been on formulating and establishing basic norms and values. A common view has become accepted, – that human rights, civil, economic, cultural, political and social, are *universal, mutually interacting and make up parts of one and the same whole*. Today, there is almost unanimous agreement that it is not possible to grade rights on the basis of a general division into political or economic categories. The different categories both strengthen and are a prerequisite for one another. This is made clear *inter alia* by the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW, the convention on women's rights), the Convention on the Rights of the Child (CRC) and now most recently the EU charter of fundamental rights, where different clusters of rights are dealt with in the same document and within a single context[6]. The equal legitimacy of all rights can still mean that priorities must be made as regards actions to protect different rights in concrete situations.

With a multidimensional definition of poverty it is also difficult to identify which rights are more important than others in the overall effort to eradicate poverty. A *holistic view of humanity* and our various needs is required –regardless of whether it is the pursuit of democracy or material, income poverty reduction that is being prioritised at a specific time or in particular contexts. Economic, social and cultural circumstances can wholly determine people's genuine opportunity to participate in public discussions, in the same way as enhanced democratic process can be one of the most important methods for people to secure the most basic economic and social needs[7]. A lack of economic growth is not an excuse for not complying with civil and political rights. Neither

[6] See Nyman-Metcalf for a more detailed discussion on EU's work for human rights.
[7] Johnsson, C, 2001.

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

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

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

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

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

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

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

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

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

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

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

ledge on the content of rights and an analysis of the obligations of states to translate the realisation of rights into concrete strategies and concrete measures. This material can also be a great assistance in evaluation processes for development cooperation. The international regulatory framework for human rights, including its follow-up system and control mechanisms, is therefore a useful system with, in most cases, good indications of the extent to which states comply with their legal obligations. The system can serve as one of a number of starting points for evaluations of how the recipient state and donors have succeeded in their objectives[8].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.3 Objectives

2.3.1 The development policy objectives[9]

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

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

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

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

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

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

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

The reduction of poverty has thus been the official and uncontested lodestar for Swedish development cooperation for nearly 40 years. Despite this, the *reduction of poverty* has only seldom been an explicit strategic *focus* in country strategies or a clearly defined main objective in particular interventions[10]. In cases where poverty reduction has been stated as the main objective (at project level), there appears usually to be no clear link between this objective and the actual activities of the projects. It is thus scarcely surprising that studies on the poverty perspective in follow-up reports and evaluations of Sida-financed projects note that these documents only seldom include any analysis of the effects of activities for target groups with regard to poverty reduction[11]. The lack of poverty reduction as a strategic focus in particular projects and programmes is also pointed out in DAC's newly produced review of Swedish development assistance[12].

One reason for this is that overall guidelines for poverty reduction work are lacking, and that the four key government policy documents that have been produced, discussed, decided upon and reported by the Parliament in recent years have only partly focused on poverty reduction[13].

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

[10] Peck and Widmark, 2000. Booth, etc. 2001; Fruhling, 2001.
[11] Fruhling 2000; Peck and Widmark, 2000.
[12] OECD-DAC, 2000.
[13] Fruhling, 2001.
[14] Equal Opportunities as a new objective for Swedish international cooperation Government Bill 1995/96:153.

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

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

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

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

[15] Skr 1996/97:2.
[16] Skr 1996/97:169.
[17] Skr 1997/98:76.

Altogether, the analysis of the content of the various documents means that combating poverty is not fully affirmed as a strategic focus and overall goal for development assistance activities[18].

2.3.2 The objectives for a broadened policy area

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

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

As regards development assistance, the *lack of clarity* in the relation between the overall goal and the six specific objectives seems to have diminished the possibility of designing initiatives on the basis of a goal-performance concept in relation to the overall poverty objective[19]. At the same time, it should be noted that a major proportion of the inputs which have been carried out in development assistance have probably had some direct or indirect effect on one dimension of poverty or another. The lack of clear

[18] Fruhling, 2001.
[19] Fruhling, 2001; OECD-DAC, 2000.

guidelines in support of the centrality of the poverty reduction objective has, however, made evaluation of results more difficult. The objective of eradicating poverty has been obscured by a number of other more specific objectives and new demands for further specific objectives appear to be in the offing[20].

The Committee wishes to reassert the starting point that poverty is multi-dimensional[21] and that can be manifested differently in the lives of different people. In addition, inputs will be required in a variety of areas, i.e. inputs that aim at resource growth, economic and social equality, democratic development in society, sustainable development, gender equality, conflict management, promotion of HR and explicitly humanitarian initiatives. These must be designed so that they reinforce one another and attack the specific causes of poverty for each group on the basis of local conditions, and in such a way as to strengthen people's capacity to affect and change their situation.

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

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

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

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

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

2.3.3 The objectives for a Swedish policy for global development

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

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

- *A more equitable global development*

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

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

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

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

3. As an objective for *development assistance*:

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

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

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

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

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

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

2.3.4 The international development goals

The international development goals, which are based on the results of the major UN conferences during the 1990s were introduced by the OECD in 1996. The original seven overall development goals have been expanded in collaboration between the UN, the OECD, the World Bank and the IMF, and now include eight development goals (Millennium Development Goals, MDG). These are combined with 18 operational targets (Millennium Development Targets) and over 40 indicators to measure development. It is intended to offer a framework for measuring effectiveness and to guide policy development. The UN has been given the task from 2002 of annually following up these targets at global and national level. The *eight overall development goals MDG*, and their operational goals, MDT, in the following within brackets[23]:

[22] A description of MDT is continued in the following section 2.3.4.
[23] The base year is 1990.

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

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

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

2.3.5 Objectives for cooperation with Central and Eastern Europe

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

The main areas of the cooperation are as follows:

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

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

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

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

3 Taking development into account in all policy areas

3.1 Consideration to development – striking a balance between different objectives

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

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

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

tives and efforts[1]. There is therefore a need to clarify what is meant in this report by a convergent and *coherent policy*. The Committee bases itself on its mandate to identify and establish the extent of the policy area "a policy for global development", PGD, and to formulate the objectives for this policy area. Policy coherence for global development must be seen in the overall context of globalisation processes. Put simply, a coherent policy is a policy that most effectively contributes to achieving the set objectives for, in this case, development and poverty reduction, in the context of the specific policy area. This means that the Committee only to a limited extent deals with the issue of how traditional development assistance can contribute to meeting objectives within other policy areas. However, when this aspect is discussed, we do so primarily in connection with the issue of how financing should be distributed when development assistance projects are used as vehicles for meeting objectives in other policy areas. Lack of coherence with this starting point can be expressed in *two different ways*.

First, lack of coherence exists when development is not taken into consideration when formulating policy in areas that have national goals, but which at the same time have international effects. The *poverty-reducing potential* that may exist in the policy area concerned is not recognised or made use of. It may also be the case that policy makers disregard or may be unaware of the fact that policy options that benefit national objectives can impact negatively (or positively) on the life situations of poor people. This can sometimes be due to a lack of knowledge on *international distribution effects*. It may also be the case that guidelines are lacking on the fact that a balance must be struck between national objectives and international development goals. An illustrative international example is the OECD tariffs and subsidies on agricultural products and industrial goods, which each year cause developing countries losses as great as the total amount of development assistance. If the non-tariff trade barriers, protection for services and measures that aim at increasing transport and transaction costs are included, the costs of this protection can be three times higher than the annual development assistance transfers[2].

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

[1] Mkandawire, 2001; OECD-DAC, 2001b.
[2] OECD-DAC, 2001b.

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

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

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

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

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

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

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

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

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

3.1.1 Foreign policy

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

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

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

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

3.1.2 Trade policy

Participation in international commerce is extremely important for achieving development and reducing poverty. Free trade and free movement of capital have greatly contributed to increased welfare not only in rich countries but also in poor ones. The Asiatic expansion was based on a gradual opening and expansion of the markets. Despite the financial crisis in 1997, less than 15 per cent of the people of East Asia today live in poverty compared with almost 50 per cent in 1960. Studies show that increased openness towards the surrounding world, with an increased flow of information and knowledge, also strengthens awareness of and the demands for democracy and human rights[3]. At the same time, this development has created both winners and losers.

While the world's exports of goods and services have grown immensely in the past decades, the proportion of trade of developing countries is only 18 per cent while 80 per cent of the world's population live in these countries. 11 per cent of the world's population live in the least developed countries. These countries' share of world exports was only 0.5 per cent in 1999 despite these countries being granted preferential conditions or the use of special measures in a number of instances[4].

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

[3] Altenberg and Kleen, 2001.
[4] OECD-DAC, 2001b.

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

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

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

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

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

There is currently a discussion among leading economists on whether the WTO's regulatory framework in its present form promotes development in poor countries in an effective way or whether it should be changed. Some analysts[5] consider that WTO's *regulatory framework* reflects a political compromise between special interests, and that the ambition to create the greatest possible market access does not automatically entail rules that are favourable for development. A key problem, according to this view, is that the WTO rules do not provide sufficient flexibility with regard to the opportunities for developing countries to design strategies for economic development that are adapted to the specific conditions in the respective countries. Opening up economies for trade and collaboration is important, although the way and speed at which this takes place must vary. Other analysts consider that today's developing countries would have a higher growth if they had not had the opportunities for slower implementation of different trade liberalisations provided by the present WTO rules[6]. The majority of analysts agree, however, that a country that lacks basic institutional prerequisites – political stability, the rule of law, a sound macro economy, education, infrastructure – finds it difficult to benefit from the gains associated with trade liberalisation[7].

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

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[5] Rodrik, 2001.
[6] Nordström, 2000.
[7] Mkandawire, 2001.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.1.3 Agricultural policy

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

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

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

Farmers in developing countries, who make up 96 per cent of the world's farmers, receive insignificant domestic support, and they are disadvantaged in many cases by the agricultural policy carried out by high-income countries[8]. The total subsidies to agriculture in high-income countries amounted to over SEK 2 300 billion in the year 2000. The major part of this support is related to production volume and thus has a major impact on the rest of the world.

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

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

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

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

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

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

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

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

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

3.1.4 Industrial policy

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

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

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

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

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

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

3.1.5 Migration and repatriation policy

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

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

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

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

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

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

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

with regard to opportunities to emigrate from poorer conditions today in comparison with the situation 100 years ago in the present high-income countries[9].

Knowledge of the effects of migration flows is limited by the lack of research on these issues. However, there is a common vision that emigration from developing countries to high-income countries favours developing countries, in particular if the discrimination that today takes place to the benefit of well-educated immigrants to high-income countries ceases. Emigration is generally assumed to contribute to higher wage levels for those who stay, at the same time as remittances[10] benefit the home country. The global remittances are comparable to the flow of development assistance and can for individual countries be more important than the sum of development assistance and the commercial foreign investments in the country.

In the countries that received this type of immigration wages for the poorly-educated tend to be kept low, which is one explanation for why these issues are politically sensitive in the countries concerned. The demographic trends in today's high-income countries indicate, however, a shortage of labour in future so that the potential for an increased immigration would seem to exist without the wage level in recipient countries being affected to any significant extent[11].

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

3.1.6 Education and research policy

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

[9] Stalker, 2000.
[10] The transfer of funds by those living in exile to their native country.
[11] World Bank, 2001a.

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

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

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

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

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

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

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

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

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

The growth, increasing strong position and importance of biotechnology in the entire biological R&D area[12] in the past two decades has created a need for new instruments in terms of regulatory frameworks, security assessments, and public investments. Globalisation creates new power relations between the public and the private sectors, and also affects and can enhance the ability of the public sector to safeguard public interests. Forecasts indicate that 40 per cent of world trade in a few years will consist of products and processes related to biotechnology[13]. Since the early 1990s, a number of international agreements and conventions have been negotiated which regulate access to and exchange of genetic information and material and technical transfer. Examples are the Convention on Biodiversity (CBD) and its provisions on states' sovereign rights to their genetic resources. Negotiations are in progress concerning an international commitment through FAO to facilitate multilateral access to genetic resources for food and agriculture, and the World Trade Organisation's annex on intangible rights, TRIPS. An additional number of international negotiation processes and agreements deal with gene policy issues.

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

[12] Research and development.
[13] Thornström, 2001.

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

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

3.2 Considerations and recommendations

3.2.1 Considerations

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

is unclear[14]. Within the Government Chancellery, an effective coordination mechanism is lacking for these types of issues, which in itself can lead to a lack of policy coherence between different parts of the government administration working more or less on the same issue. Sometimes, different ministries and government branches may even work against one another, and certain issues then risk falling between the cracks, as it were, and becoming the responsibility of no one. Thus, it is essential that the issue of clear allocation of responsibility is resolved. The risk would appear to be particularly great if the issue is complex, knowledge-intensive and "new".

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

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

[14] Thornström, 2001.

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

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

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

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

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

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

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

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

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

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

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

3.2.2 Recommendations

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

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

4 Global public goods

4.1 Global public goods – striving for common goals

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

There has been a rapid development of ideas on these problems, centring on a discussion of *global public goods*[1]. It has been noted that an increasing number of public goods necessary for development and to combat poverty – are today characterised by being global in nature, scope and effect. The externalities[2] are borne to an increasing extent by people in other countries.

A range of initiatives have been taken on the basis of the fundamental ideas underlying the concept of global public goods, at the same time as the theoretical discussion on its interpretation has continued in many other fora[3]. These discussions have at times focused on issues of definition and led critics to call into question the usefulness of the concept. Briefly, there would seem to be agreement that the *approach* referred to tangibly *contributes* to our understanding of a number of phenomena that follow in the wake of globalisation in the form of so-called externalities or "spill-overs". This approach also contributes to focusing on the need for

[1] The concepts "global public goods" and "global public bads" are explained in footnote 1 in Chapter 2. In this chapter the terms "global public good" and "national public good" are used even if other terms are used in economic literature.
[2] An externality arises when an actor does not need to bear all the costs of a given action or correspondingly cannot enjoy all the benefits produced by their action. The two different cases are consequently called positive and negative externalities.
[3] Bezanson and Sagasti, 2001.

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

In an attempt to classify the type of issues that can be designated as global public goods, the following categorisation can be used[4].

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

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

Public goods which are related to international or global policy choices

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

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

Public goods which are related to international or global knowledge

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

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

A national public good is typified in its purest form by *two features*. In the first place, the public good is not used up when it is consumed. The consumption of a public good by an individual thus does not affect the ability of others to consume the same good[5]. Knowledge and air that is free from pollution are examples of such public goods. Secondly, a public good benefits everyone[6]; peace is a clear example. Public goods are due to these characteristics difficult to valuate in terms of a set price, and it is thus difficult to answer questions on who is to pay for production of the public good and how much is to be produced. These unclear points lead to what is usually called a supply problem. Public goods are often produced in insufficient small quantities, since it is unclear who is to produce and pay for them and what their correct price should be.

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

[5] "Non-rivality", see Eldhagen, 2000 and Mkandawire, 2001.
[6] "Non-exclusiveness", see Eldhagen, 2000 and Mkandawire, 2001.

common in areas such as health, environment and peace[7]. For individual actors, it is then often the most rational strategy to let others provide and manage the public good and then enjoy it free of charge. This problem is intensified when it applies to collective actions at global level.

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

In order for sustainable production of a specific global public good to take place, two fundamental conditions must be met[8]:

- All countries that are affected by the lack of a public good must be willing to contribute to production of the public good. The extent to which a country is willing to contribute depends on a number of factors, such as cultural differences, regional considerations, willingness to contribute to international cooperation and the level of development of the country. For poor people, the trade-offs associated with choices to be made are often quite different from those for people in prosperous countries, partly due to differences in the ability to pay, and to priorities that will vary according to the level of development[9].
- All countries concerned must have the capacity to contribute. The distribution of the resources of the world community on research and development can be cited as an illustrative example. Developing countries are responsible today for only 4 per cent of these. This leads to a distortion with regard to the research issues that are prioritised. The driving force to provide funds for problems specific to developing countries is often weak due to an expected low yield on invested capital. The distorted distribution of

[7] Kaul et al., 1999.
[8] World Bank, 2000b.
[9] Mkandawire, 2001.

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

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

The choice of which global public goods are to be given priority and how financing of their production is to be secured, is separate from the issue of how the global public good is actually to be produced in practice. Certain public goods can be produced in collaboration with developing countries, and others can be produced in collaboration with private actors or with civil society[10]. The geographical *location of production* of global public goods will vary depending on their nature. In many cases, a reliable supply of public goods assumes local initiatives in developing countries, bilaterally financed inputs in these countries or regional collaboration.

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

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

[10] Kanbur and Jayaraman distinguish three different types of global public goods (Kaul, et al., 1999):
Additive. A global public good that assumes that several nations work together – for instance, to reduce emissions of carbon dioxide.
The weakest link. Sometimes the supply of a global public good is limited by the weakest link in a chain of participants. This may for instance be the case in combating the spread of an infectious disease or combating international terrorism. If a country refuses to participate, this makes more difficult the creation of the global public good, i.e. a world free of particular disease or a world free of terrorism.
Best Shot. The opposite of a situation with a "weak link" is when creation of the global public good largely depends on the actor most suited to produce the public good, for instance, in the case of the creation of a vaccine.

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

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

Three *weaknesses* can be identified in the present system for the provision of global goods[11]:

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

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

[11] Kaul et al.., 1999.

4.1.1 Conflict prevention, conflict management and humanitarian initiatives

Humanitarian development assistance operates in two different kinds of settings: in conjunction with armed conflicts, which are dealt with in this section, and in cases where natural disasters have struck (see section 4.1.2). The distinction between these is not always wholly clear. Natural disasters can have political dimensions and cause political tensions, in particular if the affected population considers that the political leadership bears responsibility for poor physical planning or for government-sanctioned overexploitation of natural resources. Peace-promoting foreign policy, environmental policy, refugee policy and development assistance policy all converge in a clear point of common contact in the sector of humanitarian issues and assistance[12]. Despite some overlap, there are, however, different norm systems that apply. Also, different actors are involved and different activities are required in the various policy areas. The Committee has therefore decided to deal with humanitarian issues into two separate sections, 4.1.1 and 4.1.2.

People's inability to resolve conflicts is probably one of the greatest threats to the welfare of present and future generations, in particular and above all, in a time of fast technical development of weapons[13]. During the 1990s, in a period of great political changes after the end of the Cold War and the emergence of new globalisation processes, *new patterns* for armed conflicts have developed. The armed conflicts that formerly mainly took place within countries have proven difficult to resolve, and have led to transnational effects. They threaten regional stability and thus international peace and security, i.e. our security. Many of them are low-intensive and long-term conflicts. The use of violence has affected the civil population particularly severely, and the degree of brutality has led the UN to make human security a key concern for the UN Security Council. The entire *concept of security* has taken on a broader meaning linked to fundamental human rights and respect for humanitarian law.

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

[12] The Ministry for Foreign Affairs, Humanitärpolitiska perspektiv.
[13] North, 2001.

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

The war in Bosnia alone resulted in 200 000 fatalities. Two million people were forced to leave their homes. A million have fled to different countries in Europe, including 95 000 to Sweden. The costs to the international community for military and civilian interventions in former Yugoslavia calculated up to the start of the Kosovo war total approximately SEK 70 billion per year[14]. To this can be added *costs* in the form of lost development potential, both for those who are directly affected by a conflict and also for international actors in the form of loss of trade and investments. Better use must be made of our collective economic and human resources to prevent conflicts.

Besides the changing nature of conflicts, the level of ambition of the international community has also increased tremendously in conflict management. Above all, it is the demand on the international organisations to administer the areas of conflict that have led to a need for this change. *Multifunctional initiatives* require a holistic view where many factors – military, civilian, humanitarian, political etc. – must be combined in order to achieve stability and an enduring solution to the conflict[15]. This also requires greater awareness of how different forms of development assistance and other support measures can affect and/or be used by the parties in a conflict situation[16]. In the view of the Committee, Sweden should not provide bilateral development assistance to governments involved in waging wars of aggression.

The involvement of the world community has led the UN, EU, OSCE, Nato and other international and regional bodies to give priority to measures to prevent and manage conflicts. *Deficiencies* in the *preparedness* of the international community have become evident, however, and it is necessary to improve the effectiveness of peace promotion and peace-keeping initiatives, since it is deemed likely that there will continue to be a great need of peace promotion and conflict prevention measures in future[17]. Present-

[14] DS 1999:24.
[15] Christoplos and Melin, 2001.
[16] Anderson, Mary, B, 2000.
[17] SOU 2000:74, Ds 1999:24.

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

Coordination and the division of roles between different organisations and actors in an initiative have become increasingly important. The same applies to the need for collaboration between military and civil units in crisis areas[18]. A number of the peace operations of the 1990s have been very complicated since there has in many cases been involvement in wars or conflicts that have not led to a clear victor. Subsequent peace agreements were instead forced through by international pressure, while the leadership and/or parts of the population have not always been sincere in their efforts to solve the conflicts without violence. The *international peace-keeping initiatives* cannot therefore be said to have worked in post-conflict situations but they have instead had the task of *creating* a post-conflict situation. This requires, of course, another competence on the part of the international forces, which must affect both the mandate and personnel recruitment, in order for them to be capable of carrying out their task, as well as be able to protect themselves, others who are a part of the mission, and the mandate of the mission[19].

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

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

[18] Almén and Eriksson, 2001.
[19] SOU 2000:74.

personnel in various types of international initiatives – as has been pointed out in many previous commission reports[20].

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

In *structural conflict prevention work*, it is particularly important among other things to strive for democratisation and economic diversification. An economy that is based on the production of one or more raw materials – for instance, oil, diamonds or timber – tends to lead to corruption, authoritarian control or a power struggle over the control of this resource, which can lead to an armed conflict. After a conflict, it is important to support peace agreements, disarmament and the demobilisation of soldiers, long-term reconstruction and the integration of refugees, as well as to promote the involvement of women in the peace process[21].

Many studies show that there is a connection between *economic development* and a reduction in the number of conflicts. Poor countries appear to have more armed conflicts, although opinions differ as to the exact nature of the correlation between poverty and conflict. Some refer to the uneven distribution of income and capital, others to inequality between different ethnic groups – horizontal rather than vertical inequality. However, there is no evidence of a direct link between social inequality and the incidence of violence. On the contrary, it can be difficult for underprivileged groups to start and maintain an armed revolt. Other analysts consider that many organised armed conflicts have their origin in a struggle for resources between already privileged groups[22]. In particular after the Cold War, armed conflicts have been forced to resort to new and often unlawful strategies for financing both war and their own welfare. The struggle to control the diamond mines in Sierra Leone is one example, the narcotics trade in Afghanistan

[20] SOU 1999:29, SOU 2000:74, SOU 2001:104.
[21] Wallensteen, 2001.
[22] Collier and Hoeffler, 2000.

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

It is also a challenge to identify regional conflict prevention measures. Limited access to fresh water can lead to a *regional* conflict, although if correctly dealt with, it can also lead to enhanced regional collaboration. Promoting regional or sub-regional integration in specific issues can facilitate the emergence of institutions for conflict resolution. Sweden has a long tradition and considerable competence in the field of conflict prevention. East Timor, which parts of the Committee visited in the process of the inquiry, is an example where Sweden has made a positive contribution. The Committee considers that Sweden should use the knowledge we have and undertake more conflict-prevention work, in particular in Africa. We should also pursue conflict-prevention issues in the EU in a clearer way together with other EU Member States to be better able to support regional initiatives, such as NEPAD[23]. NGOs can also play an important role in this context.

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

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

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

imposed on the combatants. Peace agreements should be assessed on the basis of meeting international demands for conflict resolution. They should protect with human rights, contain regulatory frameworks for dealing with war crimes, and should promote regional stability and normalised international relations such as trade. Research shows unequivocally that the difficulties of reaching a new agreement are considerably greater if a peace agreement fails and fresh conflicts break out[24]. The implementation of a peace agreement therefore needs support from the international community by means of actions throughout a wide range of policy areas.

4.1.2 Disaster management and humanitarian initiatives

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

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

During 2000, more disasters were reported – both natural disasters and other disasters – than during any year in the 1990s, but with fewer fatalities than previously. Approximately 20,000 people were estimated to have died in disasters throughout the world during 2000 compared with an annual average of approximately 75,000 in the previous decades. However, the number of people who have been injured or affected by disasters in other ways has increased. From 210 million annually in the 1990s to 256 million people in 2000[25].

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

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

[24] Wallensteen, 2001.
[25] World Disaster Report, 2001.

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

Linking symptoms such as human distress to cause and *effect connections* relating to political, economic, environmental, social and other underlying factors in a clearer way, has led to a closer alignment of humanitarian development assistance and longer-term development cooperation issues, human rights and political conflict resolution. It has expanded the "humanitarian culture" and reduced barriers between a short-term humanitarian way of thinking and a more long-term development-focused approach[26]. In a policy for global development, the challenge is to identify and try to address *the causes of the vulnerability* that have their origins in poverty and injustices. Lack of security lies at the very core of poverty.

In poor countries, people who are affected by disasters all too often rebuild their homes and communities in the same place and in the same way as before the disaster. The risk of being affected again remains the same, and they are therefore just as vulnerable to future disasters as they were to earlier ones. The work of minimising future risks can start at an early stage if aid organisations and other actors more actively plan for this. Previously, *reconstruction work* after disasters of various kinds has been almost entirely focused on building up the physical infrastructure again, which is of course important. However, reconstruction work must also involve rebuilding and strengthening the local economy and local institutions. Sustainable reconstruction requires an investment in the social capital of the communities hit by disaster[27]. This may concern support to local communities and local organisations to survey risks, draw up local hazard maps and contingency plans, and to find methods to improve the ability of the society to recover after a disaster. It requires better coordination between disaster work and development assistance work. Development assistance can contribute to *increased capacity building* to reduce vulnerability in future.

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

[26] Ministry for Foreign Affairs, Humanitärpolitiska perspektiv.
[27] World Disaster Report, 2001.

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

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

With regard to *EU collaboration* in connection with natural disasters and major humanitarian emergencies, clearer coordination is required between the instruments that are subject to the commissioner for development assistance issues and the responsible commissioner for foreign affairs. In the view of the Committee, it is neither reasonable nor desirable for the fifteen member states and more in future, to engage in each its own set of separate initiatives in an acute disaster situation. However, effective coordination seems unrealistic at the present time, since ECHO[28] presently neither functions sufficiently well, nor has the appropriate mandate. A great challenge for the future in the humanitarian sphere for the EU will thus be to take main responsibility for the Member States' contributions in disaster situations. However, already today ECHO must become better at coordination with other major actors such as the World Bank and various UN bodies such as UNHCR, UNDP, WFP, UNICEF and OCHA.

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

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

[28] European Community Humanitarian Office.

the complex links between environmental issues and potential disasters.

4.1.3 Stability in the international financial system

The events in Mexico in 1994 and in South-east Asia in 1997–1998 showed that *bank and currency crises* often occur in pairs, and that their effects can rapidly affect a large number of countries in the world. Numerous studies have shown that poor people in poor countries are not isolated from events in the international financial markets[29]. It is evident that globalisation entails increased systemic risks and that exposure in some situations can be damaging unless the necessary institutions exist.

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

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

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

[29] Levinsohn, et al., 2002.

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

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

In order to increase the stability of the financial system, it has been proposed that a transaction tax on international currency trading be introduced, the so-called Tobin tax. A tax of this kind would aim to reduce short-term speculative capital movements in favour of more long-term considerations, and it would also give governments more scope in fiscal and monetary policy. The proposal has been criticised both with regard to suitability and the possibility of introducing the tax. It can be noted that the tax requires international approval and support[30], which at present can be regarded as impossible to achieve. Furthermore, it is doubtful whether the tax would have the desired effects even if it were possible to introduce. The misgivings that have been expressed are that it would lead to negative consequences for the financial system and

[30] Jordahl, 2001.

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

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

It is important that the work of finding new ways to stabilise the international financial markets and the *democratic influence on and supervision of these* continues. In the Carlsson-Ramphal report and its background reports[31], in addition to the proposal for a tax on international currency trading, a number of other proposals are presented that can contribute to dealing with these problems. These reviews and other efforts, as well as experiences from countries that have sought alternative routes, such as Chile, should be carefully examined in this process.

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

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

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

[31] Maneschold, 2001.

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

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

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

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

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

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

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

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

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

People's access to and use of *fresh water* is one of the major global environmental and development issues which will increase greatly in importance[32]. Already today we know that within a few decades, a large part of the earth's population will live in areas with a shortage of water or with water not fit for human consumption. The biological diversity in the world will have reduced. In all a thousand species of fish are threatened today. The same applies to access to fish as one of the more important sources of protein for many people in developing countries. Conflicts within and between countries over shared water resources will increase. Access to good quality water and proper sanitary arrangements is a prerequisite for effectively and successfully being able to combat poverty. As most often it is women and children who are hardest hit by the present situation in large parts of the world. For a long time, Sweden has given priority to water issues in multilateral work internationally and within bilateral development cooperation. Special importance has been given to integrated water resource management.

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

[32] Gordon, 2001.

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

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

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

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

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

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

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

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

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

4.1.5 The struggle against infectious diseases

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

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

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

The most *important actors* for production of these global public goods in the health sector are the research-based pharmaceutical and vaccine companies with an interest in the health situation in the poor parts of the world, and last but not least the World Health Organisation (WHO). Private actors can also have important roles, although at the same time this would be evidence that the international community has failed in its responsibilities[33]. It is essential to

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

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

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

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

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

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

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

denominator for the new initiatives is a stronger emphasis on results and systems to measure and verify these, and that greater and clearer responsibility is placed on governments and affected ministries in the recipient countries. In the case of GAVI[34], continued support to recipient countries is based on results achieved, where the reported number of immunisations is verified by independent auditors. Many countries have according to GAVI demonstrated a marked ability to make priorities on the basis of their resources[35].

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

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

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

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

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

4.1.6 Combating organised international crime and corruption

Transnational criminality is estimated to turn over approximately 1 000 billion dollars annually with an estimated profit of 500 billion dollars per year. Criminal organisations have to an ever-increasing degree started to become involved in increasingly sophisticated areas, including new technology and the finance sector. At the same time, other, wholly unacceptable forms such as commerce in human beings have grown in extent as has the weapons trade. The illegal narcotics trade is estimated to generate between 150 and 250 billion dollars annually, which is money that is laundered or reused in illegal activities and to finance armed conflicts and terrorism[36].

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

[36] UN 2001.

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

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

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

4.2 Considerations and recommendations

4.2.1 Considerations

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

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

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

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

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

An open dialogue about the size of and distribution of the costs and benefit of global public goods, between countries and between groups within countries, must take place. This discussion must be based on research and preferably take place in a multilateral context. Furthermore, a readiness is required to use a long range of different instruments, *sources of finance* where development assistance in certain contexts can be one source[37].

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

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

cussed. They will also be affected by the driving forces and the ability to participate that exists in the countries that are to work together for a particular global public good. Three different types of situations can be distinguished[38]:

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

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

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

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

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

[38] World Bank, 2000b.

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

Mechanisms and institutions to deal with and solve common global problems continue to be undeveloped 50 years after the formation of the UN. For small countries and developing countries, however, the most effective way of influencing handling of common global problems, is to *participate in international for a and contexts.* To ensure sustainable participation by developing countries, institutional solutions are required that promote ownership. There are a number of successful examples and experiences of these should serve as a starting point for discussion on suitable institutional solutions for other issues[39]. Genuine possibilities for active participation by developing countries is today many times greatly reduced due to limited capacity. Forms to support increased participation from developing countries must be identified. A number of recommendations are made in Chapter 8.

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

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

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

[39] See Bezanson and Sagasti 2001 for an overview..

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

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

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

4.2.2 Recommendations

The Committee makes the following recommendations:

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

[40] Kaul et al., 1999.

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

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

- Task forces should be created for the selected public goods with the participation of NGOs, the business sector, academic and research institutions, experts and other interested parties as well as representatives of developing countries. Their task includes compiling an action plan for the respective utility with proposals as to how the utility should be handled internationally and nationally.
- The private business sector and publicly financed research should be stimulated to carry out research and product development on global public goods which are important for developing countries and poor people.
- Special attention should be given to preventive measures. A forward-looking approach should be aimed at, with systems for proactive action for the respective special area. The popular movements and other civil society organisations can play an important role here.
- The issue of financing of global public goods is extremely complex. The Committee has found that Sweden has already taken commendable initiatives to international studies[41] on this problem, and wishes to strongly emphasise the importance of continued initiatives with a view to achieving innovative solutions.

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

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

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

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

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

5.1 National assumption of responsibility

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

domestic process of public participation in the design of policy within the framework of a democratic form of governance. Governments should first and foremost mainly be responsible for policy in relation to their own population and not to outside actors such as various donors and creditors. National and local responsibility and "ownership" are characterised by a readiness and willingness to allocate resources to ensure the implementation of policy, to solve problems that arise during implementation and to continue the activities after development assistance has ceased[1].

5.1.1 Institutional capacity and the rule of law

Weak *institutional capacity* is a major obstacle to development. Institutional capacity includes both knowledge in various areas and the actual institutions – ministries, agencies, etc. as well as the appurtenant regulatory frameworks and their application. Many low-income countries have institutional structures that are legacies from the colonial era. Political and social conflicts have also prevented further development of these institutions. For instance, many existing state market and sales organisations in the agricultural sector in Africa have not succeeded in functioning within the framework of a market economy. They have failed to balance different purposes and objectives such as providing farmers with credits, being responsible for tax collection, guaranteeing food supplies and at the same time maintaining a stable price level for agricultural products[2].

It is the poor in particular who suffer when the institutional framework does not work[3]. Countries which systematically come to grips with complex legislation, corrupt courts, unfair credit systems, and major obstacles to entrepreneurial activities, and that instead create new institutions better adapted to local prerequisites, have better chances of reducing poverty.

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

[1] van de Walle and Johnston, 1996.
[2] World Bank 2001b.
[3] Vlachos, 2001b.

mechanisms for application of the rules, and organisations that can ensure compliance. The purpose of the institutions is to provide information, supervise issues relating to ownership rights and contracts, as well as to ensure that competition is maintained in individual sectors. The institutions will necessarily vary greatly as to form depending on local conditions in each sector and country[4].

The primary driving force for development of institutions will be the demand from the people and actors affected in a sector. Increased and *more open information* increases the demand for more effective institutions. Moreover, improved insights into and participation in the budget processes and evaluation of the quality of public services contributes to increasing people's ability to assess and thereby mould authorities. By such means, the risk of corruption should also decrease. According to recent research[5], in order to create effective institutions, countries should first of all build upon already existing institutions, human knowledge and available technology. It is often better to modify and develop existing institutions than to create entirely new ones. In general, competition strengthens the effectiveness of existing institutions, changes people's motivation and behaviour, and creates the necessary demand for new and improved institutions.

5.2 Democracy and human rights

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

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

[4] World Bank, 2001b.
[5] World Bank, 2001b.

democracy. In his research, Sen has also noted that in the terrible history of famine disasters in the world, there are no instances of such a major disaster having taken place in an independent, democratic country with a relatively free press[6].

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

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

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

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

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

[6] See, inter alia, Sen, 1999.

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

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

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

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

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

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

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

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

States and governments that respect citizens rights and encourage popular participation in different decision-making processes also have better prospects for making use of *people's creativity* and inventiveness, thus creating the prerequisites for an economic and social environment that promotes investments, etc. Democracy does not develop automatically. It does not suddenly arise following the abolishment of a military regime, a one-party state or by declaring the independence of a new state[7].

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

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

[7] See, inter alia, Sen, 1999.

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

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

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

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

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

5.2.1 The role of civil society

An *active civil society* is key for a country's development and for combating poverty[8]. It can be described as that multifaceted part of society that exists between the state and the private sphere. It consists of many different kinds of groups and associations within which people act together. The organisations and groups of civil society thus represent a diversity of different interests, ambitions and priorities which can both work together and be in conflict with one another. It includes a mixture of formal and informal organisations, groups and networks. It also includes political parties, religious congregations and trade unions, as well as charitable organisations, savings associations, women's groups, professional organisations, sports associations, and others [9].

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

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

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

[8] The concept of civil society started to be used in international development contexts during the 1990s..
[9] Lindblom, 2001.

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

Since the 1980s, the *number of civil society organisations has grown enormously* both in high-income and in developing countries. Many new organisations have been created in developing countries which resemble non-profit making enterprises. This is not infrequently the result of their being able to tap into development assistance funds[10]. This can easily lead to competition between organisations in situations where coordination should be the goal instead. This is particularly noticeable in the case of major disasters, for example. This can, of course, have negative consequences for traditional indigenous voluntary organisations as well[11].

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

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

[10] Economist, 2000.
[11] Rydsmo, 2001.

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

5.2.2 The role of the media

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

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

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

5.2.3 Gender equality

In the reduction of poverty, equality between women and men is both an indispensable means and a goal in itself. Poverty reduction – as well as striving for equal opportunities and rights for females and males alike – are to a great extent issues that *challenge existing power structures* and self-interest. The participation and ability to affect their lives of both women and men is a key issue in poverty reduction as a whole. Expanding the freedom of action of women and girls is a key issue in gender equality work[12]. Differences in conditions between the sexes are often greatest among the poorest population groups.

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

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

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

[12] Johnsson-Latham, 2000.

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

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

The lack of gender equality has consequences for the welfare of local communities, as well as *macroeconomic consequences* for a country's productivity and economic growth. Studies show that the greater the number of women who receive education, the higher will growth become[13]. Better education is associated with reduced childbearing which in turn provides women with better opportunities for education. The lack of women in politics and in the labour force seems, according to research, also to affect the incidence of corruption in a country.

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

[13] World Bank, 2001a.

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

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

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

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

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

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

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

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

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

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

5.2.4 Children's rights

In many developing countries, half of the population is under 18. The *situation of children* is a clear *indicator* of the development of a society and how these resources are managed and distributed[14]. The attitude to and treatment of children reflect a society's values and view of humanity in general. To a great extent, it is children who

[14] Rindefjäll, 2001.

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

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

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

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

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

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

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

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

5.2.5 People with functional disabilities and their rights

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

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

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

Traditionally, functional disability is not infrequently associated with punishment, sin, and is therefore something that causes fear, shame and uncertainty. This often leads to *children with functional disabilities* being hidden away, receiving discriminatory treatment within the family or even being completely denied and neglected. In certain places, it is common for children to be put out on the street to beg, and they are deprived of both respect and the possibility of living a dignified life and of developing like other children. These children are often neglected by schools, authorities, culture and the media as well. The physical environment prevents children with disabilities from moving about freely, playing and meeting friends. According to the Swedish Organisation of Disabled Persons International Aid Association, only a couple of per cent of children with disabilities in developing countries have access to educational opportunities[15].

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

[15] SHIA, 2000.

5.3 Policies for economic development

An *economic policy to combat poverty* is a crucial prerequisite for a country's ability to reduce poverty. Economic growth, based on macroeconomic stability, an active redistribution policy and appropriate institutions are important parts of the design of policy. A policy that promotes growth is necessary in order to establish the favourable investment conditions in developing countries, which are in turn necessary for the generation of capital, growth and employment[16].

In order to reduce poverty, both economic growth and better income distribution are required. In order to achieve the international development objective of halving poverty by 2015, Africa would, for instance, need growth of at least 7 per cent per year and a more even distribution of income. Merely preventing an increase in the number of poor people would require growth of 5 per cent[17]. In countries where there is great inequality, an active *distribution policy* including not only income but also the content of an integrated social policy, is thus important to speed up the reduction of poverty[18]. In many countries, targeted measures are needed to counteract socially based differences and inequalities in access to resources for example, through land reforms, by means of measures that increase the proportion of girls in school, and through microcredits for poor women. Individuals need support from society to escape from poverty. Increased prosperity requires improved access to work, credit, roads, electricity, markets for sales of products as well as access to education, sanitation and health services. Economic reforms that create conditions for these are crucial, but they must be adapted to local conditions.

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

[16] World Bank, 2000b; Stern 2001.
[17] World Bank, 2000a.
[18] Razavi and Mkandawire, 2001.

and abolition of barriers to trade. In later years, the narrow focus of this policy towards economic stability has been called into question. Policy has been broadened to include other measures aimed at the creation of functioning markets, such as sound financial policies, institution building, the promotion of competition, educational initiatives, and technology transfers, etc[19]. The central and local government administrations which were impoverished and generally weakened under the policy of structural adjustment must also be reinforced so as to be able to control and coordinate the construction of the necessary infrastructure and services.

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

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

5.3.1 The business sector and the labour market

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

[19] Stiglitz, 1998.

must earn their livelihood in the private sector. With a view to stimulating the business sector and private investments, the state should strive for a stable, macroeconomic policy, favourable investment conditions, a sustainable financial system and a distinct and open business climate[20]. Furthermore, a determination to fight corruption is required, as is assurance of access to loans. Moreover, transaction costs to reach domestic and foreign markets must be reduced by, for example, investment in well-functioning infrastructure, whereby access to energy, transport and telecommunications (for instance, the Internet) is secured.

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

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

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

[20] Vlachos, 2001a.

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

It is generally accepted that developing countries derive great benefit from foreign *direct investments*. Besides providing the scarce commodity capital, these investments are accompanied by access to new markets and to new production technologies, and also provide domestic workers with new opportunities for training and education. The assessment of foreign portfolio investments is a more controversial issue. Rapid capital movements not only increase access to capital in a country, but also increase the risk for a fast outflow of capital. In order for developing countries to be able to benefit from financial globalisation, without being exposed to enormous risks, cautious deregulation at a carefully considered point in time is nowadays advised[21].

5.3.2 Information and communication technology (ICT)

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

[21] Jordahl, 2001.

must work from or near their homes, and thereby change their conditions of life in developing countries. A functioning ICT infrastructure will also be required to attract the international business sector and foreign direct investments[22].

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

The potential for telephonic and internet services is considerable, but to some extent *other forms of distribution* are required than those targeted at individuals and enterprises. The reality of poverty means that only a few can afford to subscribe to ICT services at present, and that profitability therefore cannot be achieved in the short or even medium term. A new form of distribution which has emerged is so-called micro operators, i.e. small local operators which carry out their operations close to their customers and which finance local telecommunications networks based on small-scale technical solutions[23].

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

[22] Glimbert, 2001.
[23] Glimbert, 2001.

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

In conclusion, *ICT strategies* thus need to be developed, the national telecommunications companies deregulated and modernised, at the same time as access to telephonic and computer services must be increasingly improved for the entire population[24].

5.3.3 The role of trade and trade policy

International trade can be a *powerful growth factor* and an important source of foreign financing for development[25]. An open trade regime and increased commerce contribute to creating a competitive pressure in the market. A dynamic process is initiated that leads to increased efficiency, productivity and growth. A number of empirical studies[26] point to a clear correlation between a country's openness and its economic growth. Through trade, a country can benefit from cheap imports, which favours the individual citizen as well as producers in need of input goods. Through exports, the country gains access to its own financial resources, which can be used for development efforts. Barriers to trade and high tariff barriers tend, however, to conserve trade relations between countries. The potential that exists in the form of increased trade with neighbouring countries is consequently not realised.

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

[24] See Accasina 2001a and 2001b for a detailed discussion on how the new Information and Communication Technology can be used.
[25] Jordahl, 2001.
[26] Nordström, 2000.
[27] Winters, 2001.

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

The *institutions* of developing countries often have weaknesses in terms of their ability to handle exports and imports. Customs procedures are often unnecessarily complicated, and thereby allow ample opportunity for corruption. Knowledge of what is required in order to operate successfully in international markets is insufficient, as of course is experience[28]. Sweden and the EU can also make a contribution here by communicating more effectively the rules that apply to the European market.

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

Trade policy in the majority of developing countries has to a great extent been focused on the relationship between developing countries and the rich countries. However, about 40 per cent of the exports of developing countries go to other developing countries[29], despite the majority of trade barriers for their exports being in these other developing countries. Development in the medium-income regions (Latin America, the Arab world and South-east Asia) has been hampered by the protectionism that hinders trade between neighbouring countries, and thus makes difficult the emergence of *regional markets*. Even in the low-income regions (South Asia and Sub-Saharan Africa), regional trade has been hampered by extremely high tariff barriers. It is important that the ongoing reduction of the tariff and customs levels of developing countries continues, since the general problem is that the volume of trade is too small and it is almost entirely absent in the poorest countries.

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

[28] Arhan, 2001.
[29] World Bank, 2002.

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

The share of trade of the *least developed countries* has fallen from slightly over one per cent twenty years ago to around a third of a per cent today. Only a couple of promille of the world's total investments have been put into this group of countries in recent years. The participation of these countries in the international trade system is also extremely marginal. Reasons for this situation include lack of trade policy expertise and difficulties in producing goods that are competitive on the world market[30]. Moreover, the practical consequences of the WTO agreements are associated with high costs, including those needed to build up or reform national legislation and the exercise of authority. In addition, countries are affected by the large number of barriers to trade that developing countries generally encounter[31], even if the least developed countries through *inter alia* so-called concessional or special measures and preferential arrangements have the possibility to obtain exemptions from these barriers and have also done so.

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

[30] Arhan, 2001.
[31] de Vylder et al, 2001.

5.3.4 Unmanageable burden of debt

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

The purpose of the HIPC initiative is that a country should achieve a *manageable level of debt*[32] that is sustainable. The intention is that all involved lenders, i.e. the international financial institutions, the Paris club[33], other bilateral and commercial creditors, should together come to grips with the debt situation of a deeply indebted country. Each should then bear responsibility for its share of the HIPC countries' debts. The intention is that poor and debt-burdened countries that pursue a sound economic policy should regain a manageable debt situation.

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

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

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

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

areas such as education and health. Funds which are released when debt relief is granted are to be channelled into *combating poverty*. National poverty strategies are intended to describe how this is to take place in each individual case. However, there is a risk, according to UNCTAD, that the expectations on the effects of the HIPC initiatives will be too highly pitched in terms of what it can contribute to growth and poverty reduction[34]. A number of independent organisations argue moreover for swifter and more radical debt relief.

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

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

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

5.3.5 Agriculture and food security

The UN agricultural and food organisation, FAO, estimates that 815 million people are chronically *hungry and undernourished* in the modern world[35]. They lack sufficient food to live an active and

[34] Andersson, M, 2001c.
[35] FAO, 2001.

healthy life. The countries of the world have agreed on the goal of halving the number of those starving by 2015. However, FAO has noted that if the reduction of the number of undernourished people continues to reduce at the same slow rate as to date, then almost 700 million will still suffer from chronic hunger in 2015. It will take 60 years to achieve the sub-goal of a halving. UN's international agricultural fund (IFAD) also has noted that higher priority must be given to the rural and agricultural population if the poverty goal is to be achieved and world poverty halved by 2015[36].

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

In a development perspective, it is necessary to focus on the issues that concern obstacles to the development of agriculture. In many developing countries, agricultural development is clearly one of the best ways to abolish poverty and hunger[37]. Of the developing countries total GDP, agriculture accounts for about 25% , and in many of the poorest countries for considerably more. A rise in standard of living with increased quality of people's nutritional intake requires improved conditions for the agricultural sector in developing countries. Changes in the policy environment and reliable access to cultivable land are crucial for the ability of small-scale farmers to increase their productivity. In many countries, land reforms are a prerequisite for increasing food production and making production more effective. Agricultural infrastructure must also be developed with better roads to improve access to markets, and improved opportunities for adequate storage of goods. Improved technology is also required, as is better access to agricultural input goods that are developed with the actual production terms and conditions in mind. A prerequisite for increased production is that investments in agriculture can be made profitable[38]. Access to credits needs to increase and the institutions that work with agricultural research and advisory services must be endowed with more resources.

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

[36] IFAD, 2001.
[37] Andersson, M., 2001a.
[38] Fahlbeck and Novell, 2001.

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

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

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

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

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

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

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

A fundamental element in sustainable rural development is legally protected access to cultivable land, water, credits, information and technology for the benefit of the poor[39].

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

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

[39] Madestam, 2001.

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

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

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

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

5.3.6 Urban development

At the beginning of the new millennium, almost half of the world's population lived in cities, and this percentage is expected to increase. This is partly a result of migration but also of natural *population growth* in the cities. While the nativity of women in cities is falling, the population tends to be younger in these than in rural areas. During the first fifteen years of the new millennium, cities in developing countries are expected to increase by 907 million inhabitants while the increase in the countryside is limited to 165 million. Africa is the fastest urbanising part of the world. There cities are expected are to increase by 3.5 per cent annually[40].

[40] UNCHS, 2001.

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

Poverty in the cities of the world has worsened although it is difficult to say how much, since its extent has been systematically underestimated[41]. Poverty measured in money does not take into account other entirely different kinds of *living costs* that the urban population has as opposed to those for most rural dwellers. For instance, poor people in the cities often pay large proportions of their income for water, fuel and housing. Understanding the characteristics of the urbanisation process and urban poverty is of great importance since it affects the lives of so many people[42].

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

The urban population is clearly hard hit by *economic crises.* During the crisis in Mexico in the mid-1990s, interest rate was increased so much that, through their housing costs, the heavily indebted middle class rapidly became poor. Likewise, the crisis in Asia in the 1990s, affected poor urban dwellers worst[43].

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

[41] Johansson, L., 2001.
[42] Bruér, 2001.
[43] UNCHS, 2001.

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

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

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

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

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

Urban poverty reduction means first and foremost the creation of *opportunities for employment*. Many employees work in insecure conditions without union rights and in a poor, unsafe working environment. Running their own business or being employed in the so-called informal sector are often the only possibilities of earning an income. The need for urban development assistance has been undervalued although more and more attention has been given to this kind of assistance in recent years[44].

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

5.4 Environmental policy

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

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

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

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

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

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

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

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

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

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

The best way of strengthening the poor in rural areas is via *investments in natural capital*, i.e. soil conservation, afforestation, development of water resources, etc. Poverty can also be and often is associated with poorly defined ownership rights and weak public institutions to identify and deal with environmental problems. There are examples of interventions that improve the living standard for the rural poor so that they have the opportunity to make more long-term decisions. Through insurance schemes and better access to microcredits, farmers donot need to keep such large herds of livestock as would otherwise be the case. The long-term effects can be more difficult to survey in the case of other interventions. For example, it is still an open question how far the "green revolution" should be pursued with improved seed, gene modification, and control of the ecological environment. This has contributed to increased harvests, in particular in large-scale farming, although the high-yield monocultures have also led to increased demands for irrigation and the use of pesticides and insecticides, which in turn entails critical ecological risks[45].

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

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

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

and instruments of control that can favour sustainable development are:

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

5.4.1 Environment-friendly technology

The rapid economic growth in many developing countries in recent years has accentuated the need for environment-friendly or "green" technology[46].

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

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

[46] "Green technology" refers to technologies that can be combined with ecologically sustainable development.

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

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

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

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

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

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

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

5.5 Social development policy

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

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

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

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

Pensions and insurance should come increasingly into focus for poverty reduction in the next few decades. The privatisation of pension systems has often proven not to live up to expectations of increased competition, reduced costs and increased saving. Moreover, such schemes tend to disadvantage women[47].

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

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

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

[47] Razavi and Mkandawire, 2001.

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

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

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

Demographic conditions affect the opportunities for poverty reduction, security of food supplies and a good environment. Rapid population growth can cause the situation to deteriorate, and can contribute to a downward spiral where these conditions continually worsen. In order to avoid this, well thought out, carefully considered political decisions are required that will affect population growth and that will promote economic growth, the increase of resources available for the provision of education and health care services for the poor, as well as the creation of incentives for agricultural development. Improvements can thereby be achieved in the context of population which mean that children to a lesser extent are used as labour power, that women's position is strengthened and that the demand for reproductive health care increases. Economy and demography can thereby be seen as convergent and closely interacting forces, which together affect and are affected by political decisions and the institutional structure[48].

[48] Alfvén and Sundström, 2001.

5.5.1 The role of culture for development

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

At an international UNESCO conference on culture and development in Stockholm in 1998, an action plan[49] was produced with the following five overall goals for the cultural policy of the member states:

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

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

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

[49] Action Plan on Cultural Policies for Development.

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

5.5.2 Health and development

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

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

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

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

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

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

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

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

5.5.3 The fight against HIV/AIDS

HIV/AIDS now exists worldwide. While its spread has slowed down in the developed countries, the disease is spreading more and more quickly in areas where there are few or no resources to deal with it[50]. Approximately 36 million people are HIV infected, 95 per cent of them in developing countries and countries with transitional economies. There are indications that Asia will eventually be affected by a crisis of the kind that Africa is now experiencing. Besides the effects at the level of individuals and households, the epidemic has *consequences for society* through a heavy pressure on

[50] de Vylder, 2001.

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

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

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

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

become orphans and have no support from a family. When one or both parents dies, children's educational opportunities become also reduced, which affects girls in particular. Social networks such as extended families are exposed to excessive strain and risk breaking down completely. The production of small-scale farmers is steered away from labour-intensive crops, which often means that it shifts from commercial cultivation to an increased degree of subsistence production.

It is evident that *different sectors* will be affected to varying degrees by the HIV/AIDS epidemic, primarily due to how easily labour power can be replaced. Within the public sector, health care and schools are often particularly severely affected, and it has proven difficult to replace deceased staff. For the private sector, it is perhaps the changed consumption patterns of households, from a variety of material consumer goods to health care, which is the most important consequence.

As yet, the total consequences of the HIV/AIDS pandemic are not yet visible in economic statistics, and it is difficult to fully estimate the real costs. This is due to the large proportion of those infected by HIV not yet having fallen ill with AIDS or having died from AIDS-related illnesses, but also to the considerable under-employment that characterises the affected economies. In the longer term, households' reduced savings will lead to reduced investments, which in turn will have negative consequences for economic growth. In a broader social perspective, the epidemic will greatly reduce average life span. Life expectancy in many countries is reverting to the levels of the 1960s and early 1970s. In addition, institutional structures and, for example, norms and values may disintegrate, a process that will have serious consequences for social development.

5.5.4 Education and research

The *importance of knowledge* has been given increasing attention in international discussions on development[51]. After a period when basic education was highlighted as the absolutely most important factor for combating poverty, the strategic value of higher education and research is now being emphasised. Education at all levels enhances conditions for democratic development. Basic education

[51] See, inter alia, World Bank, 2000d.

for all increases the opportunities for popular participation in decision-making processes, and universities create a foundation for critical and independent analysis and debate. Knowledge is also important for innovation and is increasingly recognised as a key production factor, as important as labour, capital and natural resources. Knowledge-driven development is a prerequisite for the participation of developing countries in the global economy of knowledge.

The population in many developing countries is still quite undereducated, relatively speaking. In Africa, it is estimated that only 60 per cent of children receive basic education, and many adults are illiterate. The situation is particularly serious among women. Secondary schooling is weak, and university-preparatory and vocational alternatives still very rudimentary. Even at post-secondary level, vocational alternatives to university education are lacking. The universities that should be the hub of countries's knowledge systems are often weakly developed. Without teachers who are competent to engage in research and the capacity to examine PhD students, institutions of higher education can neither provide competence-building measures for teachers at colleges or other institutions of higher learning, or to postsecondary education, nor can they provide the necessary expertise for qualified policy or other kinds of analysis.

However, it is a primary task for the countries' governments to direct *resources* strategically so as to develop a functioning knowledge and higher learning system. It is important to get schools to function properly, to see to it that teachers are paid, and to instil a strong motivation and incentives for higher education. A well-functioning labour market is therefore of central importance. The picture is complicated by the educational system in weakly developed countries not least in Africa long having been and still being dependent on the outside world for analysis, options in terms of paths to development, and investments. Existing educational systems are largely based on models from other countries via colonialism, missionaries and development assistance.

An important role for the countries' *own qualified systems of knowledge* is to maintain contact with international knowledge and discourses, to integrate these with local knowledge systems and experience, and to be responsible for analysis and provision of advisory services. In this way, a capacity is generated that can con-

tribute to the international development of knowledge from a developing country's perspective and formulation of problems.

The imbalance in the global public goods provided by international research concerns, *inter alia*, the fact that it is the wealthy countries' perspectives and needs that control the direction and focus of the world's research. The *knowledge gap between rich and poor* countries also has other dimensions. The increasing privatisation of knowledge restricts access by the developing countries to information. Building up good general access to information, including libraries and laboratory equipment is essential for the country's development. Information technology constitutes a significant opportunity, although it is restricted by poorly developed infrastructure, prohibitively high costs, and by the lack of indigenous competence and the capacity to make use of the available supply of information and educational opportunities.

Regional networks are important for the maintenance of research in the long run in developing countries. It is extremely important that a critical mass of researchers be built up so that adequate and relevant research can be conducted on site. The most important functions for such networks are[52]:

- To make it possible for individual researchers to obtain financing and access to resources, both during their training and after they have obtained their academic degrees, and to be able to meet and exchange ideas with colleagues from other countries, and be granted protection in politically unstable situations.
- To be able to enter into cross-border collaboration within areas that are essentially regional. Research on environmental problems is probably the best example here. If each individual country only estimates its own domestic damage, there is a great risk that the external effects will not be taken into account and emissions will thereby become too great.
- To make it more attractive for educated persons to remain in poor countries after completing their education or foreign exchange programme, and to devote themselves to regional problems in their research.
- To increase self-determination and independence of initiative for intellectuals in developing countries, so that not all research takes place on American or European terms.

[52] Armelius, 2001.

5.5.5 Religion and development

The *role of religion* for social and economic development was underestimated for a long time in development research. The predominant development theories of the 20'th century regarded the role of religion as more or less irrelevant for the rise of modern societies. The nature and force of global development has shown this assumption and scenario to be entirely false. A growing number of conflicts with religious and ethnic overtones has made clear the central importance of religion for affiliation and identity. Although all nations and cultures are undergoing slow processes of modernisation, religion has a conserving and protecting role to play when it comes to the construction of identity. It is a key organising factor and an important component in human conditions of life in practically all societies.

Religion is not a distinct or *clear-cut phenomenon*. On the one hand, religion can be a liberating and creative force that works cohesively to keep a society together in the tension between modernity and tradition, and creates new meaningful links between the individual and society. These aspects of religion are deeply rooted in daily life and therefore less evident. On the other hand, religion can also be a reactionary and destructive force in the hands of leaders who mobilise people for political purposes, and thus can constitute an obstacle to democratic development. Religion can also be used for such purposes when the fundamental causes of unrest are actually to be found in economic and social discrimination or inequalities.

Religion as a social system constitutes part of civil society. In many developing countries, religious communities are the dominant or possibly only social force which organises people alongside central government institutions[53].

The content of religion and its conceptions of a supreme being, of the nature of being human, of history and the meaning of life, etc. shape the fundamental values of individuals and groups of people. Religion is one part of the interaction between historical, cultural and ethnic factors that create identity and a sense of belonging in a society. As a bearer of tradition, it comprises a link backwards in time, while at the same time religion provides interpretations also of both contemporary time and of the future. In

[53] World Bank, 2001c.

this way, it carries important indications and origins of a society's future development as well.

When religions and cultures now confront and clash with one another, perhaps more clearly than before, in both local communities and in the international arena, it is possible to discern splintering in all religions. Some groups or factions interpret their own teachings and scriptures as something that is absolutely sacrosanct and unadulterated, and are thereby strengthened in their convictions and intolerance against those who are different. Other groups are able to take their own teachings and traditions as a point of departure to seek a deeper understanding with other traditions and creeds.

5.6 Summary

Development processes in different countries are based on varying political, economic, ecological and social conditions. Experience shows that the policies of individual countries are decisive for how successfully poverty can be reduced. There is no given model that is or can be the same for all, but rather each country must design its policy on the basis of its own unique conditions. However, there are certain basic prerequisites which seem to be generally applicable to achieve sustainable poverty reduction in the longterm. A country that is striving towards the creation of a democratic society with broad popular participation, and that strives to comply with human rights regulations with a special focus on the particular situation and requirements of different groups and of future generations; that pursues a resolute policy to combat poverty and accepts national responsibility for its policy, and that has sufficient capacity to implement its commitments , has a considerably greater potential for quickly eradicating poverty than a country that lacks these goals, visions and prerequisites.

The Committee has found the following starting points to be of particular significance with regard to efforts to achieve sustainable poverty reduction. They should serve as guidelines for future analysis of conditions in different developing countries and in the design of Swedish development cooperation, both bilateral and multilateral.

- Effective development can take place only if there is a *political will* in a specific country to pursue a policy to reduce poverty, and if

the country has full *responsibility* for the design of the policy and its implementation. The role of *Parliament* needs to be strengthened, as well as legislation, *institutional capacity* and public administration.

- *Democratic development* is a prerequisite for a sustainable reduction of poverty. Democracy must be designed on the basis of the specific conditions in each country, and it must also be based on common basic values that consider the equal rights and worth of everyone, as well as the recognition of universal equality and enfranchisement including the right to vote.
- The development of a strong *civil soc*iety with a diversity of organisations and free and independent *media* should be encouraged.
- Lack of *gender equality* should be addressed at every level in society. Gender discrimination also has an economic price and contributes to the increase of poverty.
- A poverty-focused *economic policy* based on economic growth, active redistribution policy and functional institutions is crucial for a country's ability to reduce poverty.
- An active local business sector that operates in domestic and regional markets is crucial for coping with the necessary increase in employment creation of a country. Favourable *conditions for investment* and an effective *labour market* are required in order for entrepreneurship and the private business sector to develop and function efficiently.
- Development of *information and communication technology* and access to telephonic and computer services should be prioritised.
- Increased *international trade* and an open trading regime can enhance growth and become an important source of finance.
- Poor countries with high and unmanageable *debt burdens* need faster and more forceful and effective debt relief measures.
- *Rural and agricultural development* will be the primary vehicle for eradicating poverty in many countries. Conditions for agricultural development need to be improved, and agricultural reforms and research that contribute to increased local food production must be stimulated.

- The population is increasing greatly in the cities. *Functioning cities* are a motor for development. The planning capacity for sustainable urban development must therefore be enhanced, municipal democracy strengthened and administration made more effective.
- *Environmental degradation and pollution* affect the poorest people most severely. Poverty can also cause rise to pollution. Environmental and natural resource dimensions must consistently be taken into consideration, as well as ecological sustainability in the design of reforms and investments in every policy area. Fast growing developing countries have accentuated the need for *environment-friendly* technology which makes *efficient use of resources*, and which also leads to lower production costs in the long-term.
- Preventive *health* care should be prioritised in social policy, and universal *social insurance schemes* built up. Special initiatives are needed for *children and young people* as well as measures that acknowledge the *rights of people with disabilities* and address their interests.
- Changed *demographic conditions* with an increased number of elderly people and significant gaps in the numbers of persons in productive ages due to HIV/AIDS, greatly affect the opportunities for poverty reduction. Extensive programmes are required to attack *HIV/AIDS*. In particular, measures are required to provide care for the large and rapidly growing numbers of orphans.
- Education at every level is a critical prerequisite for combating poverty and for democratic development. Countries' own research capacity is important in order to carry out analyses with locally based perspectives and relevant problem formulations.
- The *cultural heritage* of countries should be protected and maintained and the diversity of cultural expression promoted in keeping with international human rights frameworks. *Religion* can be a creative force that holds society together in the tension between modernity and tradition.