Nordic Generosity and Development Aid: The Cases of Denmark, Norway and Sweden

Hatice Karahan

ABSTRACT

Scandinavian countries are influential actors in global development cooperation. While many high-income economies have not lived up to the international aid norm for decades, these small welfare states have consistently adopted it since the 1970s. Scandinavians have not only been praised for their generosity but also for their altruistic motives, especially for their commitment to the reduction of poverty in the least developed countries. However, certain other motives are also believed to have played an increasing role in the allocation of their foreign assistance. In addition, both the composition and geographical allocation of Nordic aid have changed over time because of various domestic and international factors. This article analyzes the official development assistance (ODA) activities of Denmark, Norway, and Sweden from a historical perspective. Findings of the study also shed light on the similarities and differences between the Nordics and the DAC group.

ملخص

لم ترقى اقتصادات الدخل إلى مستوى معيار المساعدات الدولية لعقود من الزمان، فقد تبنتها هذه الدول ذات مستويات رافهة ضعيفة باستمرار منذ السبعينيات. ولم يتم الإشادة بالاسكندنافيين لسخائهم فحسب، بل أيضا لدوافعهم المثيرة للجدل، ولا سيما لالتزامهم بالحد من الفقر في أقل البلدان نموا. بيد أنه يعتقد أيضا أن بعض الدوافع الأخرى أدت دورا متزايدا في تخصيص مساعداتها الخارجية. وبالإضافة إلى ذلك، تغير كل من تكوين المعونة المقدمة من بلدان الشمال الأوروبي وتوزيعها الجغرافي بمرور الوقت بسبب عوامل محلية ودولية مختلفة. وتحلل هذه الورقة أنشطة المساعدة التنمية الرسمية للدنمارك والنرويج والسويد من منظور تاريخي كما سلطت نتائجها الضوء على أوجه التشاد والاختلاف بين دول الشمال الأوروبي ومجموعة لجنة المساعدة التنمية.

1 Department of Economics and Finance, Istanbul Medipol University, Istanbul, Türkiye
E-mail: hkarahan@medipol.edu.tr
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ABSTRAITE


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1. Introduction

For the last few decades, development assistance has been a controversial global issue due to its unsatisfactory outcomes. While aid effectiveness is a critical matter, a more striking reality is the inadequacy of aid funds, which continuously fall behind commitments. More explicitly, most developed countries still fail to fulfil the international aid norm, which is measured as 0.7 percent of Gross National Income (GNI). In a world where most high-income economies do not live up to this much-needed aid target, three Nordic countries are exceptions. Statistics show that Denmark, Norway, and Sweden were among the five countries within the OECD’s Development Assistance Committee (DAC) that reached or exceeded the official development assistance (ODA) threshold in 2019. In fact, these three Scandinavian countries have consistently fulfilled the 0.7 percent target for decades. This differs greatly from the general level of DAC assistance, which has been stuck at a level averaging halfway below the aid standard. In this context, Nordic countries have long been praised
for their generous cooperation. The general appreciation for Nordic ODA\(^2\) also results from the relatively smaller economies of these countries.

Contributions of Scandinavian donors to the international development cooperation system have gradually increased over the last fifty years. Particularly since the 1970s, these smaller states have played an exemplary role within the global aid mechanism, because of their generosity and altruistic attitudes. It is also interesting that, unlike many European countries, the Scandinavians reached the aid norm quickly, within the same decade as the pertinent UN resolution\(^3\). In the following years, these highly developed countries adopted aid agendas with specific priorities similar to each other. It can be argued that in terms of both quantity and quality of aid, the Scandinavians have shown stronger cooperation than the great Western powers. For this reason, it is important to understand the Nordic aid model, which obviously stems from certain common cultural dynamics, such as responsibility sharing.

By using the latest data, this paper aims to shed light on the decades-long course of the Nordic aid model and thus contribute further to the literature. Statistics also provide information about whether and how the Nordics have diverged from each other and from the DAC group in their development assistance activities.

2. **Background**

The role of Nordic countries in the global aid community became increasingly noticeable in the post-World War II period. The economic transformations they experienced in the second half of the 20\(^{\text{th}}\) century triggered their interest in assisting developing countries. The effect of the welfare state can also be linked to the foundations of Nordic generosity. The first leading roles played by the Nordic countries within the global aid community were with UN activities, through which they built an international reputation\(^4\). They showed their commitment to the

\(^2\) Nordic ODA refers here to only the three countries analyzed in this study and does not include Finland and Iceland.

\(^3\) The UN resolution that passed in the General Assembly in October, 1970, stated: “Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its gross national product.”

\(^4\) It should be noted that this period also corresponds to the Cold War era.
international development cooperation mechanism by contributing generously to the multilateral system. In this context, they disbursed a considerable part of their aid through multilateral channels (Marklund, 2016; Selbervik and Nygaard, 2006). The Scandinavians have also increased their bilateral assistance over time. Denmark and Norway were among the leading states which, in the 1960s, founded their own national development cooperation agencies, Danida and Norad, respectively. Sweden, on the other hand, established its own government agency, Sida, in 1995.

Besides the emphasis on multilateral efforts, the forms of aid that these countries have primarily provided, has been highlighted in international discussions. The fact that their donations have primarily included grants and have concentrated on the least developed countries with the objective of eradicating poverty has strengthened the common perception regarding the genuineness of Nordic aid. This aid model has been characterized by a lower degree of coordination between development assistance and business interests than in most other DAC countries (Marklund, 2016). As a result, Scandinavian aid has been ascribed to solidarity, altruism, and moral duty, especially in the 20th century (Widstrand and Červenka, 1971; Elgström and Delputte 2016). Furthermore, the lack of any colonial or political influence in their history on remote territories has supported the positive image of these small states’ aid efforts. However, their former missionaries are believed to have had an influence on later aid activities, which have become a crucial international tool for expanding Nordic presence in developing countries (Engh, 2009; Bulankova, 2016).

While traditional Scandinavian aid is recognized as being primarily motivated by altruistic and moral reasons, other factors have also been suggested as increasingly playing a role in the allocation of foreign assistance. Forsudd (2009) discovered that the secondary aid motive has been “economic benefits” for Norway and Sweden and “security” for Denmark. In fact, various government documents and statements confirm these additional motives behind Nordic ODA. As an example; World 2030, the strategy adopted in 2017 by the Danish government for development cooperation (MFA Denmark, 2017), states that the top priority is “supporting peace, security and protection in the developing countries where Danish security and migration policy interests are involved.” Thus, as Olesen and Pedersen (2010) concluded regarding the Danish aid regime, since the 1960s altruism has been an important motive,
but it has also been accompanied by several other rationales regarding economic, existential, or political elements. This perspective can also be applied to the other Nordics. For example, as stressed by Sahakyan (2017), development assistance was increasingly regarded by Sweden as a mechanism to maintain its stability in a globalized world. In this framework, a particular group of articles in the literature sheds light on the unpublicized and/or changing perspectives of Nordic donors. Among those studies, Odén (2011) claimed that the Nordic aid model has eroded since the first decade of the 2000s, and that these states’ policies on development cooperation have headed in different directions. On the other hand, in their analysis of Nordic aid, Elgström and Delputte (2016) disagreed that the Nordic donors have become more like other European donors. In another study, Gates and Hoeffler (2004) concluded that Nordic aid distribution differed significantly from other bilateral aid donor patterns in that it was directed to a great extent towards democracies and did not allocate more aid to political allies.

This article attempts to track the changes, if any, in Scandinavian foreign aid. For this purpose, GDP ratios, sectoral allocations and portfolios for recipients of official development assistance are analyzed and compared for Denmark, Norway, and Sweden. The study also provides information on the same dynamics for the DAC group to highlight the key differences.

3. Data and Findings

For the analysis of the three Nordic countries, OECD’s statistics on ODA are used extensively. The data show that Sweden fulfilled the 0.7 percent target in 1975, followed by Norway and Denmark in 1976 and 1978, respectively. Since then, these three countries have continuously met the target. As Figure 1 shows, this is clearly exemplary when compared with the commitments of many other high-income economies. The average ODA/GNI for the DAC countries was 0.34 percent in 1975 and recorded its peak at 0.36 percent in 1982. The overall performance of the DAC countries with regard to the aid norm has fluctuated slightly over the years, but it has never been promising. The latest statistics point to a level of 0.30 percent in 2019, which is still halfway below the threshold.

An interesting fact is that the three Scandinavian countries have not only met the target but also significantly exceeded it. As the graph shows, Sweden and Norway recorded ODA levels above one percent for the first
time in 1982, followed by Denmark in 1992. After a drop in the 1980s, the ODA contributions of Sweden and Norway re-accelerated in the 2000s. On the other hand, having peaked at 1.06 percent in 2000, Denmark’s commitment gradually declined later towards the 0.7 percent threshold. Denmark’s declining ODA was an indicator of a change in its development cooperation strategy in the 2000s. The new Danish government that took office in 2001 decided to cut back on development assistance funds and the country’s lowered ODA policy has continued. Thus, in terms of funding, Denmark’s changed aid policy stands out in Nordic aid history.

**Figure 1: Nordic ODA vs. DAC’s ODA**

![Graph showing ODA as % of GNI](image)

Source: OECD (2020a)

In addition to its proportion of national income, ODA should also be understood in terms of its components. For this purpose, Figure 2 exhibits the evolution of Nordic bilateral aid since the 1970s. A notable change common within the group is the drop in the proportion allocated to *production sectors*, which had a priority in the group’s portfolio in the 1970s and 1980s. While ODA for production sectors eventually fell to single digits, the share of aid towards *social infrastructure and services*

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5 Employing ODA “grant equivalent” as percent of GNI for post-2017 data
has recorded a strong rise. Especially in the case of Sweden and Denmark, this mainly resulted from the increasing share of aid for “government and civil society,” which is a subcategory under social infrastructure and services.

A marked change in Norway’s story is the increasing percentage of ODA for education, which, in the case of Sweden, declined. The share of ODA for health, another subcategory under social infrastructure and services, has also been gradually reduced by Sweden and Denmark, in particular. On the contrary, these two countries seem to have allocated more aid recently towards family planning and population control. It should be noted that Norway has also pursued an active aid policy in population control for a long period of time. As Engh (2009) points out, Sida and Norad administrators were the first to support population policy financially in developing countries.

As a result of these country-specific changes, aid for social infrastructure and services has comprised over 40 percent of total ODA from all three countries lately. On the other hand, the proportion allocated to economic infrastructure and services has recorded a decline for the whole group over time. While economic infrastructure was one of the leading areas of development assistance from Norway and Denmark in the 1980s, from 2000 onwards it gradually lost momentum and has received a much lower share. The data also show that the share of ODA spent for multi-sectoral and cross-cutting issues by Norway increased in the 2010s, while it remained primarily at single digit levels for Sweden and Denmark.
Figure 2: Shares of Sectors in Total ODA\(^6\) (bilateral commitments, %)

Source: OECD (2020 b)

\(^6\) Total ODA originally included unspecified/unallocated aid. Shares of sectors in the graphs were calculated by excluding the unallocated data from the total.
Meanwhile, humanitarian aid has generally received a generous share from the international cooperation efforts of Sweden and Norway. For these two countries, the proportion of humanitarian assistance decreased after peaking in the 1990s but has since followed a relatively stable course. Moreover, Norway has recently increased its focus on this category by placing it second in 2019, right after social infrastructure and services. Denmark, on the other hand, has presented a different profile in this regard. The data suggest that the country’s humanitarian aid efforts, which remained quite minimal throughout the 1980s and 1990s, bounced in 2006 and accelerated in the post-2015 period, even surpassing Norway in terms of its proportion of ODA. In other words, Denmark came to the stage of humanitarian assistance, much later than the other two Nordics, but its recent significant rise in that area has made it the second largest part of Danish ODA.

When compared with the average allotments of DAC donors, the Nordics show certain similar tendencies in their aid allocation during the period of interest (Figure 2). However, there exist some differences. Economic infrastructure and services, as well as commodity and program assistance, received slightly higher shares of the DAC group’s ODA, whereas aid for production sectors played a larger role in Scandinavian portfolios, especially Denmark’s. A striking difference is observed in the category of humanitarian aid, where Norway and Sweden have far surpassed the DAC group.

It should also be noted that the sectoral patterns of the three Nordics are associated with the geographical allocations of their aid. In this context, graphs in Figure 3 present the destinations of Nordic ODA. Since OECD’s CRS dataset provides geographical information on these three donors for the period after 2002, the analysis provided here represents the patterns in the new millennium only. In the period of interest, the primary focus of the group has clearly been Africa. This emphasis differs from the overall DAC group, which allocated more aid to Asia than to Africa. Throughout this period, Denmark (58 percent) and Sweden (54 percent) disbursed on average over half of their country-allocated ODA to African countries, which also received the highest regional share (47 percent) of Norway’s ODA. Most of this Nordic aid flow was transferred to Sub-Saharan Africa, where the focus on Somalia and Ethiopia increased in the 2010s. Tanzania, Mozambique, Kenya, and Uganda were also among the top recipient countries for the group. For Sweden, the share of ODA disbursed
to Africa peaked in 2011, when the country’s assistance to the Democratic Republic of the Congo spiked. In Middle Africa, the Democratic Republic of the Congo was also a priority for Norway’s aid efforts. However, the data show that the primary focus of Scandinavian aid activities throughout the period was on the eastern side of the continent.

**Figure 3:** Bilateral ODA by Recipient Region (gross disbursements, %

Asia received the second highest allocation of Scandinavian ODA in the same period. The slight decline in Norway’s development assistance to

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7 Shares are calculated based on country-specified ODA. Aid not allocable by country is excluded.
Africa in the 2010s was offset by higher aid proportions to Asia and America. Norway’s increasing share of ODA to Asia and America went mainly to Syria and Brazil, respectively. Norway also allocated increasing shares of aid to Lebanon and Yemen in those years. As a result, the country’s focus on Asia increasingly targeted the Middle East, which surpassed its ODA for South and Central Asia. Yet Afghanistan has continued to be one of the largest recipients of Norway’s ODA, also receiving considerable shares of Sweden’s and Denmark’s assistance. For Sweden and Denmark, the recent increase in ODA to Asia essentially reflects its growing focus on Syria and Yemen. In this regard, in the post-2015 period, concentration on the Middle East has escalated for these two Nordics as well. It should also be mentioned that Palestine (West Bank and Gaza) has consistently been a large recipient of Scandinavian ODA within the context of Asia, especially in the case of Sweden and Norway.

On the other hand, for the DAC group, Asia has been the primary focus in the new millennium, with a peak in the portfolio in 2005 due to a jump in aid to Iraq. After the US invasion in 2003, Iraq’s share in the DAC portfolio noticeably increased. This rise was mainly supported by American ODA. While Afghanistan and Syria were common denominators between the DAC group and the Scandinavians, India, Indonesia, and Jordan were among the Asian recipients prioritized by the former but not the latter. However, it should be noted here that most of the aid to Jordan was disbursed by the US. In other words, for certain recipient countries on the list, US aid dominates. Among the largest recipients of DAC aid in Asia were also Bangladesh, Pakistan, and Vietnam. The cases of Iraq, Afghanistan and Vietnam are distinct since these countries started to receive larger amounts of DAC assistance in the 2000s, while the other Asians mentioned above had already been among the top recipients in the region for several decades (OECD 2019).

With regard to Africa, the highest share of DAC aid went to the eastern countries of the continent. Like Nordic aid, DAC’s development assistance to Ethiopia, Tanzania and Mozambique considerably increased in the 2000s. In addition, Kenya became a larger recipient of DAC aid in the 2010s. On the other hand, the group also provided a substantial proportion to those nations located on the western side, including Nigeria, Ghana, Cote d’Ivoire, and Senegal.
Furthermore, unlike the Scandinavian donors, the DAC group has also provided a nontrivial proportion of its ODA to Africa’s northern part.

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8 Figures are three-year averages for the period 2017-2019.
Followed by Morocco, Egypt had been the top destination for DAC aid to North Africa since the 1970s. However, Morocco surpassed Egypt between 2011 and 2017. Statistics indicate that the aid destinations of the three Nordics differ to a certain extent from the overall DAC ODA. For a recent comparison, Figure 4 provides the statistics for the top recipient countries between 2017 and 2019 for both Scandinavian and DAC ODA.

4. Discussion

Data show that Scandinavian donors have been consistently generous in providing ODA that exceeds the UN’s aid standard. However, both sectoral and geographic targets of Nordic aid have changed somewhat over time. In terms of sectors, both economic infrastructure and services, and production sectors, have gradually received smaller shares from the portfolio. Instead, disbursements for social services have clearly increased. Changes in the structure of Nordic aid have resulted from a variety of dynamics, particularly from international aid trends. As Marklund (2016) notes, the re-orientation in sectors was triggered by rising international aid trends beginning in the 1990s. A powerful factor in this context is observed to be the growing interest in democracy, good governance and other relevant issues that emerged in the global aid agenda of the 1990s. This also corresponds to a decade when the importance of institutions was substantially emphasized. Therefore, following contemporary trends, the Scandinavians placed a strong focus on assistance to government and civil society within their activities under the social infrastructure and services category. It should be noted that, regarding this sector, Norway seems to have maintained a relatively better balance between good governance and other sectors, particularly education and health.

To understand the other dynamics behind Nordic generosity and to explain the three countries’ bilateral and multilateral cooperation, the framework established by Karahan (2020) can be used. First, cooperation with multilateral structures for peace and stability has been a basic element in the Nordic portfolio for decades. Their participation in international coalitions, as in the case of Afghanistan, serves as evidence for that. Involvement of these states in the peacebuilding and restructuring efforts in conflict-torn countries can be linked to their foreign policy approach, which has also revolved around their security concerns. Second, responsibilities that they assumed for global development goals have
increasingly played an important role in the Nordics’ aid composition. The Millennium Development Goals (MDGs) set in the 2000s have significantly shaped the aid activities of Denmark, Norway, and Sweden. Their priorities within the context of international development cooperation have notably been determined based on the MDGs, particularly with regard to the eradication of poverty. As Bigsten et al. (2016) stated, another novelty that affected international cooperation in the 2000s was the focus on the use of aid to produce global public goods. Later, the Sustainable Development Goals (SDGs) provided a fresh framework for the structure of Nordic aid. Recent strategies, priorities and thematic areas announced by Danida, Norad and Sida have clearly stemmed from the SDGs, with largely overlapping goals. The increasing emphasis on multi-sectoral assistance, especially in Norway’s and Sweden’s portfolios, also reflects certain themes under the MDGs and SDGs, such as environmental sustainability and gender equality.

Lastly, the humanitarian crises that have erupted around the world appear to have made an impact on the structure of Nordic aid. The statistics show that the three countries analyzed in this study have exhibited a strong humanitarian orientation, albeit with somewhat later action by Denmark, which has reduced the proportion of development assistance in its GNI but increased the share of humanitarian aid within its ODA. Within the scope of aid to Asia, the humanitarian crises in Syria and Yemen have increasingly brought the focus of the three Nordic countries to the Middle East.

In this regard, data on geographical allocation also give hints about the changes that Nordic aid has experienced over time. All three countries have transferred their aid disbursements primarily to Sub-Saharan Africa and the least developed countries, showing their strong focus on development needs and reduction of poverty. Although Norway’s relatively larger interest in Latin America should be noted, Brazil, which was the dominant recipient country for years, does not appear in the top ten list of 2019. Norad states that the primary reason behind the development assistance to Brazil was to include support under the Climate and Forest Initiative, which lies within the SDGs (Norad, 2020).

In general, the country portfolios of Scandinavian donors align with their key priorities regarding development cooperation and humanitarian action. Furthermore, it seems that they provide assistance to developing
countries, not based mainly on political interests and alliances. On the contrary, total bilateral DAC donor allocations have been targeted to certain middle-income countries, where political and/or economic interests are known to still exist.

5. Conclusion

The findings of this study show that both the composition and allocation of Nordic development assistance have changed over time due to several factors, including international aid trends, global targets, security concerns and humanitarian crises. A significant change is that Denmark has presented a different profile since the beginning of the 2000s, with the reduction in its granting of aid. This has, in turn, signaled a transformation in the priorities of the Danish government. Relative to DAC donors, Scandinavian countries have placed a stronger focus on social infrastructure and services, as well as humanitarian aid. In addition, Norway, and recently Sweden, have also differed from the DAC group with their rising interest in multi-sectoral or cross-cutting issues. Despite the clear existence of some secondary motives for aid, geographical allocations of the Nordics analyzed in this study indicate a more altruistic behavior than the total bilateral DAC allocations. However, it should be noted that the reduced focus on the sectors of production and economic infrastructure and services by Denmark, Norway, and Sweden has been a trade-off between short-term and long-term effects in the relevant developing countries. Considering that these donors concentrate mainly on the least developed countries, striking a better balance between social sectors and these economic areas must be pondered for the sake of sustainable economic development. There is no doubt that governance and other social dynamics play a crucial role in the development stories of countries, but for the purposes of effectiveness and self-sustainability, economic sectors deserve fresh attention. This is a fundamental and comprehensive issue requiring a detailed and country-specific discussion.
References


