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Master's Thesis of International Studies

**The Accountability Paradox of Donor  
country-based Civil Society  
Organizations (CSOs):  
A Case Study of Sweden**

공여국 시민사회단체의 역설적 책무성  
: 스웨덴 사례를 중심으로

August 2021

**Graduate School of International Studies  
Seoul National University  
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**The Accountability Paradox of Donor  
country-based Civil Society  
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A Case Study of Sweden**

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# Abstract

To ensure SDGs pledge “Leave no one behind”, the network of all related stakeholders and their cooperation in international development is crucial. As civil society's role in sustainable peace emerged in accordance with the ‘Accra Agenda for Action’ in 2008, the international community began to focus its attention on them in earnest. Civil society has been regarded as an actor with the potential to exert meaningful influence on poverty reduction, social welfare, and, above all, democratization. It also has the advantage of cost-effective access to the marginalized classes or sectors in the field over the government. The global society predicts that a more effective aid delivery system will be formed by utilizing such strengths of civil society.

However, expected outcomes have not been seen in reality due to civil society's chronic limitations. One of the limitations is its unstable financial status which leads to high independence to the government (aid agency) support. There are voices concerning that civil society's high dependence on government funding might harm their natural role. Another limitation is their explicitly undefined accountability. This has led to their role being subordinated to the government and dedicated as a policy tool. This thesis begins with the question of why the autonomy of donor country-based civil society organizations is weakening when they are more supported by the government, examines the dilemma they face, and explains how win-win strategies provided by the analytical framework are actually implemented in the case of Sweden, where it has an amicable relationship with civil society.

Suiting the character of a highly moral civil society organization, this thesis uses a reinterpreted rational choice theory as an analytical framework that provides solutions to the limitations with a win-win strategy both for the government and civil society.

Sweden supports a significant amount of funds to its own CSOs according to its national strategy – strengthening civil society in developing countries and promoting an enabling environment for them. Under the name of ‘strategic partner organization’, it is found that there is a strong commitment between Sida and Swedish CSOs but weak outcomes. Moreover, it is found that a strong national policy could affect negatively to CSOs’ autonomy. In other words, the government and civil society organizations' pursuit of common goals can be interpreted on one hand as overcoming chronic limitations by receiving fixed and stable support from the government and on the other hand replacing the government's role as civil society organizations losing their identity.

**Keywords:** Civil society organization, Autonomy, Government-civil society relations, Accountability, ODA

**Student Number:** 2019-23447

# List of Abbreviations, Figures and Tables

## List of Abbreviations

ASO	Associated Swedish Organization
CIDA	Canada International Development Agency
CRS	Creditor Reporting System
CSO	Civil Society Organization
DAC	Development Assistance Committee
EC	European Committee
GNI	Gross National Income
HLF	High-Level Forum
HLPF	High-Level Political Forum
KOICA	Korean International Cooperation Agency
MDG	Millennium Development Goal
NGO	Non-Government Organization
NPM	New Policy Management
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PPP	Public Private Partnership
SDG	Sustainable Development Goal
SIDA	Swedish International Development Cooperation Agency
SPO	Strategic Partner Organization

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# I. Introduction

## 1.1. Background

In the field of development cooperation, global society is seeking to address global challenges in a more integrated perspective beyond poverty and inequality such as environment and sustainability. The successful performance of ‘poverty eradication’ in the Millennium Development Goals (MDGs), is now being reversed as the number of people starving around the world is increasing due to the COVID-19 pandemic situation. Even worse, the most marginalized classes are exposed to the risk of the infectious disease and left in blind spots of protection. To ensure the pledge of Sustainable Development Goals (SDGs), “Leave no one behind”, efforts by all stakeholders in international development cooperation are essential. A growing level of consensus on the importance of inclusion of civil society and people-led organizations in achieving sustainable peace was witnessed over a decade. The term civil society organization (CSO) is often used synonymously with non-governmental organization (NGO)<sup>1</sup>, a non-profit entity organized to pursue shared objectives and ideals without significant government participation. Foundations, co-operative societies, trade unions, and ad-hoc entities set up to collect funds for a specific purpose, umbrella organizations, and networks are sorted as CSOs.

During 1970-80s, poverty issue in developing countries was deepened due

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<sup>1</sup> The terms civil society organizations (CSO), non-governmental organization (NGO), and nonprofit organization (NPO) are used interchangeably in this paper.

to the failure of the state-led approach to development and reduced government intervention by the emergence of neoliberal economic policies (손혁상 외, 2011a). At that time, civil society was recognized as a potential actor who can provide social safety nets to the state in terms of poverty reduction, social welfare, and civil society development and may strengthen democratization in developing countries (Edwards and Hulme, 1995). Since then, the role of civil society was underlined which continued ever since. After the Paris Declaration, the global society agreed on the enhancement of efforts for implementation of Paris Declaration by adopting the ‘Accra Agenda for Action’ from the 3<sup>rd</sup> High-Level Forum on Aid Effectiveness (HLF) which was held at Ghana in 2008. By suggesting national level policy dialogue, capacity building of recipient countries and expansion of civil society participation, civil society, on a par with a single state, was recognized as one of actors that can discuss regarding aid effectiveness in the global society. In 2010, the importance of development effectiveness and accountability of CSOs was raised by the declaration of the Istanbul Principle. The characteristics of CSOs which are voluntary, diverse, non-partisan, autonomous, and non-violent marked CSOs as distinct development actors. Such characteristics were also the foundation for the Istanbul Principles for CSO development effectiveness. With the advent of the SDGs era in 2015, the United Nations (UN) emphasized development CSOs as a major implementation of SDGs and highlighted global development partnerships such as public private partnership (PPP) (UN, 2015). Here, the role of service delivery and advocacy for social development have expanded and coexisted with CSOs. From the High-Level Political Forum (HLPF) held in 2016, CSOs were valued as non-state

development actors that interact directly and are exposed to the people who want to realize their aspirations and potentials.

The objectives of international development cooperation show diverse modalities by donor countries. Also, the core value of aid differs by each donor country. Nevertheless, no donor country would deny that economic development and welfare improvement in developing countries are the primary purpose. As mentioned above, the global society has conceded that CSOs possess strategic strengths in development distinct from multilateral and bilateral aid organizations. The participation of CSOs in development field meaning the responsibility to people together with the enhancement of their ownership for development, is assessed positively given CSOs' efficiency in voluntary mobilization and flexibility coping with problems more directly in the field (박종남, 2018). The key strengths of non-profit actors such as CSOs in development, which could be also expectations toward civil society, are that CSOs are more cost-effective than the government (Lewis and Kanji, 2009), closer to local people and society so that more eligible to access marginalized and high contribution to democratization of developing countries. Specifically, civil society has advantage over other aid agencies in encouraging active participation through the intercourse with locals, identifying real issue in the region and providing practical solutions (Degnbol-Martinussen and Engberg-Perdersen, 2003). Given their idealistic motivation to poverty eradication, CSOs help development projects possible in underdeveloped areas as well as politically unstable and sensitive areas.

Unfortunately, there have been concerns about the exact role of CSOs despite positive expectations. CSOs turn out to have intrinsic limitations which hinder their effectiveness and efficiency. The first limitation is in financial affairs. Among various external funding routes, support from the government is a main source for CSOs which accounts for a high percentage of total budget. However, over reliance on public funds supported by the government or governmental institutions can alter the nature and behavior of CSOs by shifting accountability from the civic to the public domain and inducing self-censorship (Fowler, 2000). Unfortunately, the fact that CSOs have to rely on governments as well as individuals to secure funding poses a serious obstacle to CSOs' independence from government. As heavily dependent on the government, they are sometimes referred as a "shadow state" (Wolch, 1990). The second limitation which is explicitly undefined CSO's accountability. Accountability is a basis for global partnerships to implement effective and reasonable international development cooperation (Kim and Jung, 2020). UN also agreed on that the highest levels of transparency and accountability for all must be at the heart of ensuring no-one is left behind. Concerns about civil society's deep participation in the government's cooperation policy and consequently becoming its 'policy instrument' have remained. Compared with those organizations that were formed with voluntarily raised funds, donor-organized NGOs are more vulnerable to dissolution when a project end or losing their key characteristic as a non-government actor. Thus there have been concerns in that donor country-based organizations would function being subordinated to the government instead of pursuing public benefit (손혁상 외, 2011a; 손혁상,

2015). CSOs nowadays became as a substitute of a government from private providers of public goods. As CSOs are regarded as an important global actor, important questions such as “to whom CSOs are accountable?” and “can CSOs deliver aid better to vulnerable groups?” are given to current global society. Therefore, it is necessary to investigate more deeply about CSOs composed of ‘people’, who cannot be excluded from the international community, that reach and help the vulnerable in recipient countries.

## **1.2. Research Purpose**

The purpose of this thesis is to recognize the increasingly important trend in the field of international development cooperation and seek ways to contribute to the quality of ODA by strengthening partnerships between the government and civil society. The government respects the characteristics of CSOs and expects to play a role within the policy paradigm of aid effectiveness. Therefore, when cooperation with civil society is strategically aligned with ODA enforcement in specific regions and sectors this draws an expectation of an upward effect. (손혁상 외, 2011a). This thesis aims to figure out what hindered CSOs from effective aid allocation differentiated with ODA allocated by the government (or aid agency) and discover how to enhance and establish their role among various stakeholders in international development cooperation to ensure an effective implementation of the 2030 agenda. Hence, the following research questions are: 1) how did CSOs become subordinated to the government and 2) why the autonomy of donor country-based CSOs is weakened when they are more supported by the government? The term ‘autonomy’ is known

as one's ability to regulate and take responsibility on any actions by oneself. Given this, it is no exaggeration to say that this autonomy brings about the expected results through CSOs. To answer the research questions, through the relevant framework the thesis will investigate and analyze the relationship between government and CSOs to find the main cause of the problems. Furthermore, through a country case study of one of OECD DAC member countries, the thesis will look at how the problem appears in reality and how it was solved by the country. From this analysis, suggestions for policy implications in South Korea are expected to be made in conclusion.

### **1.3. Research Methodology**

The thesis is based on a quantitative research which aims to analyze the accountability dilemma faced by donor country-based CSOs by applying a new approach, a modified rational-choice model, developed by literatures on NGO accountability (Hielshcer et al., 2017). When analyzing the relationship between two actors, it is usually focused on the social and economic behaviors of each actor that maximize their own interests based on cost-benefit analysis. While this kind of analysis could be relevant for for-profit actors, it has a limit when explaining nonprofit actors. For-profits and non-profits have significant difference in nature. Unlike the counterpart, non-profit actors such as NGOs or CSOs set their final goal to carry out their mission collectively perceiving themselves as “norm-driven actors” (Prakash and Gugerty, 2010). The new approach to rational choice theory which will be introduced in Chapter 3 is more opened for wider selection of social phenomena,

more than just the economic exchange (Hielshcer et al., 2017). It paves a way for behavioral analysis of the relationship between NGOs and their stakeholders. Hence, it is relevant to apply this methodological openness for such norm driven actors.

This thesis provides not only theoretical analysis but also empirical analysis. Among OECD DAC countries, Sweden is selected for case analysis. Sweden has been chosen as a case study for following reasons. First, a well-known ‘welfare country’ Sweden, which was the first Nordic country to meet the 0.7% target of GNI in 1974 and met its commitment to allocate 1% of GNI to ODA, is known for allocating high proportionate of ODA to and through CSOs of their own. According to the peer review in 2019, Sweden is reported as “highly-appreciated partner for CSOs” which has provided more than 20% of ODA to and through civil society in 2017 (OECD, 2019). Sweden’s outstanding support to CSOs is expected to give a meaningful implication to other donor countries with the increasing trend in global society. Second, Swedish CSOs, the main actor in the system, are independent and said to exhibit strong autonomy (Sida, 2007).

However, there are some arguments against it. A study has found that in reality Swedish CSOs became risk-averse actors in selecting beneficiary areas tend to make similar choices with ODA by Swedish International Development Cooperation Agency (hereinafter “Sida”) (Dreher et al., 2007). Also, Swedish CSOs are criticized for becoming “dedicated tools for government or public sector programs or institutions” labeled as “public sub-contractors” (as cited in Wijkström, 2004b). Through such conflicting arguments, this case brings an interesting analysis.

Third, there is a unique system in the relationship between the Sida and Swedish CSOs that differs from other DAC countries. Swedish CSOs are under the ‘framework agreement’ with Sida to work in collaboration based on shared national strategy – strengthening civil society in developing countries and promoting an enabling environment for them (Government Offices of Sweden, 2016). Sida channels a significant part of total budget for development assistance through Swedish CSOs to cooperate with partner CSOs in developing countries. While most of other donor countries cooperate with CSOs individually, Sida supports civil society as a group under a multi-years framework agreement made by Sida (Sida, 2021). Given this uniqueness, Sweden is selected for the case study of this thesis.

To date, not much literature on CSOs has focused particularly on donor country-based CSOs or their relationship with the government. Moreover, precedent theoretical approaches seem missing the moral accountability of CSOs which differentiates them from legal accountability that we normally think of. This thesis brings the research of the relationship between donor country-based CSOs and the government (or agency) by examining those features of CSOs and their accountability that affect their behavior of governance. Next chapter, beginning with the literature review, is focusing on theories that are widely used for analyzing public accountability which are limited to explain a broader concept of CSO’s accountability. Policy reports published by donor countries, academic papers, government documents, survey results are used as secondary research materials in this chapter. Chapter 3 introduces a new approach of rational-choice theory that supplements those limitations in existing theories. Based on the analytical



framework, in Chapter 4 a case analysis of Sweden will be paralleled for an empirical analysis. Finally, through the analysis and findings, the thesis is expected to conclude with policy implications for civil society cooperation in South Korea as part of international development cooperation.

## II. Literature review

Beginning with a historical background on the relationship between the state and CSOs, current status of support to CSOs of OECD DAC countries, two theories related to the issue and general background of the analytical framework for the thesis, and narratives on CSO accountability.

### 2.1. Historical background of State-CSOs relationship

Nielsen (2008) described the term civil society in three different approaches in his article called *The Ambivalences of Civil society*. He assumes that the term ‘civil society’ is used in various ways in various scenarios of the debate. Liberal perspective, drawing the state and the “the rest”, focuses on the “market part of civil society” (p. 31) which stands against to the state which has power and privileges of the nobility. In contrast to the liberalism, communitarian focuses on market expansion as well as the state with their destructions to the society. Here, civil society is neither on the side of the state nor the market but exists as a “domain of democratic opposition” (p. 31). The third perspective on civil society is identifying it “as an autonomous principle for socialization” shaping relations, interactions, and interdependencies as a “citizen” in society (p. 32).

After 1990s, the partnership with CSOs with public sector e.g., government emerged in earnest and institutionalized. A development anthropologist Lewis (2007), who authored a number of research papers related to non-governmental

development organizations, classified three roles of NGOs in one of his published books called *The Management of the Non-Governmental Development Organization*. Firstly, NGOs are executors. They deliver services and goods to the most marginalized people who are in need in the development field. Secondly, they are catalysts. They inspire ideas to promote changes in development and bring social changes to the society. Lastly, Lewis highlighted their role as partners. Such organizations could work as partners with the government, donor institutes and firms to jointly cultivate projects for development. The World Bank also perceives that NGOs emerged as an explicit actor in global society. Since each NGO has different history and environment definitions of ‘civil society’ largely diversify depending on different conceptual paradigms, historical roots, and situations by country.

In particular, NGO’s role was evaluated as essential in delivering service to and implementing development program by supplementing the government’s activities in post-conflict countries where the government cannot reach. One representative case is NGO’s participation in reconstruction work of Tsunami disaster in South Asia, 2004. On the contrary, in reality the relationship between the government and NGOs is not always positive. The relationship appears in various modalities as mutual supplementation, mutual cooperation, and mutual confrontation (안숙희, 2010, p. 77). To build a horizontal partnership not only building capacity for autonomous, efficient, independent, and flexible NGOs but also building legal and institutional mechanism for NGOs to participate based on their legitimacy must be considered together.

### *Governance model*

'Governance' is a broadly used concept that differentiates from a traditional method which a state manages people and civic groups horizontally by dominating or controlling civil society horizontally (Mayntz, 1998). Rhodes (1997) defined governance as a network of self-organized organizations which feature interdependency, resource exchange, rule of game, and autonomy from the state. Another definition from Kooiman (2002) describes governance as a procedural condition or interactions between actors in public and private sector to solve social problems and create social opportunity. Governance model has emerged as critics were raised in terms of monopolized public good by the government speaking out for the participation of people and civil society in the decision-making process of the government.

In contrast to the state-centered perspective, governance theory perceives the state and society as a complement. By the participation of people, various information and perceptions become available which make the quality of policy making more improved. Moreover, by the enhancement of mutual communication, better management of knowledge becomes possible. Also, as people participate in policy decision-making, it enhances transparency and accountability of actors which flows into people's trust on the government forming a virtuous cycle. Therefore, this model has contributed bringing active participation of civil societies reinforcing the limitation of representative democracy.

## *New Policy Management*

Aid agencies pursued a new policy line called the new policy system in the 1990s at a time when poverty in developing countries intensified as a result of the failure of a state-led development approach and government intervention. The new policy agenda is based on the neo-liberal economic mechanism which claims minimizing government's intervention assuming that the market and private actors are those who could implement policy most efficiently. Although the government is fully capable with strong financial capacity, this agenda assumes that it is more effective when a welfare service is delivered via the private sector or NGOs. Promoted together with the Washington Consensus, this new policy agenda created development projects that contributed to good governance with the potential to enhance alternative, efficient and democratic procedures over government's development aid policies (Lewis and Kanji, 2009, p. 41).

However, in this process, a critic was faced that the NGO-specific ideas and methods, their competencies and characteristics of innovation have become less important than government's priorities, standards, and trends (Smillie and Helmich, 1999. p. 6-9). One case for instance is the Netherlands where traditionally the partnership between the state and civil society was evaluated as a good model. In the Netherlands, civil society's autonomy, which was respected until the 1980s, changed in the 1990s as civil society became a policy tool to pursue national interests (손혁상, 한재광, 2014, p. 229). Nevertheless, during this period, a number of donor government started to institutionalize aid to NGOs that have been supported.

## *The 4<sup>th</sup> Sector*

The introduction of “the 4th sector” has originated from a limited participation of NGOs and one-way financing for development from the government. Such problems violated autonomy of NGOs and hindered significant role of civil society. Fowler (2000) pointed out NGO’s similarity with state and found a close connection with market and civil society. The state and NGOs are alike since they both pursue common good and discuss about official agenda. In point of self-financing, NGOs have a connection with market in that both cover their own finance (Edwards, 2009, p. 24). At the same time, they are associated with civil society in that they are voluntarily organized by people. According to Fowler’s findings (2000), as the amount of official aid increased, “by tying themselves more closely to official aid and its excessive, dysfunctionally ‘projectized’ way of working” (Fowler, 1997, p. 16-18), NGOs embraced the risk inherent in public sector or national aid channels before. In other words, NGOs became trapped in that corrupted inefficient government system which led to a decline in public trust and reputation. Here, Fowler highlighted the role of NGOs as the ‘fourth position’ which offers cooperation with and participation of the state, market, and civil society (p. 593-601).

As seen above, one common feature is that voluntary organizations organized based on civil society perform practical role in a public sector where it was dominant by the government. Overall, it is analyzed that through the participation of civic and NGO accountability poverty eradication would draw near. The next section will look up how DAC members support CSOs.

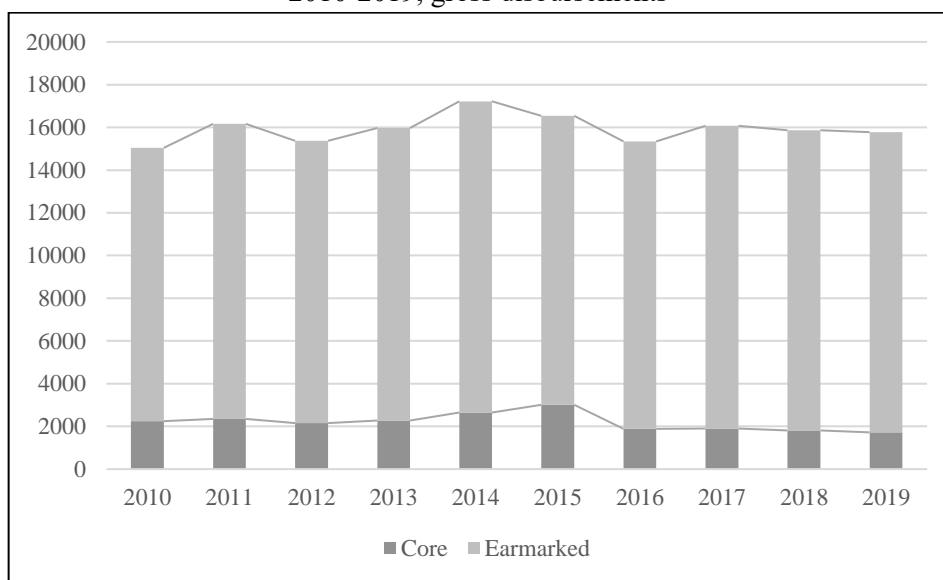
## *Status of Support to CSOs*

To achieve the goal of cooperation with civil society, many countries seek to achieve effective goals by setting regional and sector. According to a survey conducted by KOICA, majority of the DAC member countries which participated in the survey reported that they carried out development and cooperation projects where the country was colonized by them or centered on regions belonging to their own culture (손혁상 외, 2011). Currently, the OECD DAC members report their official spending on NGOs/CSOs to the OECD creditor reporting system. Types of CSOs receiving official development assistance (ODA) are 1) donor-country based organizations at the national level in the donor country, 2) international organizations on an international level which some may act as umbrella organizations with affiliations in several donor or recipient countries, and 3) developing country-based organizations at the national level, in this case, based and operated in a developing country.

Figure 1 shows a trend in ODA channeled to CSOs and through CSOs among DAC countries. Not dramatic but small fluctuation in the amount is seen from Figure 1. Nevertheless, DAC countries are maintaining a certain level of amount of aid channeling to/through CSOs until today. Breaking down into how such aid is supported to the recipients, it is recognizable that more earmarked supports are given than core supports. Earmarked supports involve aid channeled through CSOs for specific purpose of a donor where core supports are funds paid over to CSOs, either local, national, or international, for use at their discretion contributing to activities

they have developed.

Figure 1. Aid channeled to/through CSOs  
2010-2019, gross disbursements<sup>2</sup>



Source: OECD CRS data

This implies that the importance of non-government actors and their role are expanding in the field of international development cooperation compared to the past.

DAC members deliver their official development assistance in two ways: aid to CSOs and aid through CSOs. Aid to CSOs is which supporting CSOs own projects under the organization's self-authority and responsibility. This type of aid includes 1) core support to donor country-based CSOs or international CSOs, 2) support, such

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<sup>2</sup> Note: Data from 2010 to 2019 are retrieved from OECD CRS database. Here, aid is recognized as bilateral aid (code 1 and code 3) including all types of aid flows. Based on CRS Code list, 1) Aid channeled to CSOs is calculated by disaggregating bilateral aid by channel code (2000, 21000, 22000, 23000) and aid type (B01: core support to NGOs, other private bodies, PPPs, and research institutes). 2) Aid channeled through CSOs, on the other hand, is calculated by sorting bilateral aid by channel code (2000, 21000, 22000, 23000) and aid type (B03: contributions to specific-purpose programs and funds managed by international organizations; B04: basket funds/pooled funding; C01: project-type interventions channeled through NGOs).



as administration expenses, for existing projects of CSOs, and 3) general project executed without the approval of donor institutions. Aid through CSOs, on the other hand, is a more like an earmarked support. This includes 1) matching projects that are jointly discussed and approved by the government and CSOs, 2) projects entrusted by CSOs or 3) specific projects that are clearly specified in area, topic, and targets (OECD, 2011, p. 54).

Table 1. Percentage of ODA channeled to/through CSOs  
2015-2019, gross disbursements<sup>3</sup>

	2015	2016	2017	2018	2019
Australia	12.8%	11.2%	8.8%	9.6%	9.6%
Austria	4.1%	2.9%	7.7%	6.3%	6.9%
Belgium	17.4%	5.0%	17.1%	20.2%	19.3%
Canada	19.9%	23.3%	23.3%	22.1%	22.8%
Czech Republic	18.4%	21.1%	20.2%	20.6%	21.7%
Denmark	20.9%	20.5%	23.8%	23.6%	25.3%
Finland	24.0%	15.9%	16.4%	18.1%	15.7%
France	2.1%	1.7%	2.0%	2.2%	3.4%
Germany	5.3%	2.3%	2.8%	2.9%	3.4%
Greece	0.2%	0.0%	0.1%	0.0%	0.0%
Hungary	1.9%	2.3%	0.7%	5.3%	3.8%
Iceland	10.0%	11.5%	6.1%	8.6%	7.9%
Ireland	27.8%	28.3%	23.0%	22.8%	23.3%
Italy	4.5%	2.3%	2.9%	6.1%	7.4%
Japan	2.3%	2.0%	1.8%	1.7%	1.6%
Korea	0.2%	0.3%	0.4%	0.4%	0.8%

<sup>3</sup> Note: The percentage of official development assistance channeled to/through CSOs is calculated by dividing the total amount of aid allocated to CSOs (aid type: B01, B02, B03, C01/ channeled code: 2000~23000) with total ODA.

Luxembourg	26.5%	28.2%	26.8%	26.1%	25.3%
Netherlands	22.4%	23.8%	21.9%	22.9%	23.7%
New Zealand	12.4%	13.4%	12.8%	10.2%	12.3%
Norway	18.6%	19.9%	23.7%	20.6%	22.2%
Poland	11.3%	7.8%	9.4%	9.1%	7.5%
Portugal	5.0%	6.6%	5.7%	5.4%	6.5%
Slovak Republic	17.6%	19.2%	16.4%	11.7%	24.2%
Slovenia	6.7%	5.6%	6.8%	5.1%	7.1%
Spain	23.5%	7.9%	20.5%	23.9%	25.3%
Sweden	19.4%	26.6%	27.6%	28.6%	30.6%
Switzerland	27.0%	24.7%	28.0%	29.5%	29.4%
United Kingdom	20.2%	15.9%	19.6%	14.3%	12.8%
United States	24.5%	23.9%	21.8%	21.2%	21.2%

Source: OECD CRS data

Table 1 shows share of aid channeled to/through CSOs among DAC members during the year 2015-2019. Normally, the Nordic countries show and maintain high share of aid over 20%.

CSOs are playing a major role in the framework of sustainable development in order to improve economic, social, and political conditions in developing countries. Overall, the percentage of bilateral aid to and through CSOs took up 15% of total bilateral aid in average. ODA through CSOs accounts for more than 80% of total bilateral aid by CSOs which was mostly received by donor country-based CSOs (Type 1). Among top ten sub-sectors of intervention for bilateral ODA channeled through CSOs, “Emergency Response” and “Government & Civil Society” ranked the highest.

## **2.2. Principal-agent model**

There are numerous theories that describe the relationship between the two actors. The following two theories, principal-agent problem and rational choice theory are selected given that they are seen commonly from precedent research. However, such representative theories appear to have some limitations in explaining the relationship between donors and CSOs with the issue of CSOs accountability.

### *Background*

In a contractual relation, the person who delegates authority to somebody is the “principal” and the person who are delegated is the “agent”. A delegation chain is commonly noticed in a society, especially in the chain of aid flow. The principal-agent problem, also known as agency dilemma, emerged in the 1970s. Ross (1973) introduced the agency problem as an ‘incentives problem’ that is generic in society and highlighted the necessity of considering it with institutional structures as well to fully understand the circumstances. Jensen and Meckling (1976) defined the principal-agent relationship as “a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf” by delegating authority to the agent. When the preference or interest of the agent and the owner’s do not match or the agent fails to secure principal’s interest, we call such situation as agency problem.

Miller (2005) elaborates six core assumptions of principal-agency model.

The first assumption is that the principal's payoff is determined by actions taken by the agent ("agent impact"). The second assumption is "information asymmetry". It assumes that the principal lacks information compared to the agent. While the principal may observe the outcome, it is almost impossible to observe the agent's action by monitoring. Miller also views that "gathering complete information is regarded as prohibitively expensive" (p. 205). The third assumption is regarding asymmetric preferences between the principal and agent given the agent being more risk-averse in comparison. The fourth assumption is that the principal may take a step ahead by offering the agent a contract. This assumption perceives that the principal acts based on a consistent set of preferences. However, a problem of "multiple principals" limits the assumption to hold. The fifth assumption gives a fundamental knowledge that the agent will make a decision that brings more incentive higher than its opportunity cost. Then, the principal may induce backward what would be the possible outcome by inferring the agent's best response. In this perspective, the principal is in a more advantageous position than the agent. The final assumption is that the principal can bargain and make an offer leaving the agent to decide whether to "take-it-or-leave-it" (Sappington, 1991, p. 47).

### *Limitation*

Although it provided important insights, it is limited to an analysis of financial relationships between the principal and the agent which not all relationships are eligible to be explained by such contractual relations. In the respect of CSO's morality such as 'civility', Jepson (2005) suggests that CSO's accountability should

be addressed with broader concept from legal accountability to moral accountability that can be invoked whenever its behavior conflicts with the “social values and public constituencies that it was formed to advocate and represent”. Also, this model possesses a fatal limitation which lacks explaining the ‘double set of principle-agent problem’ (Cooley and Ron, 2002). CSOs have various stakeholders which could form various pairs of ‘principal-agent’ relations including nonfinancial relationship between CSOs and beneficiaries. The accountability needs to address not only the upward-focused stakeholders such as donors or funders but also a downward-focused stakeholder which involves personnel and members, intended beneficiaries and peer organization (O’Dwyer and Unerman, 2008).

### **2.3. Rational choice theory**

#### *Background*

Rational choice theory is known as a foundation for the study of social dilemmas and collective action. The theory provides a hypothesis that “people rationally pursue goals for increasing their personal interests” and society is consisted of those rational people (Askari, et al., 2019). Rational choice of an individual’s behavior, defined by Harsanyi (1980), is a “best accessible means to achieve a definite goal”. The theory is commonly seen in literatures on politics and economics. Theories which are derived from this are known as decision-making theory, collective action theory and game theory. The theory helps to predict humans’ and societies’ behaviors in the social science as well. A decision-making process in accordance with this theory follows a ‘sequential order’ and March (1994) gives

following questions to be asked during the process: what are available alternatives of action; what consequences are expected for each alternative; are those consequences possible to become real; and how are these potential consequences valued and prioritized by the decision makers? (p. 2).

### *Limitation*

However, there are numerous research that have doubts on applying the classic rationality assumption to explain the real human behavior. The assumption is based on “perfect rationality and full common knowledge that are far removed from the cognitive capacities of human players and of limited use in explaining human strategic behavior” (Askari, et al., 2019, p. 5). Rational-choice theory has its limitation in the presupposition of human selfishness and maximization of efficiency in its nature which fails to explain the moral and normative motivation of people in making decisions beside their own interests and benefits. Also, the result of one’s rational choice could be irrational, contrary to one’s expectations. One of examples is the ‘prisoner’s dilemma’. This can be seen in real world situations. Among two options, either cooperation or defection, players in the game move and make their decisions at once. Since each player act in their own interest to protect themselves, they fail to produce the optimal outcome. Another limitation can be explained by the ‘tragedy of common’. Given limited resources for all, by the maximization of individual’s own benefits, there is a high possibility of abused or exhausted resources which is also called as the ‘tragedy of common’. Simply, it is an issue of over-pursuing of one’s self-interest would lead to a tragedy or unintended situations. One

example is a moral misconduct of NGOs in the case of ‘The Rwandan Genocide (1994)’. Due to NGO’s provision of humanitarian aid to people of the Hutu and perpetrators of the genocide in refugee camps, unlike their intention, such provision “led to the prolongation of the conflict and the suffering of refugees in the camps” (Deloffre, 2010, p. 186). These limitations of precedent theories add significance to this paper.

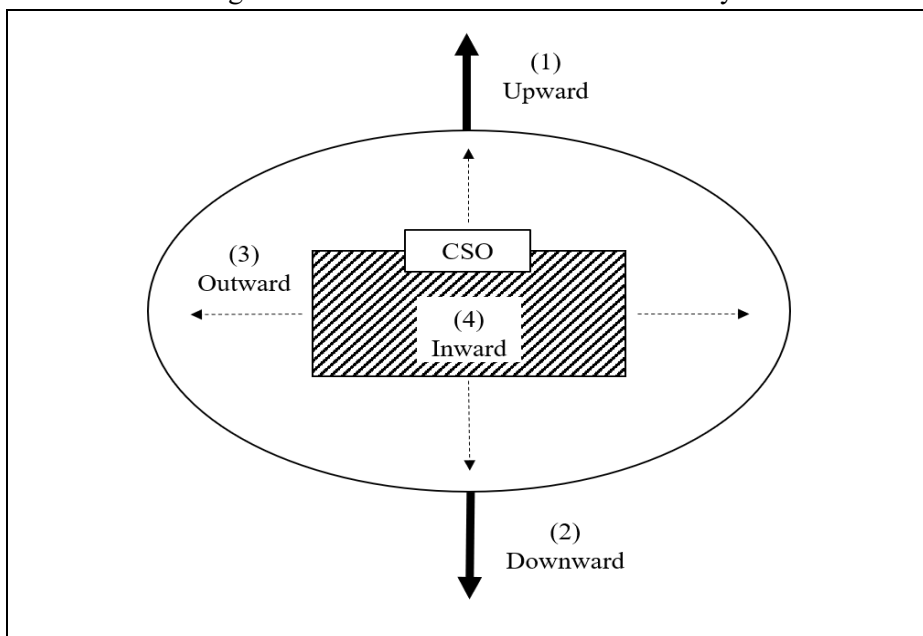
## **2.4. CSO Accountability**

Beyond a simple value of responsibility, accountability is a normative and socially constructed concept which includes a formal and institutional level of responsibility. Edwards and Hulme (1996) defined accountability as “the means by which individuals and organizations report to a recognized authority and are held responsible for their action” (p. 967). Fox and Brown (1998) defined as “the process of holding actors responsible for actions” (p. 12). Accountability is about taking responsibility and also being held responsible by others (Cornwall, at el., 2000, p. 3). Included as one of Oxfam’s five principals for rights-based approach in development, accountability denotes that all actors and stakeholders participating in a development project have a mutual accountability (Oxfam, 2014, p. 1). According to CIVICUS, accountability is “(its) willingness and its ability to answer and take responsibility for its actions, activities, and messages” (CIVICUS, 2014, p. 8).

CSOs have multiple types of accountability based on different stakeholders which should be accountable for. Najam (1996) has assumed those multiple

stakeholders: patrons, clients, and themselves (p. 341). Basically, there are 4 levels of CSO accountability illustrated in Figure 1 (Naidoo, 2004; CIVICUS, 2010). First, upward accountability refers to relationships with donors, regulators and governments focused on the “spending of designated moneys for designated purposes” (Najam, 1996, p.342). Second, downward accountability, in the opposite, implies accountability to beneficiaries of programs. Third, outward accountability is in between peer CSOs or partner CSOs. Fourth, inward accountability is accountability to missions, own staffs, and volunteers as implementers in the field-level. Ebrahim (2003) concluded that in practice the characteristic of CSO accountability is functional in a short-term perspective, not strategic with an upward, external, and long-term perspective of donors.

Figure 2. Four Levels of CSO Accountability



Source: Naidoo, 2004; CIVICUS, 2010

Such multiple accountabilities may become complicated in contractual



relationships with foreign donors, local governments, and multinational corporations (Meyer, 1999, p.110-115). A study has found that there is a high risk of civil society being harmed when its nature is used as a mean for entering into political party or state organizations (임현진, 2018). These findings result when the ‘dual autonomy’ of civil society is violated. Schmitter presented four conditions for civil society which are: dual autonomy, collective actions, non-usurpation and civility (1993, p. 4). Civil society’s ‘dual autonomy’ from the state (public) and the market (private) stands for its independency in both public and private sector. Hence, this gives civil society to assign its role in 1) monitoring and checking the power and capital through the morality of citizenship while 2) acknowledging the rule of law within the boundary of a free constitutional order. If this independent stance of civil society becomes ambiguous, CSO’s autonomy will be influenced as concerned.

Applying to the relationship between the state and CSOs, the state (or government) must ensure that all expenditures of public funds are results-oriented and be reported accordingly. This is a basic accountability of the state for taxpayers and parliaments. DAC member countries are accountable to taxpayers in terms of their ODA expenditure. Accordingly, they would require various reports such as annual project reports and financial reports in order to keep track of their ODA channeled to and through CSOs. They would also make certain that the results and reports expected from CSOs are appropriate for their reporting and learning needs. To do so, donors and CSOs would come with joint objectives, indicators for measuring achievements, and feasible outcomes. Through this process, if donors fail to balance between respecting CSO autonomy and steering CSOs to meet their

objectives and weigh more on channeling CSOs for implementing donor-funded projects and programs, it is likely that CSO's autonomy would become weak.

While providing the highest percentage of ODA to donor country-based CSOs, the acceptance of financial resources of them undermines their non-governmental nature and makes it difficult to secure full autonomy from the government (박재정, 2017, p. 488). Therefore, through the case study on Sweden, analyzing to what extent those main donors provide funds to CSOs and how is also one of important analysis that needs to be addressed later in the chapter.

# III. Analytical framework

## 3.1. Comprehensive rational choice-based model

The analytical framework for the thesis is a comprehensive rational choice model that differs from the traditional rational choice theory. Stefan Hielscher, Jan Winkin, Angela Crack and Ingo Pies (2017) developed this model based on literatures on NGO accountability to interpret and analyze relationships between NGOs and their various stakeholders. This approach is a modified version of former rational choice theory which has readjusted to NGO characteristics by applying a research program called the “ordonomics” to overcome limitations of previous studies and to analyze the interests of NGOs with their stakeholders (p. 1571).

Ingo Pies, a German economist at Marin Luther University in Germany, developed a research program called the “ordonomics” where the term ‘ordo’ indicates “institutional and ideational orders” which compose interactions of individuals (Pies, 2013). This research program, originally used in the business sphere, is interested in the interdependence between institutions and ideas which creates a mutual solution and devises measures to create win-win solutions and overcome conflicts among related stakeholders (Pies, 2009). It offers a guiding concept for creating mutual beneficial solutions that help business firms to do well by doing good. Under the assumption that “any social-dilemma situation includes an element of joint interest among the conflicting parties”, Pies argues that this joint interest brings a new equilibrium to the game and helps to overcome the inefficient

situation providing the win-win potential (Pies, 2017).

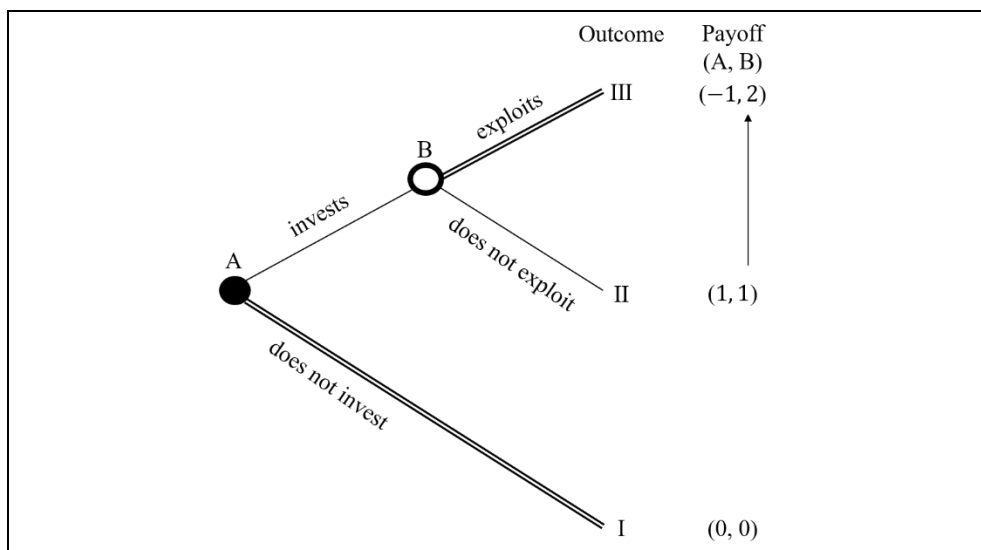
Previously, the imperialistic rational choice approach is applied to the field of economic exchange. The accountability of norm-driven actors, who are far from for-profit actors, should be employed to a broader concept by interpreting their accountability from legal accountability to moral accountability allowing it to a wider range of social phenomena (Hielscher et al., 2017). Therefore, this research will apply this approach to analyze the self-regulation efforts of CSOs and propose the idea of a win-win semantics that facilitates institutional, or governance reforms related to their accountability.

### **3.2. One-sided social dilemma**

Generally defined, a ‘social dilemma’ is a situation when oneself interest affects everyone involved resulting collective self-damage, while everyone can benefit if they act in the long-term collective interest (Van Lange et al., 2013). Definition varies by the diversity of its settings from a social dilemma involving two persons to all people in a particular region. The term social dilemma was coined for the first time by Dawes (1980) and by his definition, social dilemma is “a situation in which (a) each decision maker has a dominating strategy dictating non-cooperation and (b) if all choose this dominating strategy, all end up worse off than if all had cooperated” (p. 179). Pies et al. (2009) also adds which although acting in a mutually beneficial way is their common interest, such action is restricted by the incentive structure that causes involved actors to act in a selfish way (p. 382).

Combined with deep moral insights, the comprehensive rational choice approach helps to analyze the social dilemma in civil society (Pies, 2017). One-sided social dilemma is a situation of asymmetric exploitation between two actors in a vertical relationship. Given A and B, the basic premise underlined is that B can exploit A by not honoring A's trust in B, but not the opposite way which A exploiting B. Figure 3 below simply describes a rational choice that can be made by A and B. There are three possible scenarios, marked as (I, II, III), and the outcomes of scenarios differ. The outcome is shown as numbers which indicates the benefit (comprising both monetary and nonmonetary terms) of A and B: higher the number, greater the benefit.

Figure 3. One-sided dilemma without commitment



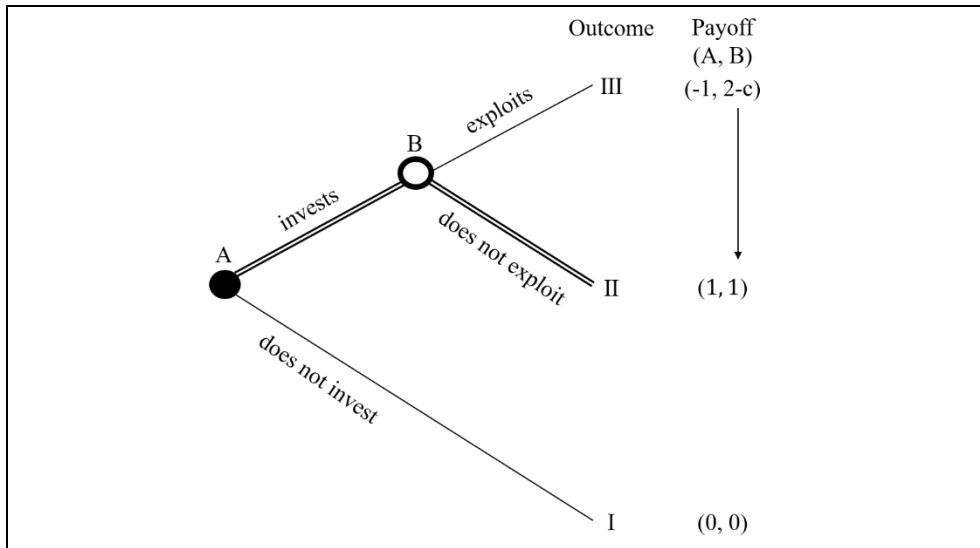
Source: Hielscher et al, 2017

Based on the premise that B can only exploit A by not honoring A's trust in B, for A the best outcome is when it meets the second scenario "II" (payoff 1) followed by "I" (payoff 0) and "III" (payoff -1) the worst. For B, the scenario "III"

(payoff 2) is the best. Nonetheless, the second scenario “II” (payoff 1) is also reasonable choice for B better than “I” (payoff 0). In the result, the worst outcome for A corresponds with the best outcome for B. Here, using the backward induction, by anticipating that B might exploit, A’s rational choice is not to invest B resulting “zero payoffs” (scenario “I”) forgoing the mutual betterment. This situation is called as social dilemma as explained previously.

Fortunately, the newly modified model provides a win-win solution for this social dilemma. One way to overcome social dilemma situation is by “weakening of incentives” (Valentino and Chatalova, 2016). As reflected in Oliver E. Williamson’s remarks about governance, an appropriate governance mechanism may “infuse order thereby to mitigate conflict and realize mutual gain” (Williamson 2010, p. 674). Hielscher et al. suggests ‘a self-binding commitment’ that influences one’s behavior by changing incentives as a solution for this one-sided social dilemma (2017, p. 1574). Commitment could be some institutional reforms devised by principals that structure the behavior of agents. It signals agent’s reputations to principals that ensure their activities are in line with donor’s funding priorities. If a commitment (c) is influential enough to reduce B’s payoff (2-c), its rational choice “to exploit” (III) becomes unattractive, and therefore changing its rational choice into “not to exploit” (II) (payoff 1). This commitment also gives credibility to B that it will not exploit A, hence A’s rational choice would change into “invest” (payoff 1). Overall, a new equilibrium is set as (1,1) by credible commitment.

Figure 4. One-sided dilemma with commitment



Source: Hielscher et al, 2017

Applying this model to CSO accountability, the behavior “exploiting” transfers into “not being accountable” while deciding to “invest” transfers into “support”. The outcomes can be summarized as Table 2. If the number is high, that means either aid agency or CSOs benefits from their behavior (positive outcome). On the other hand, if the number is low, it tells the negative outcome of an actor. One of the major benefits of aid agency “supporting” CSOs is to be able to deliver aid to discriminated area more cost-efficiently than they do. Then, the donor country would gain good image from the recipient countries and also from the public of their own which leads to another benefit of gaining more public support for ODA. In contrast, the worst outcome for aid agency is when CSOs are not being accountable on agency’s support, which could result as aid fungibility problem or allocation of aid far from agency’s intention. In CSOs perspectives, decision in their behavior between “being accountable” and “not being accountable” is crucial which links to defining their role in global society. Given a risk of “being trapped in dysfunctional

incentive structure which might undermine their autonomy and even losing their identity” (Hielscher et al., 2017. p. 1576), deciding their behavior whether to be accountable on the support from the aid agency is crucial. When CSOs are not accountable to the agency, they will be able to maintain their autonomy, with wider range of selection in beneficiaries, with low level of requirements by the agency, and eventually will be independent from labeling them as ‘service deliverer’ when in fact such outcomes will be difficult to be realized when they are being accountable to the agency. Nevertheless, that decision is not the worst outcome. Thus, both choices are considerable for CSOs.

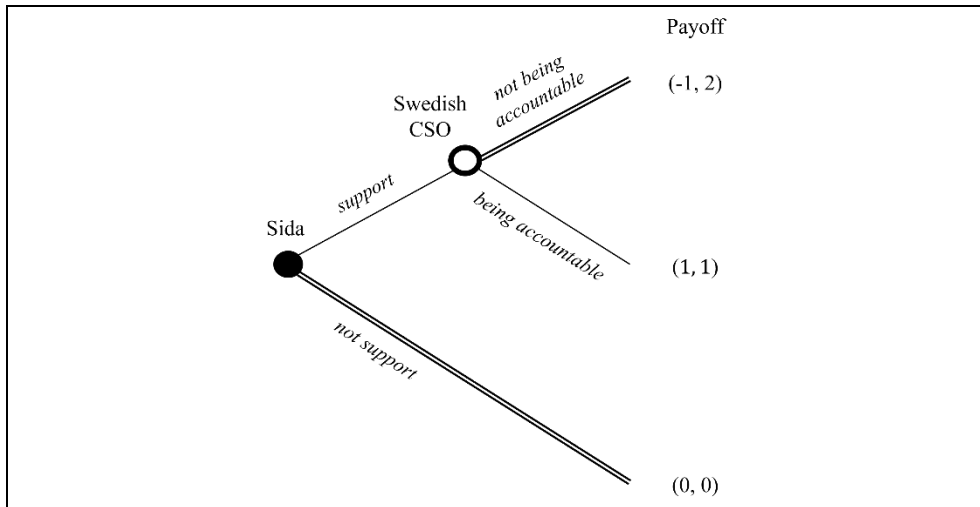
Table 2. Outcomes of a behavior

	High	Low
Aid agency (A)	<ul style="list-style-type: none"> <li>- Cost-efficient ODA delivery</li> <li>- Good image of donor country</li> <li>- Gain public support for ODA</li> </ul>	<ul style="list-style-type: none"> <li>- Aid fungibility</li> <li>- Misallocation of aid</li> </ul>
Donor country-based CSOs (B)	<ul style="list-style-type: none"> <li>- High autonomy</li> <li>- Wide range of beneficiaries</li> <li>- Low level of requirements</li> <li>- High independency</li> </ul>	<ul style="list-style-type: none"> <li>- Lose autonomy</li> <li>- High level of requirements</li> <li>- Strict financial control</li> </ul>

CSOs in donor country has an incentive to exploit by not being accountable to agency’s support based on its anticipation for an effective aid delivery by allocating aid to/through CSOs in order to reach the most marginalized. The rational choice of aid agency and CSOs is illustrated as the Figure. Whilst the rational choice for the CSOs is “not being accountable”, aid agency would decide “not to support” instead of supporting CSOs who might exploit. The result its collectively self-damaging forgoing the mutual betterment.



Figure 5. One-sided dilemma applied to Sweden case

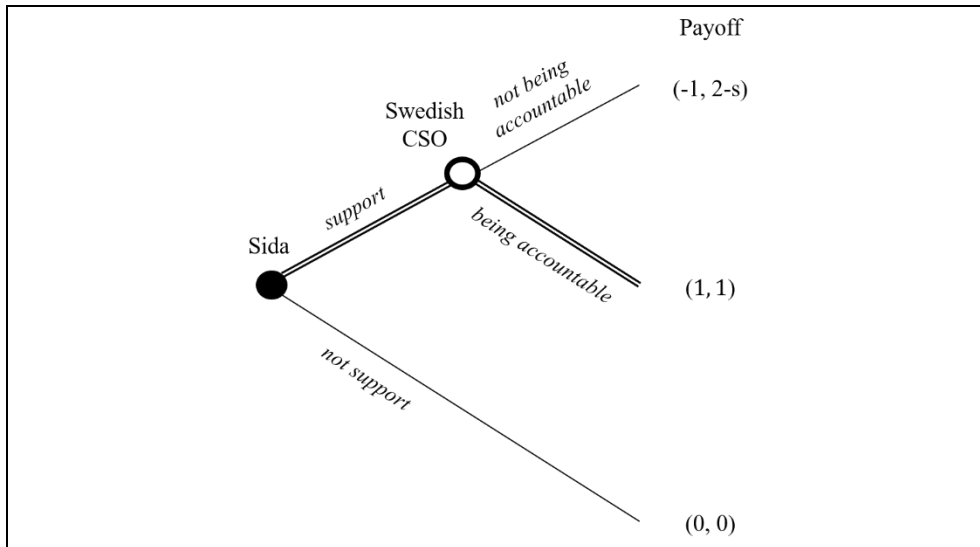


Source: Hielscher et al, 2017

Accordingly, applying to the case of Sweden, actor B now stands for “Swedish CSOs”, as decided in the methodology, and actor A stands for “Sida”, the main supporter of Swedish CSOs. Details about the relationship between Sida and Swedish CSOs will be introduced in Chapter 4. These two actors share a common goal under the global slogan “leave no one behind” which could be achieved only by cooperation working as partners. However, as illustrated in the figure, this goal will never be achieved unless there is a ‘commitment’ that can induce B’s behavior for mutual betterment. One representative example of commitment given by the author is ‘sanction’ (Hielscher et al., 2017, p. 1576). A sanction could make CSOs turn their strategy to “being accountable” which their payoff is better than before. A ‘sanction’ could be a complete withdrawal of funds or imposition of fines (p. 1577). Under a shared goal to reach, CSOs, which also have inherent financial limitation, would choose to be accountable to ensure their funding from the agency. As a consequence, by reducing the potential attractiveness of the CSOs’ strategy of “not being

accountable”, their new rational choice would be “being accountable” which then the agency chooses to “support”, thereby benefiting both players.

Figure 6. One-sided dilemma applied to Sweden case with commitment



Source: Hielscher et al, 2017

Nevertheless, this suggested scenario can give two different outcomes. When this scenario is best practiced, the Sida and Swedish CSOs can work together to encourage greater cooperation with greater aid effectiveness. One best explains such outcome is Canada. The Canadian International Development Agency (CIDA) and its CSOs called Volunteer Cooperation Agencies (VCAs) has developed a relationship which encourages cooperation of efforts and adopts a more programmatic approach to development cooperation. With its multiple VCAs, CIDA shares common interest and manages support through its Volunteer Cooperation Program. Instead of having unrelated different programs from each VCAs, CIDA and VCAs created a one coherent program under the shared goals and development commitments of the partners. To apply for grants from CIDA, two or more VCAs

plan projects in the same sector and areas to coordinate and ensure synergy. Such collaboration not only “created space for greater innovation and synergy among VCAs” but also “transformed the relationship with CIDA” which resulted more authentic dialogue between agencies (Turcot and McLaren, 2008).

On the contrary, the European Commission’s (EC) funding mechanism tells a different story. The EC case best describes the side effects of contractually defined accountability relationship between the donor agency and CSOs. The relationship requires CSOs “to focus their energies on financial management and activity-based reporting” (OECD, 2009). According to a review of EC funding model and interview with European CSO in Africa, about 30 to 50 percent of time was spent on reporting resulting detriment of the program quality. The case gives a lesson to revisit such emphasis on contractual relationship by recommending three principles for proper relationship: 1) an alternative partnership model in which the degree of flexibility accorded to CSO partners would increase over time as CSOs demonstrate their competency and reliability, 2) a proper balance between contractual accountability and strategic accountability, and 3) partnerships based on trust and a true spirit of dialogue, in the pursuit of shared objectives. Which would be the case for Sweden? The following chapter will analyze the case of Sweden thoroughly.

## **IV. Case of Sweden**

### **4.1. Sweden and Civil Society**

#### *Background*

In this chapter, an historic overview of how Swedish CSOs have evolved from people movement to organizations cooperating with the government. To start with, there are some general historical factors of importance to understand the background of the growth and development of CSOs in Sweden. During the 19<sup>th</sup> century with an extensive emigration to North America, Sweden suffered from a heavy toll on the civilian population. Nevertheless, natural resources such as iron ore, timber, and water energy and the country's capacity to process them changed Sweden from an agrarian to an industrial economy in relatively short time. Soon after, Sweden developed into a welfare state and further been independent as a country for a relatively long time (Wijkström, 2004b, p. 7).

Historically, the religious unity established during the 16<sup>th</sup> century was an important factor to keep the young Swedish nation through the Reformation in the 1520s. Not only the Catholic Church but also including organizations based in a various number of other religious have broadened Swedish religious life. This religious pluralism gave implications for the civil society in Sweden. Often, it has been recognized in many research that Sweden has a deep-rooted history of civil society's influence in the government's foreign policy. Sweden has a strong belief

that civil society would contribute to increased trust and growth of a country (Billing, 2011). People in civil society meeting in groups may strengthen confidence and trust within a group and among other groups. One of the responsibilities assigned to these popular movements was to function as organizers and amplifiers of people's voice, or as a mediator of interests between the citizens and the state or other interests and as schools for democracy. An earlier popular movements were protest movements against the conditions existed in the country that hindered people from opportunities to change such conditions.

The relationship between nonprofit organizations and the welfare state like Sweden is described as "trust-based mutual dependency" in some Scandinavian research (Wijkström, 2004b, p. 10). Therefore by supporting civil society, it can promote interfaces between groups in various fields such as social, cultural, religious, political or ethnic which will be more effective in fragmented societies. Such closeness contributed to the establishment of social contract between actors in different spheres in Swedish society which led them to a high degree of division of labor. Given such atmosphere, population not only has been understood as a fundamental part of democracy but also has been introduced in Swedish governmental reports until today.

#### *Views toward Swedish CSOs*

According to Sida, civil society is defined as "an arena, separate from the state, the market and the individual household, in which people organize themselves and act together to promote their common interest" (Sida, 2004, p.8). Swedish CSOs

were preferably supported due to its lack of administrative resources. Efforts to diversify routes into civil societies in the partner countries have been continuing but in a slow process. Direct funding to partner CSOs demanded more administration cost of ensuring effective and accountable use of the funds than CSOs of their own (Onsander, 2007, p.45). Swedish CSOs were evaluated as rationalized organizations over the years so that heavy administration has been delegated to units such as umbrella organizations. Moreover, their political influence on the society was a force to be reckoned with. The Civil Society Unit of Sida (CIVSAM) views that Swedish actors are considered as more reliable in that many cases the selection is based on traditional relationships or reputation (Nilsson et al., 2013).

Hedling and Meeuwisse (2015) admitted that the traditional role of civil society - advocacy and political representation - has changed due to sociopolitical shifts in the welfare influenced by Sweden's engagement with EU (p. 40). By the introduction of the NPM, CSOs in Sweden without an exception entered to a market-like environment which affected to the emergence of a contract culture. Such contract culture, established widely in the field of civil society in Sweden, turned actors in people's movements into "public sub-contractors" (Wijkström, 2004b, p. 27). Another concern raised from dialogues was that CSOs today "seem to be treated as if they were the dedicated tools for government or public sector programs or institutions" (Wijkström, 2004a).

Hwang and Powell (2009) mentioned CSO's professionalism involving full-time employees and credentialed expertise caused the change in their role to take

more responsibility for social welfare (p. 268). Hence, compared to the past Sweden system became more tougher in exerting rules and more privatized.

## **4.2. Policies and Features**

Within the Swedish Ministry of Foreign Affairs, the Department for International Development Cooperation is in charge for overall governance and evaluation of development cooperation including the coordination to outline the ODA budget. Under the Department's coordination, Sida is responsible for administrations and executions of development policy implementation based on strategic guidelines set by the MFA in cooperation with related stakeholders such as CSOs, embassies and other governmental agencies. In compliance with Sweden's 2020 ODA state budget, Sida manages more than 50% of the country's total ODA financing which again divides into various areas including funding for Swedish CSOs.

Swedish government policy on the role of civil society gives clear evidence that focus on whether non-profit organizations could take more responsibility for the society has emerged greatly (Herz, 2016, p. 365). The goals and priorities of cooperation with civil society differ by country's policy for civil society cooperation or ODA policy in the higher level. Sida has increased its engagement with Swedish CSOs to identify new methods of delivering its bilateral programs and increasing the effectiveness of development assistance. So far, Sweden has the largest number of civil society cooperation objectives and strategy-related policy documents. Although

there is no specific law that regulates the non-profit sector in Swedish Constitution, Sweden is known for its high solidarity with civil society. (Modeer and Alffram, 2013).

The overall objective of CSO policy for cooperation with civil society is “a vibrant and pluralistic civil society in developing countries that, using a rights-based approach, contributes effectively to reducing poverty in all its dimensions” (Sida, 2003). Along with the objective, increasing the share of core and program support to partner organizations in developing countries is also emphasized (Government Offices of Sweden, 2009, p. 22). The purpose of the Swedish government to fund CSOs is to strengthen civil society in developing countries. Based on the strategy of support through Swedish organizations in the civil society, there is a specific goal “to work for a viable and pluralistic civil society in developing countries that act from a rights perspective for improved living conditions and for people living in poverty in all its dimensions for greater respect for human rights and a global sustainable development" (Lövkrona, et al., 2021a). Another strategy related to information and communication activities aims at the provision of information on its development cooperation encouraging the society for open debate, active participation, popular affiliation, and strong engagement in Sweden for sustainable development (Lövkrona, et al., 2021b).

OECD DAC countries use various types of operators to execute programs for civil society cooperation. Operators for programs diverge by donor countries. Operators could be donor agency’s local offices in developing countries (e.g.,



Belgium, Japan, Australia), donor embassies in developing countries (e.g., Denmark, Germany, Portugal), consulting firms (e.g., the Netherlands, UK) or individual CSOs (e.g., Denmark, UK) (손혁상 외, 2011b). Sweden differentiates from other DAC members in which it forms a group of CSOs called ‘framework organization’ which will be examined closely later in the next part. Also, Sweden emphasizes cooperation with civil society and demands particular conditions toward its own CSOs. What kinds of conditions are demanded will be introduced further when describing the funding mechanism in the next part. As such, it is possible to say that Sweden is actively showing their willingness to cooperation with CSOs both domestic and local.

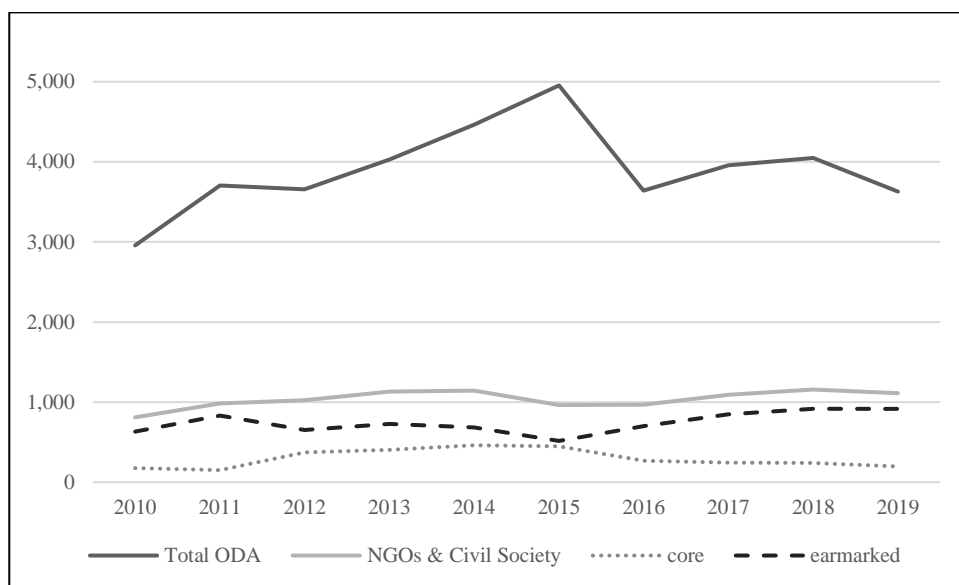
### **4.3. Support to CSOs**

#### *Status of Sweden's Supports to CSOs*

According to the ODA 2020 preliminary data, with the boost in total ODA grant equivalent by additional spending mobilized to help recipient countries grappling with the COVID-19 crisis, Sweden ranked the first in reaching above the UN target of 0.7% in ODA grant equivalent as percent of GNI. Figure 7 below is the historical progress of total ODA and ODA channeled to and through CSOs, marked as “NGOs & Civil Society”, in the last decade. Among “NGO & Civil Society” data, it is then divided into core supports (to CSOs) and earmarked supports (through CSOs). Since a larger drop of total ODA between 2015 and 2016, there has been an increase in the amount of Swedish ODA. Despite the variation, ODA channeled to and through CSOs maintained at a certain level of amount. Sweden also shows a

same modality as other DAC countries regarding “how to support”. The figure shows that more earmarked supports were given through CSOs rather than core contributions. The gap between core and earmarked support seemed to decrease in 2015 but it has widened again until 2019.

Figure 7. Sweden’s total ODA and ODA channeled to/through CSOs  
2010-2019, gross disbursements<sup>4</sup>



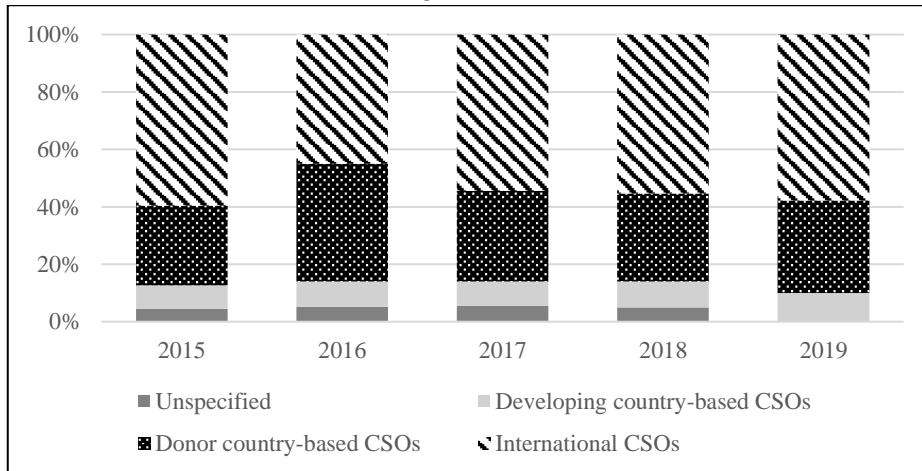
Source: OECD CRS

There has been a large scale of support to and through CSO in Sweden with various channels and types of support. The percentage of aid allocated to and through CSOs in total accounts for about 30% in 2019 (see Table 1). While the overall increase in the amount of support is positive, it can also be seen as negative. Parks

<sup>4</sup> Note: “Total ODA” in this Figure involves all types of Sweden ODA (bilateral and multilateral) not just ODA provided by Sida). “NGO & Civil Society” is bilateral ODA channeled to CSOs (local, national, international) subtracted from Total ODA. “Core” and “earmarked” supports are calculated as same as Figure 1 (see Note in Figure 1).

(2008) assumes that core funding to more appropriate form of support for CSOs in their own activities maintaining their reputation of legitimacy and independency. He also remarks that a loss of autonomy can be particularly damaging for the effectiveness of CSOs to advocate with integrity and engaging in domestic political process on behalf of particular constituencies (p. 219). By acting on ODA projects that meet the government's purpose and intentions it may weaken the independency of CSOs and increasing dependence on ODA resources. Since core support is expected to impact CSOs in developing countries, Swedish CSOs are asked to increase their core supports to partner CSOs in developing countries (Giffin and Judge, 2010, p. 16). Figure 8 shows ODA channeled to/through CSOs in different levels over the 5 years among the available data.

Figure 8. Bilateral ODA channeled to/through CSOs by levels 2015-2019, gross disbursements<sup>5</sup>



Source: OECD CRS data

<sup>5</sup> Note: Data from 2015 to 2019 are retrieved from OECD CRS database. Here, aid is recognized as bilateral aid (code 1 and code 3) including all types of aid flows. Channels from code 20000 to code 23000 are recognized as aid channeled to/through NGOs and civil society. Aid channeled from code 21001 to code 21999 is excluded from the data since the amount is not significant. Records as “Unspecified” are CSOs reported by donor countries under the code 20000 in the DAC questionnaire.

There are international CSOs organized on an international level, donor country-based CSOs on a national level, and developing country-based CSOs at the national level based and operated in an ODA-eligible country. Sweden supports CSOs in various channels. Among them, international CSOs accounts for the largest portion, followed by domestic CSOs. In contrast, Sweden supports less to developing country-based CSOs in absolute terms. This is a result from Sweden’s funding mechanism which indirect support dominates. More explanation will be provided later. If in any cases when Sida supports individual CSOs directly, CSOs tend to become a means of implementing government policy (손혁상 외, 2011b).

One regression result has shown that there is a positive correlation between Swedish ODA and NGO Aid across all recipient countries during the period between 2002-2006 (Dreher et al., 2010). When comparing the allocation of ODA delivered by CSOs with Sida overall, similar pattern is found. Table 3 shows the top ten sectors where Sweden prefers to allocate ODA in recipient countries. Comparing the priority of bilateral ODA and ODA channeled to/through CSOs, the two types of Swedish ODA tend to be allocated to similar sectors in recipient countries.

Table 3. Comparison of bilateral ODA and ODA channeled to/through CSOs by sector in 2019, gross disbursements

	Bilateral	CSOs
1	Government and civil society (17.8%)	Government and civil society (39.9%)
2	Emergency Response (14.5%)	Emergency Response (17.9%)

3	Other multisector (8.8%)	Population policies/programs (6.8%)
4	Administrative costs of donors (7.9%)	Conflict, Peace & Security (5.6%)
5	General environment protection (6.3%)	General environment protection (4.2%)
6	Other social infrastructure (4.6%)	Other multisector (4.0%)
7	Agriculture (4.6%)	Other social infrastructure (3.5%)
8	Basic Health (3.4%)	Industry (2.9%)
9	Basic Education (3.4%)	Agriculture (2.8%)
10	Water and Sanitation (3.1%)	Water Supply & Sanitation (2.6%)

Source: OECD CRS, Sweden 2019

Sida supports for the ‘Government and civil society (17.8%)’ and ‘Emergency responses (14.5%)’ on the preferential basis. In similar fashion, ODA channeled to/through CSOs shows the same preferences but more supporting to the ‘Government and civil society (39.9%)’ which is more than one-third of the total aid delivered by CSOs.

A proof that Sweden is a special case can be given by comparing with other DAC countries. For example, Norway, another Nordic country, shows different results compared to Sweden. Priority of the bilateral ODA and ODA delivered by CSOs to sectors differs unlike Sweden. Bilateral ODA is supported for ‘General environment protection (23.3%)’, ‘Basic health (18.0%)’ and ‘Government and civil society (7.13%)’ whereas ODA channeled to/through CSOs is supported to ‘Government and civil society (29.7%)’, ‘General environment protection (17.13%)’, and ‘Basic health (2.6%)’. Another extreme case to compare with is Japan. Japan,

far from Nordic countries, shows significantly different result than earlier two countries. Those top ten sectors preferred by each type of ODA nearly match. These results prove that case like Sweden is distinguished from other DAC countries which gives significance to analyze.

Table 4. Comparison of bilateral ODA and ODA channeled to/through CSOs of Norway and Japan (by sector in 2019, gross disbursements)

Norway		Japan	
Bilateral	CSOs	Bilateral	CSOs
General Environment Protection	Government and civil society	Transport & Storage	Other Multisector
Basic Health	General Environment Protection	Energy generation, non-renewable sources	Water Supply & Sanitation
Basic Education	Basic Education	Other Multisector	Agriculture
Government and civil society	Population Policies/Programmes & Reproductive Health	Water Supply & Sanitation	Other Social Infrastructure & Services
Administrative costs	Agriculture	Energy distribution	Education, Level Unspecified
Energy Policy	Other Multisector	Agriculture	Population Policies/Programmes & Reproductive Health
Agriculture	Conflict, Peace & Security	Energy generation, renewable sources	Health, General
Fishing	Education, Level Unspecified	General Budget Support	Basic Education
Other Multisector	Other Social Infrastructure & Services	Other Social Infrastructure & Services	Industry
Energy generation, renewable sources	Basic Health	Industry	General Environment Protection
Source: OECD CRS data (2019)			

### *Funding Mechanism*

Sweden support CSOs in a wide range of levels from local, national to international. In general, Sweden provides financial support either directly or indirectly. On one hand, direct support is when an embassy or Sida supports CSOs through a bilateral agreement without intermediaries. On the other hand, indirect support is when an embassy or a department of Sida supports CSOs through an intermediary partner such as strategic partnering CSOs or umbrella organizations. Most of all, Sida's funds are mainly allocated through Swedish CSOs. Hence, Sida's support to developing country-based CSOs are mainly in indirect form through 'framework organizations' (Manor, 2004, p. 9). In the following section, Sida's funding mechanism to this framework organizations will be handled specifically.

Sida defines framework organization as a "Swedish CSO, through a decision by Sida, which has qualities for entering into an agreement on a framework grant within the appropriation item" (Sida, 2010). Sida has a multi-year strategic partnership agreement called a 'framework agreement' for efficient cooperation with Swedish CSOs. To become a strategic partner signing the agreement with Sida, Swedish CSOs need to pass strict criteria required by Sida (see Table 4).

Table 5. Summary of Sida's criteria for the selection of frame organizations

No.	Criterion	Contents
1	Legitimacy	A democratic structure; full acceptance and support of the community; be permeated by openness towards its stakeholders and the general public

2	Competence in development issues	Capacity to perform effective development cooperation work that strengthens civil society in the partner countries; acting in relation to the overall agenda
3	Competence in learning and methods development	Ability to organize its activities based on the country-specific context; ability to evaluate its work
4	Communications ability in development cooperation	Communications capacity with its members and partners within the framework
5	Communications ability in Sweden	Communications capacity on development issues and cooperation in Sweden
6	Ability to mobilize commitment and resources	Capacity to mobilize commitment in Sweden; capacity to raise funds or mobilize resources variously
7	Scope and breadth of activities/specific skills	Capacity to make regional or sectoral priorities and specialization
8	Reliability of systems for management and control	Complete reliable internal system for the management and control of its activities
9	Experience of previous cooperation	Assessment on the basis of reports on previous cooperation with Sida or other partners

Source: Sida, 2005b

Group of Swedish CSOs under the framework accounts for about a quarter of Sida's funding to CSOs (Giffin and Judge, 2010; Nilsson, et al., 2013, p. 37). It was initiated primarily for administrative reasons as a means of effective cooperation with CSOs since 1976. The framework regulates CSOs activities by defining what may be granted and what may not. In accordance with Sida's rules and regulations,



“activities that fall within this framework should not be subject to any influence other than the administrative reporting rules” (Onsander, 2007, p.46). In this perspective there is no doubt on CSOs independency and autonomy. Prakash and Gugerty (2010a) see that “the entry barriers associated with qualifying for membership tend to influence the credibility of the college brand with external actors” (p. 32). Allowing this assumption, Sida’s criteria for the selection of framework organizations creates a credible signal to principals.

In 2020, nearly SEK 2 billion was allocated to the strategy for support through Swedish CSOs (Lövkrona, et al., 2021a). Sweden’s bilateral ODA through Sida has two main purposes in allocating ODA to recipient countries e.g. ‘Government and civil society’ and ‘Emergency Response’ (see Table 3). Based on these main purposes, Sida cooperates directly or indirectly with Swedish CSOs since political support to these organization is more influential. Especially, it is worth noting its support for the former purpose according to the CSO strategy of Sweden. Swedish CSOs can be categorized into two categories: 1) framework organizations and 2) member CSOs of an umbrella organization. To distinguish these two types of organizations that have Sida as their main supporter, from now on framework organizations will be referred to as Strategic Partner Organizations (SPOs) and umbrella organizations as Associated Swedish Organizations (ASOs).

Composed with Swedish CSOs that has entered into as agreement with Sida, SPO is a framework organization that transfers Sida’s grants to CSOs in developing countries. SPOs have partner CSOs based on developing countries. These

organizations “develop and run their own development cooperation programs and projects and sign agreements directly with cooperation partners in the South” (Sida, 2005a). This leaves them an additional contractual relationship in the process. SPOs strongly focus on the field of democracy, human rights, and gender equality. These organizations are the Africa Groups of Sweden, Diakonia, Swedish Cooperative Centre, the Swedish Society for Nature Conservation, Save the Children Sweden, Church of Sweden, UBV, Red Cross and Plan.

On the other hand, ASO, an umbrella organization of Swedish CSOs, is a sub-granting organization that transfers Sida’s grants to its members. These organizations “pass on funding applications from their member organization which the latter then sign agreements and cooperation with organizations in the South” (Sida, 2005a). These organizations are Forum Syd, LO-TCO, Olof Palme International Centre, PMU InterLife, SHIA and the Swedish Mission Council. Compared to SPOs, ASOs are larger in size and have more diverged focus in terms of age, specialization, and thematic focus. Also, they function for CSOs that lack capacity to enter framework organizations. Table below is the summary of descriptions of SPOs and ASOs.

Table 6. Descriptions of SPOs and ASOs

	Strategic Partner Organizations (SPOs)	Associated Swedish Organizations (ASOs)
Type	Framework organizations	Sub-granting organization
Composition	Swedish CSOs under the framework agreement	Swedish CSOs as members

Main focus	democracy, human rights, and gender equality	more diverged focus in terms of age, specialization, and thematic focus
Organizations	Africa Groups of Sweden, Diakonia, Swedish Cooperative Centre, the Swedish Society for Nature Conservation, Save the Children Sweden, Church of Sweden, UBV, Red Cross and Plan	Forum Syd, LO-TCO, Olof Palme International Centre, PMU InterLife, SHIA and the Swedish Mission Council

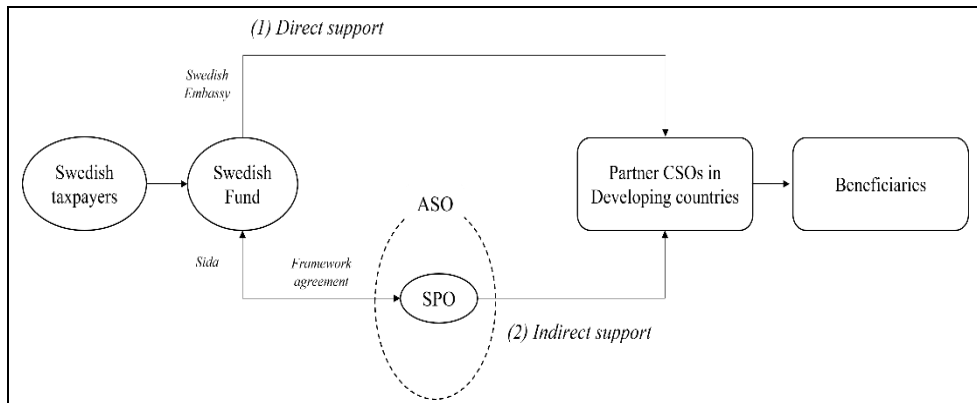
Source: Sida official website

Sida has a number of agreements with SPOs. Currently there are 16 SPOs in Sweden that have close relationship both with Sida and partner CSOs. According to the most recent annual strategy report from Sida (Lövkrone, 2021, p.12), its funds available through CSO appropriation are mainly channeled to and through SPOs giving that the top-five receivers were ForumCiv, Save the Children Sweden, Swedish Mission Council, We Effect and Diakonia. They are responsible for the grants from Sida being used in accordance with the requirements and conditions.

Figure 9 illustrates the overall flow of CSO appropriation involving both direct and indirect supports. There are two ways of support in Sweden. On one hand, there is the direct support which is given via Swedish embassies. On the other hand, there is the indirect support via Sida to Swedish CSOs. This modality is more seen in Sweden development cooperation. When a local CSO in the recipient country starts a cooperation with a SPO, they plan the projects together in detail. Then the

SPO applies for grants from ASO which in its turn has a frame agreement with Sida.

Figure 9. Flow of direct and indirect supports



## V. Analysis and Findings

A good relationship between the government and civil society is continuing in Sweden as a welfare state. By their deep-rooted history of people's movement and its influence on foreign aid policy, the government and civil society share common goals toward developing countries aiming to work for 1) a vibrant and pluralistic civil society in development countries from a rights-based perspective and 2) improved living conditions for people living in poverty in all its dimensions (Government Offices of Sweden, 2016).

There is a framework agreement as a commitment in the relationship between Sida and Swedish CSOs (Figure 6). Since monitoring and evaluation are essential for a positive relationship of trust, Sida offers a self-guidance to its own CSOs. Through this guideline, activities of Swedish CSOs are monitored and evaluated. It is possible to say that Swedish CSOs have jointly identified objectives, indicators for measuring achievement and outcomes. Given that Sida, supports Swedish CSOs (indirect support) for mutual betterment (achieving shared objectives), the autonomy of the Swedish CSOs can be seen as 'high' with a fixed amount of revenue from Sida overcoming their chronic financial problem. However, it is yet too dangerous to judge CSO's autonomy with a single proposition that, "when financial problem is solved, CSO's impact to the society will be recovered and contribute to effective ODA in developing countries". Hence, it is necessary for further analysis.

Compared to other donor countries, Sweden support to CSOs is indeed extensive in size, types, channels, and sectors. The capacity of Swedish CSOs is also outstanding. CSOs in Sweden have their own assessment and monitoring tools for CSOs in developing countries which capture issues in a much broader range than the government. It is also evaluated that Swedish CSOs are more advantaged to solve problems in civil societies in developing countries that are weak in thematic, organizational, and financial capacity (Lövkrone, at el, 2021, p.36). Moreover, a similarity in preferences on sectors between Sida and Swedish CSOs was found in allocating bilateral ODA to developing countries. Bilateral ODA and aid channeled to and through CSOs both prefer the same sector under the shared objectives. This situation can be interpreted into two scenarios: 1) CSOs and the state have the same goals and visions, or 2) CSOs are controlled by Sida losing their autonomy and had to follow Sida's preferences in order to be supported.

The first scenario seems possible as we looked at Sweden's related policies, where the government also puts a priority at strengthening civil society in developing countries which CSOs are heading in the same direction. But in other words, it could be also said that the government would pursue the same goal even if it is not through Swedish CSOs. Moreover, as compared with other DAC member's allocation pattern between bilateral ODA overall and ODA allocated by CSO, Norway and Japan, it is recognizable that this 'similarity' is not common, not even in the same Nordic countries. How about the second scenario? The role of CSOs is brought out in marginalized region or sector where the government cannot reach. When CSOs are controlled in their decisions or activities it means their role might be damaged and

their autonomy would be invaded by external influences. If Swedish CSOs' preference is influenced by the government's policy, the second scenario is also possible.

## **5.1. Strong Commitment**

A vast majority amount of aid to and through CSOs are supported under framework agreements. Various in types, Sweden employs a strong commitment to CSOs of their own. Sweden's institution like the framework agreement alters CSO's decision to be accountable than not to since it gives an opportunity to overcome some difficulties which they might have been suffering as an individual organization. Given that the two actors share common objectives based on a moral motivation, this makes the commitment stronger. However, it was found that Sida's requirements under the guideline are high in level which burden Swedish CSOs to satisfy. From an interview conducted by KOICA with several Swedish CSOs, Sida is continuously enhancing the reporting form which regulates Swedish CSOs with strict financial control (손혁상 외, 2011, p. 260). Nevertheless, Swedish CSOs need to be accountable for such requirements for the sake of CSOs in developing countries which need them in order to get Sida's supports.

Sida and Swedish CSOs define differently when it comes to the issue of transparency and accountability (Wohlgemuth & Ewald, 2020). As transparency and accountability are in importance for development effectiveness, Sida emphasizes that "CSOs own development effectiveness including their transparency and

accountability should be strengthened” (p. 22) whereas CSOs responded in a different meaning. CSOs emphasized transparency and accountability in the sense that the reporting requirements toward Sida should be met. Furthermore, creating an image and a good trusting relationship with their partners followed as reasons for emphasis (p. 21). Such reasons can be attributed to donor’s pressure. Swedish Mission Council (SMC), one of Swedish CSOs, said in a recent interview conducted by ForumCiv that “narrative reporting requirements from Sida have eased, but financial reporting requirements have increased, and this is still a challenge for us” (p. 23).

Sweden’s funding mechanism, theoretically, is an effective win-win strategy for mutual betterment. This is because the state and the CSOs both emphasize cooperation under shared objectives which allows mutual betterment. However, it is worth noting that the motivation of CSOs’ decision to be accountable to Sida is not set as downward accountability but upward accountability. This is recognized by CSOs and some CSOs have even voiced concerns that, “Sida could shift further towards having a stronger priority on downward accountability rather than upward accountability which would shift the power dynamics to the rights-holders to a greater degree” (p. 23). As the scholars who created the new rational choice framework for CSOs accountability agreed that an incentive structure induces rational actors not to act in a mutually beneficial way, Sweden’s case also appears to be a result of failing to escape the incentive structure. The high expectations toward CSOs effectiveness made CSOs more complicated as they are granted to fulfill such expectations. Thus, the commitment made with Sida is affecting their identity.



## 5.2. Weak Payoffs

The framework agreement as a commitment is influential enough to reduce the potential attractiveness of the CSOs' strategy of "not being accountable" (payoff  $2 - c$ ) inducing their new rational choice into "being accountable" (payoff 1). However, contrary to the theory, the payoff appears to result as  $(1, \chi)$ , where  $\chi$  seems larger than  $2 - c$  but not going over 1 ( $2 - c < \chi < 1$ ). From recent interviews from Swedish CSOs (Sida, 2019; Wohlgemuth & Ewald, 2020; Lövkrona, at el, 2021) reasons for poor results were found despite the strong commitment. Such reasons will be explained into two findings below.

### *Finding 1. Still too far to reach target beneficiaries*

As multiple literatures claimed, Swedish CSOs contracted by Sida fulfilled activities on behalf of Sida and the Swedish Government. CSOs were mainly used as a means or a tool to implement programming targeting objectives set by Sida and the embassies (Nilsson et al., 2013, p.79, 84, 88). The result of the amount increased in earmarked support in the contrast of the core support (in figure 7) proves that Swedish CSOs are supported to meet pre-defined objectives by Sida and the government. This not only undermines the credibility of CSOs but also weakens their accountability to beneficiaries making them difficult to engage their own policy and capacity development in the long term. Seeking to match the state's priorities may result CSOs to deviate from their mandates and strategic plans (Sida, 2019, p.10).

Sweden's funding mechanism delays the support to reach target

beneficiaries. Swedish CSOs which are funded from Sida search for partner CSOs at the local level and support those partner CSOs' capacity building not directly funding the target beneficiaries. Namely it is more focused on enhancing partner country's CSOs such as their capacity and ownership. If those partner organizations do not follow the norms and regulation, Swedish CSOs withdraw funding and search for a new partner. Eventually, the principal-agent relationship between Sida and Swedish CSOs is found in the relation within CSOs. This creates double principal-agent relation in one chain. That is to say, the time and process of indirect support to reach the target beneficiaries became longer than direct support due to double commitments in one process. Considering this, it needs to be questioned whether the initial amount of Sida's support is sufficient when it is delivered to the final destination through this long process as well as the competency and efficiency of this indirect method compared to direct support from the government.

In addition to the extended process, Sida's support from various department within Sida causes fragmentation. Fragmentation is known as a serious obstacle to making effective aid. From the interview results (Wohlgemuth and Ewald, 2020), Swedish CSOs sometimes felt difficulties when the rules and instructions from other parts of Sida do not correspond with the ones of CIVSAM, their most important funding department at Sida. Since CSOs interact with other groups within Sida, such diffusing alignment in rules and instructions occurs frustration. This issue is found in the evaluation of the strategy for support via Swedish CSOs to Nicaragua 2010-2014. It is pointed out that the "tendency of Swedish civil society strategy to function in 'vertical slices' based on funding relationships runs the risk of diffusing alignment"

among different interpretation of overall strategy among diverse actors (p. 84). There was a lack of alignment on a country level of Nicaragua. It was a time when the state viewed works to strengthen independent civil society and citizens rights with suspicion. Given that the strategy focused on ‘voice’ as an implicit reference to empowerment, there was a misinterpretation of the strategy in terms of gender rights, women’s empowerment, and masculinities. It is reported that actors involved in the strategy have worked in different angles in terms of non-discrimination. Such misalignment occurred in interpreting strategies resulted little discussion of how to ensure space for women to represent themselves and strengthen their voices. In such a relationship between the government and CSO, the complicated process takes longer to reach the actual beneficiaries and rather seems to be an inefficient process.

***Finding 2. Tilted accountability***

According to a report from Sida *Evaluation of the Strategy for Support via Swedish civil society organizations 2016-2022* (Lövkrone, at el, 2021), it was able to find that CSOs are hindered from doing their autonomous activities such as campaigning, protesting, and inviting foreign experts by administrative rules and regulation of Sida (p. 39). For example, ForumCiv has developed an organizational assessment system that captures and analyses information about the capacity of organizations in developing countries, monitors their development and provides input regarding the type of support they might require from ForumCiv (p. 35). Hindering from autonomous activities of Swedish CSOs is clouding their identity which is possible to regard as an invasion of their autonomy. Conforming to this,

Swedish CSOs also experienced that Sida imposes financial and legal restrictions on their ability to fund informal actors and to try out new high risk, non-traditional projects. Should they want to provide funds to a high-risk endeavor, for instance informal groups in the event of corruption or other irregularity, Swedish CSOs are required to repay the full amount of the funds provided to such beneficiaries (p. 30). This means that all financial risk remains with CSOs, which eventually tilts back to upward accountability.

Absence of risk sharing could be one that contributes to this tilted accountability. Sweden's support to Iraq via Olof Palme International Centre (OPC) in 2005 is one example of the absence of risk sharing. The objective of the OPC Iraq Program was "to contribute to the development of a democratic Iraq through focusing on capacity and organizational strengthening of Iraqi NGOs/CSOs and through supporting their activities on democracy, human rights and conflict management" (p. 5). Given Iraq's situation, both Sida and OPC conceded that the program was a high-risk program. Instead of designing method together, however, neither OPC nor Sida took steps to develop a consolidated risk management strategy (p. 39). The fact that Sida "did not require a high-risk program" and that OPC also "did not take steps", which CSOs are destined to take risks, shows that the OPC is not only under the control of Sida but also a risk-averse actor. Without improvement in clarifying what risk-sharing means, CSOs will remain as risk-averse without innovation or high-risk projects.

Another one is the collision of rules and regulations between Sida and CSOs.

Since CSOs have responded that they were restricted from autonomous activities, this may have caused tilted accountability. In the case of Diakonia, its informal working method took a long time to be accepted by Sida. Although Diakonia worked through their partners in recipient countries, without questioning its partner's integrity the organization focused on how to ensure its target groups to be involved having an active role. Also, Diakonia worked with informal groups and made close relationships with them falling outside Sida's rules and regulations for reporting and monitoring. According to the desk study of Diakonia for the evaluations of its activities from 2007 to 2010, Sida demanded an improvement for Diakonia's poor quality of reports for future learning and improvements (Holmberg and Genberg, 2011). This is an inevitable situation as long as Diakonia rely on supports from Sida which also can be correlated to strong commitment.

Financial and legal restrictions by Sida on funding informal groups or non-traditional projects critically influence networking among CSOs at the local level. Donor's restriction is also restricting the relation between Northern and Southern CSOs. It also makes Northern CSOs more "difficult to respect the priorities and management systems of their Southern counterparts or to promote their institutional development and sustainability" (Tomlinson, 2006; Wallace and Chapman, 2004). For Sida and Swedish CSOs which both pursue strengthening civil society in the partner country, this leaves another task "to examine how to build and strengthen civil society links and coalitions among the local CSOs" (Ljungman, et al., 2018). CSO's tendency becoming risk averse actors and aggravated reporting requirements result less being accountable to its mission nor to beneficiaries which negatively

affects CSO's inward and downward accountability. Even more, the distinct feature of CSOs is gradually fading without the fourth sector being guaranteed.

The findings point out that the win-win strategy suggested from the theory was not successful in practice. Also, as discussed earlier, Sweden case is more appropriate to interpret as the second scenario that "CSOs are controlled by Sida losing their autonomy and had to follow Sida's preferences in order to be supported". Swedish CSOs solved their financial problems it had while resulting unsatisfied payoffs such as distortions of their role and inefficient aid delivery chain. When compared with the cases introduced with the analysis framework, the modality of Sweden case is similar with the European Committee case than the case of Canada. In other words, Sweden's current situation can make improvements by referring to the case of EC as a lesson.

## VI. Conclusion

With great expectation, the partnership between the government and civic groups is increasingly emphasized today. Under the basic pledge of SDGs, ‘Leave no one behind’, the global society has emphasized the role of CSOs in the development cooperation context. Organizations are regarded as potential actors for poverty reduction, social welfare, democratization, and even more cost effective than the government in reaching the most marginalized groups in developing countries. Non-profit organizations such as CSOs have a trend among DAC members increasing their support to CSOs for more participation in international development cooperation as an independent entity to achieve effective aid delivery. As the government’s fixed support increases, it is expected that the unstable financial status of CSOs would be improved, and in the result an effective system would be formed that delivers aid to vulnerable areas in developing countries which the government cannot reach. However, it seems that the role of CSOs is malfunctioning in the reality.

The analytical framework of this thesis provides a win-win strategy for both donor and recipient of support. The key for this strategy is a ‘commitment’ which leads actors to mutual betterment based on mutual goals. Sweden shared vision with Swedish CSOs, strengthening civil society in developing countries and promoting an enabling environment for them. Under this national development policy, Sida and Swedish CSOs meet an agreement called the framework agreement for cooperation. Looking at Sweden funding mechanism, Sweden case seems to be a successful case that can support the theory as a practical evidence. However, through the case study,

it was found that even Swedish CSOs failed to maintain their autonomy, contrary to the expectation of a synergy effect with the government policy and support.

Framework agreement is definitely influential enough to alter CSO's decision to be accountable than to exploit since it gives an opportunity to overcome their chronic financial difficulties. Since the two actors are agreed on common objectives based on moral motivation, however, trust became in importance to maintain this relationship in a long term. In this regard, when it comes to the issue of transparency and accountability, Sida and Swedish CSOs have shown different perspective. While Sida emphasized such issues for development effectiveness of CSOs, Swedish CSOs emphasized in the sense that the reporting requirements toward Sida should be met. This is the result from donor's pressure on monitoring and evaluating CSOs. Notably, it is worth noting that the motivation of CSOs' decision to be accountable to Sida is not set as downward accountability but upward accountability. It is also a failure of escaping the incentive structure and losing their identity which was concerned.

Under these circumstances, the payoffs are also not satisfying. Due to Sweden's long process of funding mechanism, reaching target beneficiaries is delayed. It is difficult to evaluate that its indirect support is more effective and efficient than direct support by the government. Double principal-agent relationship in one delivery chain caused the process to take more time delaying reaching the beneficiaries. Moreover, the misalignment of requirements from various departments within Sida, for CSOs which are supported from them suffer difficulties from such fragmentation. Rather adopting more autonomous activities, Swedish CSOs were



hindered from being an autonomous actor campaigning, protesting, or inviting foreign experts in the development field. Due to Sida's imposition of financial and legal restriction on funding informal actors or non-traditional works, CSOs are becoming more risk-averse actors which is critical for these organizations.

Going back to the research question, CSOs failed to keep their autonomy due to the framework which hindered them from autonomous decisions being trapped in dysfunctional incentive structure as concerned. The Swedish case shows that simply increasing the amount of government support is not the answer to increase the effectiveness of aid through CSOs. This suggests mainly two implications for KOICA which plans to increase support to CSOs of its own. It is therefore necessary to find proper answer how CSOs can contribute to effective aid delivery to the beneficiaries in developing countries. First, civic space should be guaranteed for free and innovative activities by CSOs. As CONCORD suggested for shrinking civic space, "a coherent policy that promotes civic space in a range of policy areas is needed for civil society and the freedom of association and assembly" (CONCORD, 2018). Therefore, a systematic analysis of conditions for civic engagement must be included in the government strategies. This is a necessary effort not only for strengthening civil society in developing countries but also for donor countries. Second, as the interview results show that CSOs are confused by different support methods and requirements for each department in Sida, it is necessary to unify the support methods for CSOs. Reaching the beneficiaries should be high on the agenda for both CSOs and the agency. Especially, the two actors must develop a strategy together to work in countries becoming more authoritarian since these

countries are threatened by foreign interventions in support of local civil society movements. The context has been extremely difficult with health, social and economic crisis due to the COVID-19 pandemic. The domain of CSOs should not be encroached on but should be protected. It is crucial for CSOs to create various fiscal routes to reduce their dependence on government support and foster independence. Furthermore, if such domain is kept as the 4<sup>th</sup> sector suggested by Fowler, the partnership could be formed as expected.

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# 국문 초록

SDGs의 기본정신인 ‘누구도 소외되지 않는 세상’을 위해 국제개발분야의 이해관계자들 간 네트워크와 협력은 중요하다. 2008년 아크라 행동강령에 따라 지속 가능한 평화를 위해 시민사회의 역할이 대두되면서 국제사회에서 이들에 대한 관심이 본격적으로 집중되기 시작했다. 시민사회는 국가의 빈곤감소, 사회복지, 무엇보다 민주화를 위한 의미 있는 영향력을 행사할 수 있는 잠재성을 지닌 행위자로 평가되어 왔다. 또한 정부보다 현장에서 소외된 계층 또는 분야에 비용 효과적으로 접근할 수 있다는 장점을 가지고 있다. 국제사회는 이러한 시민사회의 강점을 활용하여 보다 효과적인 원조 전달 체계가 형성될 것이라 전망한다.

그러나 현실에서는 시민사회가 가진 고질적 한계들로 인해 기대한 효과를 보지 못하고 있다. 대표적으로 시민사회의 불안정한 재정상태로 인한 정부 지원에 대한 높은 의존도이다. 정부 지원에 대한 높은 의존도는 이들이 갖는 본연의 역할을 해친다는 우려의 목소리가 있다. 또 다른 한계로는 시민사회단체의 책무가 명확하게 정의되지 못한 점이다. 이로 인한 본연의 역할을 지키지 못한 것에서 나아가 이들의 역할이 정부에 종속되어 정책적 도구로 사용되는 상황을 마주하게 되었다. 본 논문은 공여국 시민사회단체는 왜 정부의 지원을 받을수록 자율성이 약해지는가에 대한 물음에서 시작하여 이들이 겪는 딜레마를 살펴보고 분석틀이 제공한 원-원 전략이 실제 어떻게 구현되는지 역사적으로 시민사회와 원만한 관계를 유지하고 있는 스웨덴 사례를 통해 설명한다. 기존 합리적 선택 이론을 도덕성이 강한 시민사회단체 성격에 맞게 다시 해석한 본 논문의

분석들은 앞서 언급된 한계들에 대한 해결방안을 제공하여 정부와 시민사회에 게 윈-윈 전략을 소개한다.

스웨덴 정부는 ‘개발도상국 시민사회활성화’라는 목표를 두고 있어 다른 OECD DAC 국가들과 비교했을 때 상대적으로 자국 시민사회단체에 대한 지원양이 상당하다. ‘전략적 파트너 기관 (SPO)’이라는 명칭의 협의체는 스웨덴 대표 원조기관인 Sida와 계약을 맺은 자국 시민사회단체들로 구성되어 있다. 분석 결과 스웨덴은 Sida와 자국 시민사회단체 간 분석들에서 언급한 commitment가 강한 것으로 나타났다. 그러나 이는 도덕적 책무(moral accountability)에 기반한 것이 아닌 계약적 책무 (contractual accountability)에 따른 결과로 공여자인 Sida에 대한 책무(upward accountability)로 이해할 수 있다. 또한 그에 대한 결과도 효과적이 않았다. Sida의 강력한 자원 통제 아래 자주적인 활동에 제약을 받고 있었으며 이중 주인-대리인 관계의 형성으로 실질적 수혜자들에게 원조가 전달되기까지 상당한 시간과 절차가 필요했다. 이와 같이 정부와 같은 목표를 두어 지원을 많이 받아 다양한 활동이 이루어질 것이라 예상했으나 공동의 목표를 공유할지라도 자율성에 부정적인 영향을 미칠 수 있다는 사실이 발견되었다. 즉, 정부와 시민사회단체가 공동의 목표를 추구하는 것은 시민사회단체가 고정적이고 안정적인 지원을 받을 수 있어 고질적 한계를 극복함과 동시에 정부의 역할을 대신하는 것으로 해석된다.

**주제어:** 시민사회단체, 자율성, 정부-시민사회 관계, 책무성, ODA

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