WHY SWEDISH DEVELOPMENT COOPERATION MATTERS – ABROAD AND AT HOME



SAMMANFATTNING

I en tid av omfattande nedskärningar i det internationella biståndet presenterar ONE Campaign en studie från Göttinger universitet som belyser utvecklingsbiståndets bredare effekter. Biståndets främsta uppgift är att bidra till minskad fattigdom och hållbar utveckling, men forskningen visar att det dessutom ger oplanerade, positiva effekter för Sverige.

Studien "More than Meets the Port: Donor export effects of foreign aid revisited" (2026) omfattar fem europeiska givarländer (Danmark, Norge, Sverige, Nederländerna och Tyskland) under perioden 2005–2024 och visar ett positivt samband mellan bilateralt bistånd och export.

Ur rapporten framkommer det att svenskt bilateralt utvecklingsbistånd även är kopplat till ökad svensk export, där en ökning på 10 procent i svenskt bilateralt bistånd förknippas med en ökning på 0,9 procent av svensk export till mottagarländer. För att illustrera omfattningen uppskattar forskarna att varje svensk krona spenderad på bilateralt bistånd förknippas med uppskattningsvis 1,4 kronor i ytterligare svensk export till mottagarländer. Den ökade exportverksamheten beräknas skapa eller säkra cirka 17 000 svenska jobb genom inhemsk produktion och intäkter från relaterade försörjningskedjor. Under de senaste åren beräknas omkring 9 procent av den svenska exporten ha gått till mottagarländer av svenskt bistånd. Dessa länder är därmed inte bara viktiga samarbetspartners i arbetet mot global fattigdom och ojämlikhet utan också betydelsefulla handelspartners för Sverige.

Biståndets främsta syfte måste fortsatt vara att minska fattigdom och förbättra levnadsvillkor globalt samtidigt som det stödjer långsiktig utveckling. Vid sidan av dessa framsteg visar studien att internationellt utvecklingssamarbete kan främja starkare ekonomiska relationer, skapa nya exportmöjligheter och stimulera sysselsättningen i Sverige.

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AID & TRADE

The main purpose of Swedish development aid is to improve lives in partner countries. A recent study from the University of Göttingen, Germany, suggests that it may also be linked to increased Swedish exports: each Swedish krona spent on bilateral aid is associated with an estimated 1.4 kronor in additional Swedish exports to recipient countries. Sectors such as pharmaceuticals, transport equipment and electrical equipment appear to benefit particularly from this relationship, alongside IT and other service providers. The study estimates that producing these additional exports and the intermediate goods and services needed to supply them would help to create or secure around 17,000 jobs in Sweden. Its findings suggest that, beyond supporting social and economic development abroad, Swedish aid can also benefit the domestic economy.

Aid and trade: an intricate relationship

At a time of widespread cuts to development budgets, the study aims to shed light on the wider effects of development assistance, whose primary objective is to contribute to economic and social progress in developing countries. Aid addresses immediate needs—such as hunger, malnutrition, poverty and disease—while also supporting long-term development through investments in economic and social infrastructure. Its effectiveness is therefore typically assessed through outcomes in recipient countries, including economic growth, health and education. Alongside these intended effects, this study and earlier research suggest that aid can also benefit donor countries, including through trade.

The study analyses aid and trade data for a group of European donor countries over the period 2005–2024. It focuses exclusively on bilateral aid, excluding multilateral aid and regional aid that cannot be allocated to individual recipient countries. The authors use statistical methods to examine the relationship between official development assistance (ODA) and exports to recipient countries, accounting for other factors that influence trade. These trading partners matter for Sweden: in recent years, around 9% of Swedish exports went to ODA recipients. The estimated relationships are then translated into monetary and employment effects using historical averages.

Why might aid affect Swedish exports?

When a country such as Sweden provides aid abroad, several channels may also increase its exports as a secondary effect. Some are relatively direct. Aid may be formally tied to purchases from the donor country. It may also favour donor-country suppliers less formally by supporting projects in sectors where those suppliers are well placed to compete. ''Aid for trade'' offers another potential link: these projects are designed to strengthen recipient countries' capacity to trade internationally. By reducing trade costs, they may also facilitate exports from donor countries.

These channels, however, may not capture the full relationship. Aid-supported projects can help establish business contacts and familiarity with Swedish products or services that persist after a project ends. They may also reduce the information barriers that make it difficult for firms to enter a market. If aid contributes to a recipient country's development, it may increase that country's capacity to import. Goodwill towards a donor country is another possible channel. Such indirect links develop over time and cannot readily be traced to individual aid projects, making them harder to measure.

HOW TO READ THE RESULTS

The study finds that a 10% increase in Swedish bilateral aid is associated with a 0.9% increase in Swedish exports to recipient countries. This estimate is statistically significant at the 1% level and remains robust when the authors account for the share of aid devoted to trade-related activities. This is consistent with the possibility that the relationship extends beyond trade-related aid, potentially reflecting indirect channels such as business contacts and goodwill.

To illustrate the scale of the result, the authors combine their estimated export elasticity with average aid and export flows in the sample. They calculate a central estimate of SEK 1.40 in additional Swedish exports per Swedish krona of bilateral aid, with a range of SEK 0.97–1.82 based on the estimate's 95% confidence interval.* Using historical averages and information on the production inputs needed to supply these exports, they estimate that the associated production would help create or secure around 17,000 jobs in Sweden.

The estimated relationship is also relatively stable across the recipient-country income groups examined. A 10% increase in bilateral aid is associated with an increase in Swedish exports of around 0.9% for least developed countries and around 0.8% for both lower-middle- and upper-middle-income countries.

A STUDY WITH LIMITATIONS

While the results provide robust evidence of an association, they are not definitive causal estimates. The study aims to capture both direct and indirect links between aid and trade. Rather than tracing additional exports to individual aid projects, it estimates the relationship using aid and trade data over time. The monetary and employment figures are therefore illustrative calculations based on estimated relationships and historical averages, not directly observed gains attributable to particular aid disbursements. The results also reflect a medium- to long-term relationship. They should not be interpreted as showing that one krona of aid generates the estimated exports in the following year. Nor does the employment estimate necessarily represent newly created jobs. The analysis covers only bilateral aid allocated to individual partner countries. Multilateral aid channelled through international organisations and regional aid allocated to several countries fall outside its scope.

Finally, the findings do not establish whether aid generates greater domestic benefits than other possible uses of public funds. Nor does the study compare the effects of bilateral and multilateral aid. Instead, it offers insight into aid's domestic economic effects, complementing the indicators used to assess its primary purpose: supporting development in partner countries. Assessing aid solely as a budgetary cost may therefore overlook potential economic benefits within Sweden.

WHAT DOES THIS MEAN FOR SWEDEN?

The study challenges the blanket claim that development cooperation does not benefit Sweden's own economy. It finds a statistically significant association between Swedish bilateral aid and Swedish exports to recipient countries, covering both goods and services.

The working paper is: Martínez-Zarzoso & Lessing (2026). More than Meets the Port: Donor Export Effects of Foreign Aid Revisited, IAI Discussion Papers No. 258.

* This is an illustrative translation of a statistical estimate, not a direct financial return to the Swedish state or a forecast for a particular aid project.