

# Sida NOT best in show in Paris

The results of the OECD/DAC survey on the implementation of the Paris Declaration in 2006 have finally been published. The primary aim of the survey was to establish baselines for the indicators in the declaration. The survey has now been completed and the results have been published in a main report: "2006 Survey on Monitoring the Paris Declaration, Overview of the Results" and in 34 country chapters, one for each participating partner country.

The survey was a substantial undertaking by partner countries and donor agencies. A national coordinator, from the aid-coordinating Ministry or department, was responsible for the report from each country. The global report was compiled by the DAC Secretariat, with the assistance of a consultant.

Since this was the first survey of the indicators, a host of methodological problems arose. While DAC prepared general guidelines, the final interpretation was left to the national coordinators. In many countries there were disagreements about the definitions, both between the government and donors and among the donors. Consequently the results are difficult to interpret and comparisons between countries and between donors are far from precise.

Even though caution must be used when working with the results, the survey will play an important role for making improvements in country and donor processes at country level. The report gives many examples that clearly show that progress is uneven, both regarding country systems and institutions and donor behaviour. Even more interestingly, there seems to be no clear link between these two. Some countries have strong systems but these are not used by donors (e.g. South Africa), while the country sys-

tems are used to a larger extent in some countries with weak systems (e.g. Afghanistan and Bangladesh).

The survey also gives very clear evidence of differences among donors. Some donors rarely use country systems (e.g. USA and the UN system) while other use country system for most of their aid (e.g. United Kingdom, Netherlands and Ireland).

Some donors are very sensitive about the results and are eager to play down their relevance. While there are problems in comparing donor behaviour, maximum transparency should benefit everybody. The publication of this first round of results is an important step in the right direction. It will, and should, be used by partner countries and civil society organisations to put pressure on donors.

Sweden is no exception. We have a lot to learn from the survey results. Sweden has provided information about its activities in 24 of the 34 countries. The overall results for Sweden are mixed. We score below average on 3 of the 9 donor indicators: aid on budget, predictability and co-ordinated country analysis. On the remaining indicators we perform slightly better than the average. Overall, the survey results send an important signal that there is need for substantial improvements for Sida to live up to its good (international) reputation as a high-quality donor.

The most interesting results will be found in a more detailed analysis in each country chapter. Sida has started this work, but more needs to be done before any clear conclusions can be drawn.

*For further information, see [www.oecd.org/dac/](http://www.oecd.org/dac/)*

*Karl-Anders Larsson*

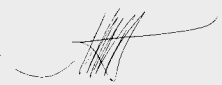
## ▼ POM ON THE GO...

So here I am in Moldova - the "field". Gap-filling over summer. Intent on spending the afternoons with other donors and a drink, while flashing my superior knowledge of the Paris Agenda. I work at POM, you know...

In reality, most of my time is spent with the local staff, my colleagues who are the true heroes of our organisation. Forever adapting to new administrative routines and trying to fulfil policies they were not informed about. Some improvement is needed here for all of us. Does equality ring a bell?

I do try to work on harmonization, and suggest a common donor response to a new strategy. Silence. I am, however, encouraged by the UN agencies preparing a joint statement. Later I realise I was being naïve again. One UN? You must be joking. At the next donor meeting I witness a fight between UNICEF and UNDP on who has the best local governance project. Both are scheduled for this autumn and prepared "in close cooperation with the Ministry"...

In a few weeks I leave the "field" and return to the open landscape at POM; Enriched and humbled by an experience of the real world - and convinced that serving part of our time each year in another Sida office should be required of all staff in the future. A drink anyone?

Madeleine  
Hägg-Liljeström

## Chinese Aid

USD 4.9 billion is a frequently mentioned figure for total Chinese aid to Africa in the period between 1957 and 1989. By comparison, total ODA inflow to the continent was USD 26 billion in 2004 alone. The size of the current program is not known, but estimated to be around USD 1 billion and is expected to double by 2009. On billion is about the size of Swedish disbursement to Sub-Saharan Africa in 2006 (USD 0.85 billion, excluding NGOs).

**Please see article on next page...**

# Aid, trade and investment – Asia's role in Africa

Is there really something new about the emerging role of China and India in Sub-Saharan Africa? Reports of all sorts on the topic are mushrooming, and it is rather disquieting to observe so many different interpretations and opinions based on the very same hard facts. Some sources try to spread panic about the unprecedented size and speed of the ongoing changes, while others stress their continuity with historical trends.

The lack of sufficient recent data makes it difficult to get a clear picture, and leave plenty of space for speculation. In addition, as the presence of the Asian giants is far from homogenous, opinions based on specific countries' experiences often vary a great deal.

China and India impact on Africa indirectly through their effect on global markets, and directly through their bilateral relations with African countries, and through the three main channels of trade, investments and aid. Aggregate data show that none of these phenomena is really a large factor when put into context (see the table). It seems that the improvement in Africa's trade and investment flows has exceeded the amount attributable to the increasing role of China and India. The reason why these countries have attracted so much attention is probably the 3 or 4

digit growth rates since the mid 90s, which creates something that appears to be a boom. The size of China and India and their expanding openness to the global markets, however, mean that the indirect effects are expected to become increasingly relevant, beyond what the direct flows currently show.

The area most markedly lacking in data is development assistance. There are no official figures on aid. Also unknown is the composition of total aid flows in terms of trade credits, loans and grants. It is the peculiarities of Chinese aid, rather than its size (see the box), that raise most concerns. The aid is mostly bilateral, and in the form of project assistance, particularly for highly visible projects. The use of tied aid, the slight attention to management and sustainability, and the poor quality of projects are also heavily criticized.

Most of the concerns of the West about China's and India's emerging role in Africa focus on strategic motives, governance and institutions issues. Both countries show extraordinary growth performance despite their poor records on governance and institutions. Can we keep the traditional emphasis on importance of democracy, rule of law, and control of corruption in the presence of the success stories of such different models? Are the Asian

giants exporting a different development model, and diminishing, in the process, the leverage and influence of traditional donors?

It is worth stressing, in this respect, that India's and China's records in governance and institutions indexes are nevertheless higher in comparison to the sample of poor countries. Moreover, the two countries undertook similar reforms in the recent past, improving the checks and balances at the top leadership levels. Hence it would be incorrect to infer from their example that institutions don't matter for growth.

Even if China and India had succeeded economically despite the poor quality of their institutions, such a development model would not offer a feasible alternative to other poor countries. China and India have unique features, most notably their huge size, which made them attractive for international investments and conducive to growth. Not many other countries can rely on similar factors.

Moreover, although China and India might not be as explicitly concerned with "good" institutions as the other traditional development partners are, as investors and trade partners they are still interested in stability and effective governance. Hence their presence and increasing bargaining power may nevertheless bring about positive changes.

Finally, China and India seem to be as strategically self-interested, opportunistic and exploitative as any other player on the African board. This is no big news in the history of the continent. Consequences for Africa will depend on how the local actors react rather than on how the Asian giants behave. Therefore, the main aim of development co-operation should be to help the African countries build own capacity in order to benefit from their dealings with China and India, thus transforming the threats into opportunities. Meanwhile, the Asian giants should be encouraged to better coordinate with all the other players in the game.

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| Merchandise exports of Africa                            |     |       |       |       |       |       |       |
|--|-----|-------|-------|-------|-------|-------|-------|
| (Billion dollars and share)                              |     | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  |
| World  | USD | 144.7 | 141.2 | 140.1 | 173.2 | 231.7 | 297.7 |
| To Europe %  |     | 49.6  | 51.7  | 50.9  | 48.4  | 42.8  | 42.9  |
| To North America %                                       |     | 18.3  | 17.6  | 17.0  | 18.9  | 18.7  | 20.2  |
| To Asia %  |     | 17.1  | 14.7  | 16.8  | 17.7  | 16.8  | 16.3  |
| To Africa %  |     | n.a.  | n.a.  | n.a.  | 10.2  | 10.0  | 8.9   |
| China-Africa merchandise trade                           |     |       |       |       |       |       |       |
| Exports from China                                       |     | 5.0   | 6.0   | 6.9   | 10.1  | 13.7  | 18.6  |
| % of Africa's imports                                    |     | 3.9   | 4.4   | 5.1   | 6.2   | 6.5   | 7.5   |
| % of China exports                                       |     | 2.0   | 2.2   | 2.1   | 2.3   | 2.3   | 2.4   |
| Imports to China   |     | 5.6   | 4.8   | 5.4   | 8.4   | 15.6  | 21.1  |
| % of Africa's exports                                    |     | 3.8   | 3.5   | 3.8   | 4.7   | 6.8   | 7.1   |
| FDI in Africa by source (Million dollars, approval data) |     |       |       |       |       |       |       |
| World  |     | 9627  | 2027  | 12999 | 18513 | 17199 | 30672 |
| China  |     | 85    | 24.5  | 30.1  | 60.8  | n.a.  | 200*  |
| % of Africa's inflow                                     |     | 0.88  | 1.21  | 0.23  | 0.33  | n.a.  | 0.65  |
| % of China's outflow                                     |     | 9.2   | 0.4   | 1.2   | n.a.  | n.a.  | 1.8   |

Source: WTO and UNCTAD \*From BBC News. More data on this subject and a longer article is found on [Inside/avdelningssidor/POM/Pom](http://Inside/avdelningssidor/POM/Pom) in a nutshell/publications

# Wellbeing: an emerging concept within development?

In recent years, the notion of wellbeing has caught the eye of an increasing number of researchers working in development. Still, 'wellbeing' as a concept is hardly new in itself – reflections on its meaning can be traced back as far as Aristotle and the Buddha, for example. Today, scientists measure wellbeing in a variety of ways and use different terms to describe it such as 'quality of life', 'subjective wellbeing', 'life satisfaction' and 'happiness'. Perhaps wellbeing is best described as a generic concept encompassing both 'objective' aspects (such as mortality rates and physical health) and 'subjective' ones, which are individually defined.

Within the development context, wellbeing and its related concepts are grounded in the challenges to the traditional econometric approach to poverty that developed during the past two decades.

One challenge to this approach was presented by scholars such as economist Amartya Sen and philosophers Martha Nussbaum and Doyal & Gough. They gave poverty a 'human face' by linking economic indicators with issues such as individual freedom, autonomy, health and social affiliation.

Another change relates to our views of the people living in poverty. Challenging the common perception of 'poor people' as passive objects or recipients of aid, scholars such as Robert Chambers connected poverty to issues of entitlement and vulnerability. People living in poverty were given attention as individual actors, recognising the many livelihood strategies they employed to survive in marginal positions.

A recent development within the donor community pertains to the increasing emphasis on the individual actor and his or her subjective perceptions of poverty and development. In research, subjective approaches to wellbeing have become the focus within many different disciplines such as psychology, economics and clinical health,

which define wellbeing as for example "subjective wellbeing" or "quality of life". Although each of these disciplines embodies its own definition and measurements of wellbeing, none of their approaches to subjective wellbeing emerged within a development context. Today, such research into human wellbeing can be found across the world, for example at the Wellbeing Institute at the University of Cambridge and the World Database of Happiness, administered by the Erasmus University in Rotterdam.

One approach to wellbeing that did emerge within a development context is that of the Research Group on Wellbeing in Developing Countries (WeD). Its primary objective is to explain the persistence of poverty and provide input for poverty reduction discussions by defining wellbeing in a way that can be used by both researchers and policy-makers working with development issues.

## One example of current wellbeing research: The WeD Research Group

The WeD Research Group is an interdisciplinary team of scientists that draws on theories from anthropology, economics, political theory, psychology and sociology. Established in 2002, the programme is located at the Centre for Development Studies at Bath University, UK.

The WeD group measures and conceptualises wellbeing in both its objective and subjective dimension, relating it to what people have, what they can do, and how they think about what they have and can do. It uses both quantitative and qualitative research methods and focuses on six communities in each of four countries: Ethiopia, Thailand, Peru and Bangladesh.

In brief, the WeD research group defines wellbeing as "a state of being with others, where human needs are met, where one can act meaningfully to pursue one's goals, and where one enjoys a satisfactory quality of life."<sup>1</sup>

## Wellbeing at Sida?<sup>2</sup>

There are common grounds to be found between the WeD research programme on wellbeing and the way the Swedish policy for global development (2003) approaches poverty and development. The goal of the PGD stretches well beyond mere reduction of income-related poverty.

"The primary objective of international development policy should be the creation of conditions where people are able reasonably to pursue wellbeing."<sup>3</sup>

Whereas this latter statement echoes the principal goal of the PGD ("To help create conditions that will enable poor people to improve their quality of life"), it is actually taken from a presentation of the basic philosophy of the WeD programme, given by its director, Dr. J. Allister McGregor, during his visit to Sida in April this year.

It is still too early to determine what role the wellbeing research will play for a development agency such as Sida. The gap between fresh research and development policy and practice is notoriously wide, but maybe in this case the foundation of a bridge has already been laid.

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### Further reading:

On a social economics approach to wellbeing, see e.g. McGillivray and Clarke (eds) "Understanding Human Well-being" (2006).

For information regarding the WeD research programme, please consult their website [www.welldev.org.uk/](http://www.welldev.org.uk/). It provides access to their 31 working papers published so far, and more. Some of the working papers are included in the recently published book "Wellbeing in Developing Countries: From Theory to Research", (2007), edited by Ian Gough and J. Allister McGregor.

1 The WeD research statement, see web page: [www.bath.ac.uk/econ-dev/wellbeing/research/aims.htm](http://www.bath.ac.uk/econ-dev/wellbeing/research/aims.htm)

2 Sida (POM and SAREC) participated in a recent WeD conference held in Bath, 28–30 June 2007, with the purpose to further explore its relevance to international development.

3 J. Allister McGregor, April 25, 2007, at Sida HQ, Stockholm.

# Addressing Climate Change: A Profound Moral Issue

**Not since slavery have we faced a more important and urgent moral dilemma. Those were the words expressed at a seminar early summer this year when Sir Nicolas Stern<sup>1</sup> presented his review of the economics of climate change, commented by a number of reputable international researchers. It is clear that the issue of climate change is not merely a question of economics; it is about ethics, morals and equality.**

Climate change can be seen as an externality<sup>2</sup> but with unprecedented characteristics. It is global, and there is a large time lag between cause and effect. Indeed, the precise effects are not yet known, but are likely to be very large and may be irreversible. While North America and Europe have accounted for around 70 % of the climate change-inducing carbon emissions since 1850, the detrimental impact of climate change will target poor countries and poor people the most. The Stern Review shows that breaking the trend of global warming today is not only an ethical imperative, but also economically justifiable.

What are the implications of the Stern Review for development cooperation? Stern argues that a commitment should be made to double aid flows by 2010 to help developing countries cope with the consequences of climate change. Developing countries are especially vulnerable to climate change because of their geographic exposure, low incomes and greater reliance on climate-sensitive sectors such as agriculture, water and vulnerable ecosystems. At the same time, their ability to adapt is weaker due to lack of resources and know-how. Health, food security, and growth will be particularly impacted by climate change in developing countries. Severe environmental deterioration in some parts of the developing world could lead to mass migrations and conflict. Between 250-550 million additional people may be at risk of hunger with a temperature increase of 3 degrees C, with more than

half of these people concentrated in Africa and Western Asia<sup>3</sup>. In fact, there is a risk that current trends of economic growth and decreasing poverty may be reversed in much of Sub-Saharan Africa and elsewhere.

How then can adaptation be supported? Adaptation ranges from an autonomous response by a single farmer changing crop mixes or patterns, to investing in early warning systems or increasing resilience of livelihoods and infrastructure using existing knowledge and coping strategies, and relocating production facilities, or even leaving a country/region entirely. At the policy level, adaptation measures need to be integrated into budget frameworks and relevant sectoral priorities to ensure that they receive adequate funding over the long term and are balanced against other competing priorities. Development is in itself crucial for adaptation. Therefore adaptation should largely be an extension of good development practices aimed at reducing vulnerability by promoting sustainable growth and diversification of economic activities, and investing in health, education and the environment. Adaptation will require large additional financial resources, the cost of which the poorest countries neither can nor should shoulder alone

## Accelerate adaptation

The Stern Review concludes that adaptation efforts in developing countries must be accelerated. Donors need to mainstream adaptation throughout their development programmes to ensure that the effects of climate change are addressed in all countries and sectors. Supporting countries in putting the right policy framework in place will encourage and facilitate effective adaptation by households, communities and businesses. Furthermore, the international community should support adaptation through investments in global public goods such as improved monitoring and prediction of climate change, the development and

deployment of drought and flood-resistant crops, methods of combating land degradation, better modelling of impacts, and research in the planning for adaptation and in the role environmental goods can play.

Adaptation is only one side of the coin. Although the United States is the largest emitter of carbon dioxide today, China is not far behind and India is approaching the level of Europe (EMU)<sup>4</sup>. Without global action to mitigate climate change, both impact and adaptation costs will be much higher, as will the need for richer countries to help the poorer and most exposed countries. The cost of climate change can be reduced through both adaptation and mitigation, but adaptation is the only way to cope with effects of climate change over the next few decades. Strong and early mitigation has a key role to play in limiting the long-run costs of adaptation. Without this, the cost of adaptation will rise dramatically. A hot issue in current climate change discussions is curbing deforestation, which has been shown to be a highly cost effective mean of mitigation. This provides a window of opportunity for certain poor countries and forest-dwelling communities.

Despite the somewhat gloomy picture presented above, the Stern Review does not suggest that the world needs to choose between reacting to climate change and promoting growth and development. Changes in energy-related technology and economic structural changes have created opportunities to break the link between growth and carbon emissions. The overall message in the Review is that neglecting climate change today will damage future economic growth. To deal with climate change through a combination of mitigation and adaptation and international cooperation is the only viable strategy for enabling an enhanced and sustainable welfare for both rich and poor countries.

*Jessica Andersson and Per Ronnås*

1 In October 2006 the HM Treasury published the Stern Review on the Economics of Climate Change. Sir Nicholas Stern is adviser to the UK Government on the Economics of Climate Change and Development. [http://www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/stern\\_review\\_report.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm). See also Naturvårdsverket, Sternrapporten – en genomgripande analys av klimatförändringens ekonomi, Rapport 5711, May 2007.

2 An externality is the effect (positive or negative) of one individual or society's action on other individuals or societies who are not parties to those actions.

3 Parry M.L., C. Rosenzweig A. Iglesias et.al. (2004) Effects of climate change on global food production under SRES emissions and socio-economic scenarios, *Global Environmental Change* 14; 53-67

4 Source World Bank (2007) World Development Indicators.