Prioritising Poverty Reduction: Swiss, Swedish and Norwegian ODA Compared

Lessons to be learned from OECD's peer reviews

Jane Carter, March 2014

As readers following trends in Swiss development cooperation will no doubt be aware, February 2014 saw the publication of the latest OECD (Organisation for Economic Cooperation and Development) peer review of Switzerland's performance as a provider of ODA (official development assistance) (1). These peer reviews of each DAC (Development Assistance Committee) member country are conducted roughly every four years, and are considered to be "*robust, independent evaluations providing information about what works, what does not, and why*". They are of course based on OECD priorities such as the comprehensiveness of development efforts; strategic orientation; delivery modalities; results-based management, transparency and accountability (2). Media releases by OECD and SDC (3) stressed the many positive findings of the review, including the Swiss federal commitment to steadily increase development spending to 0.5% of GNI. Nevertheless, Alliance Sud, on behalf of Swiss development NGOs, pointed out that not all is rosy - particularly highlighting the way in which Swiss foreign interests and policy can be in contradiction to the interests of developing countries (4). For example, in the commodities sector, there are concerns about human rights violations linked to a company domiciled in Switzerland that has interests in mining in DRC, oil extraction in Nigeria, and has been connected to tax evasion in Zambia (5). This brief article focuses on how Switzerland's development assistance is rated in its avowed intention to reduce poverty – comparing this with two other, in some ways similar, European countries that have also been recently reviewed by the OECD: Sweden and Norway.

Generosity and geographical focus

In terms of overall development spending as assessed in relative terms rather than by total spending – that is, by ODA against GNI (gross national income) – Switzerland is the least generous of the three countries. OECD figures for 2012 indicate that Switzerland provided USD 3 billion, or 0.45% of its GNI, whilst Norway provided USD 4.8 billion or 0.93% of its GNI, and Sweden USD 5.24 billion or 0.99% of its GNI. This puts Switzerland in 11th place overall amongst DAC members; Norway and Sweden come in 3rd and 2nd place respectively (beaten only by Luxembourg). However, financial envelopes tell only part of the story. Indeed, before considering strategic orientations, it should be noted that a full 22% of Swiss bilateral assistance (in 2011) was spent on refugees in Switzerland. That this spending is included in the calculation of the total aid package is entirely in keeping with DAC rules, but the report notes that refugee costs are extremely high for Switzerland compared to other DAC countries, the average cost being 3% (6) – although Sweden is also well above, at 10% (7). It seems probable that refugee costs account in part for Kosovo topping the list of country recipients of Swiss ODA. Spending is in fact spread very thinly across many countries; the top 10 recipients of Swiss ODA receive only 15% of total spending, compared with 24% in the case of both Sweden and Norway. Although it is known that poverty is not confined to LDCs (Least Developed Countries) and that more poor people live outside than within them (8), it is nevertheless worth observing that only 21.5% of Swiss bilateral aid went to LDCs (although they are strategically prioritised), compared to almost 66% of Swedish (7) and 59% of Norwegian (9) bilateral assistance.

Poverty focus

The OECD reviews praise Switzerland, Sweden and Norway for their poverty focus, although it is not clear how this is assessed beyond a scrutiny of strategic statements and documents. These do indeed indicate a clear prioritisation in addressing poverty. However, the reviews of both Sweden and Norway fail to find a consistent prioritisation of the poorest countries, or the poorest people, in the selection of partner countries and resource allocation criteria. This remark is not made for Switzerland, although it would appear to be even more applicable. Rhetoric, it seems, does not match reality.

Norway presents an interesting example of what is termed a “niche donor” that has tried to focus on a number of clear themes on which it can have an impact, and to work on these globally. Climate change is one – but the result in this case has rather lacked success so far, with major problems in disbursement, and a diversion away from spending in LDCs. Indeed, the impression gained from the peer reviews is that all three countries are struggling to align their ODA with evolving global priorities – most notably climate change, increasing disasters and conflicts, and migration – at the same time as keeping a poverty focus. Addressing multiple thematic priorities is not always compatible with the espoused aim to increase geographical concentration; thus all three are being pulled strategically in different directions.

References

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