

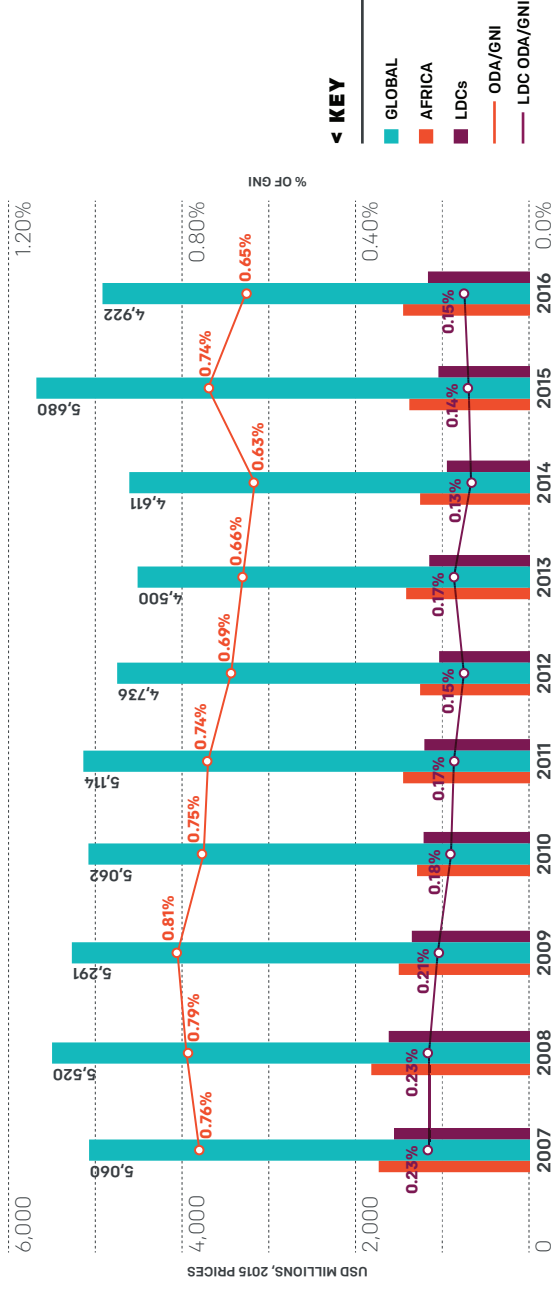
**SUPPORT FOR PRIVATE INVESTMENT**

In the past five years the aid and trade portfolios have been combined under the responsibility of a single minister. In 2012, Lilliane Ploumen, Minister for Foreign Trade and Development Cooperation, laid out her plans in a document entitled 'A World to Gain: A New Agenda for Aid, Trade and Investment'.<sup>210</sup> More than ever, she said, Dutch aid would be used to support private investments. One flagship policy in this area was the Dutch Good Growth Fund (DGGF), but this has proven challenging to implement.<sup>211</sup>

Some observers have been critical about this paradigm shift to a joint approach to aid and trade.<sup>212</sup> They have queried whether the Dutch private sector really supports the ending of extreme poverty in developing countries and, whether it is better placed to do this than more traditional approaches to development. The Netherlands' Court of Audit has called for a systematic overview of results achieved and lessons learned, supplemented with representative impact assessments.<sup>213</sup> In the same report the Court advised the minister to create more focus in the financing facility for businesses, to make sure costs are not excessively high.

The private sector can play a crucial role in fighting poverty, and when government funds are used to support the private sector, there needs to be strong evidence of development impact and additionality.

**FIGURE 1: THE NETHERLANDS' GLOBAL, AFRICA AND LDC ODA: VOLUME AND % OF GNI, 2007-16**



A new government has an opportunity to improve the measurement of results and to implement best practices.

**TRANSPARENCY**

The 2016 Aid Transparency Index now rates the Netherlands as 'good'.<sup>214</sup> The development ministry seeks to ensure that Dutch aid achieves concrete results.<sup>215</sup> The Netherlands was one of the first donors to use IATI and it has announced its intention to continue doing so in the future.<sup>216</sup>

**RECOMMENDATIONS**

- The new Dutch government should restore the development budget to the internationally agreed goal of 0.7% ODA/GNI, aiming to spend 50% on LDCs and fragile states, and it should make in-donor refugee costs additional to ODA.
- The next Minister for Foreign Trade and Development Cooperation should add education to the development agenda to complement the current focus on employment and empowerment.

**Figure 1 Sources:** OECD DAC Tables 1 and 2a and Preliminary Release (April 2017). **Notes:** ODA in 2015 constant prices. Net ODA excludes bilateral debt relief and includes both bilateral and multilateral flows (Africa and LDC imputed multilateral flows in 2015 are estimated by ONE).

# SWEDEN

Sweden's official aid declined by 31% last year compared with 2015, due to substantially lower in-donor refugee costs. The country fell short on its commitment to provide 1% of GNI in aid in 2016. However, the Swedish government is expected to increase aid levels to 0.99% of GNI in 2017 (SEK 4.6.1 billion).<sup>217</sup> Anticipated higher economic growth this year could potentially increase aid volumes.

In December 2016, the Swedish government adopted a new Aid Policy Framework outlining eight focus areas: 1) human rights, democracy and the rule of law; 2) gender equality; 3) the environment and climate change, and the sustainable use of natural resources; 4) peace and security; 5) inclusive economic development; 6) migration and development; 7) health equity; and 8) education and research. Conflict prevention is a new issue area for Sweden and is also a key priority for its current membership of the UN Security Council. Swedish aid funding is consequently expected to shift towards conflict-affected areas, gender equality and the environment and climate change.<sup>218</sup>

Sweden's aid budget has been hit hard by the refugee crisis in Europe, creating uncertainty around its ODA levels. In April 2017, the government amended the financial budget for this year and estimated in-donor refugee costs

at SEK 6.8 billion. A sum of SEK 1.3 billion has been reallocated to the aid budget as a result of the lower estimated number of asylum seekers, down from 51,200 to 34,700. However, critics argue that more money still needs to be reallocated after data showed that only around 11,400 refugees had applied for asylum in the first six months of 2017.<sup>219</sup> Consequently, the government is expected to amend the 2017 budget again in September.<sup>220</sup>

Sweden's next general election is due to be held no later than September 2018, with recent polls predicting major losses for the incumbent government. In the current outlook, it will be unlikely for either the centre-left or the centre-right to form a majority government without the support of the Sweden Democrats, a far-right and anti-immigration party. A new government coalition is thus expected to substantially alter the country's current development policies.

**TABLE 1: SWEDEN'S ODA: GLOBAL, LDC, AFRICA, SSA, AFRICAN FRAGILE STATES AND IN-DONOR REFUGEE COSTS**

2016 ODA, NET OF DEBT RELIEF		2015-16 CHANGE
Global	\$4.87 billion (SEK 41.67 billion)	31.11% ▼
ODA to LDCs	\$1.36 billion (SEK 11.64 billion)	7.39% ▼
ODA to Africa	\$1.45 billion (SEK 12.41 billion)	12.31% ▼
ODA to sub-Saharan Africa	\$1.36 billion (SEK 11.61 billion)	10.63% ▼
Total ODA/GNI	0.94%	0.47 percentage point ▼
ODA to LDCs as % of total ODA	27.93%	7.15 percentage points ▼
ODA/GNI to LDCs	0.26%	0.03 percentage point ▼
In-donor refugee costs as % of total ODA	16.87%	16.94 percentage points DOWN
In-donor refugee costs as % of bilateral ODA	23.72%	25.93 percentage points DOWN
2015 ODA, NET OF DEBT RELIEF		2014-15 CHANGE
ODA to African fragile states	\$1.36 billion (SEK 11.44 billion)	11.71% ▲

**Table 1 Sources:** OECD DAC Table 1, Table 2a and Preliminary Release (April 2017). **Note:** Figures are in current prices and percentage changes in real terms.