

Peer Learning Country Report

Sweden

Sweden sees private sector engagement as a complement to traditional grant aid, not a universal solution. It uses aid catalytically to leverage additional flows, mobilise know-how and expertise from the private sector, and improve the poverty focus and quality of other financial flows (e.g. by promoting corporate social responsibility and sustainability in relation to investment). Poverty reduction and sustainable development are the primary objectives of Swedish development co-operation, including when partnering with the private sector. Sweden considers private sector engagement a cross-cutting approach and therefore neither has a sectoral focus in its engagements nor gears them toward particular regions. Its experience highlights the importance of ensuring that development objectives are the key determinant of partnerships with the private sector – private sector engagement should only occur when a private sector partner is best placed to realise development results. In Sweden's view, efforts by other members of the Organisation for Economic Co-operation and Development's Development Assistance Committee to support their own private sectors in private sector engagements undermine aid effectiveness. In terms of expanding and consolidating engagements, Sweden's experience shows the importance of allowing time to build staff capacities for private sector engagement and experiment with new mechanisms. Sweden has also found that policy dialogue is an effective tool, particularly when it is backed with financial resources to carry out initiatives. Finally, Sweden's experience demonstrates the importance of development additionality. Ensuring that private sector investments are more development-friendly is an important contribution that Development Assistance Committee members make in private sector engagements.

INTRODUCTION

On 16-20 November 2015, representatives from Austria and Denmark participated in a mission to Sweden as part of the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) peer learning exercise on working with and through the private sector in development co-operation. Supported by the OECD-DAC Secretariat, the mission included discussions with a range of government actors including headquarter and field staff, implementing partners, and representatives from the private sector, academia and civil society organisations (CSOs). Discussions touched on all aspects of the analytical framework for the peer learning exercise, including policies, institutional make-up, human resources, government co-ordination, operational frameworks and key insights related to the management of private sector engagement mechanisms and specific partnerships. Cross-cutting issues such as ensuring additionality, realising results, and monitoring and evaluation were prominent themes covered during the week.

This report provides an overview Sweden's approach to private sector engagement and key lessons learned. It also includes a list of key resources.

THE SWEDISH APPROACH TO PRIVATE SECTOR ENGAGEMENT

A number of drivers have supported increased engagement with the private sector in Swedish development co-operation. In 2008-09, the Swedish government began a reform process that focused on improving transparency, accountability and results in development co-operation. As part of this process, where the focus was on results rather than the channel of delivery or actor, the government broadened the scope of actors with which the Swedish International Development Cooperation Agency (Sida) works. In addition to international trends toward greater private sector collaboration in development that have influenced Sweden,¹ an inclination existed within Sida to work more with the private sector, which it considered to be an untapped potential partner for realising development results.

The Swedish government encourages Sida to complement and facilitate other financial resources to combat poverty and support long-term development. Private sector engagement and innovative finance are ways in which additional resources for sustainable development can be mobilised. As such, private sector engagement is a means for Sida to realise the overarching objectives set out in steering documents for Swedish development assistance, such as the 2014 [aid policy framework](#) and country, regional and global strategies.² At Sida, there was a specific budget for private sector collaboration during the first two to three years of operation, followed by efforts to decentralise strategies and approaches. The agency no longer has a specific strategy for private sector engagement.

Sweden sees private sector engagement as a complement to traditional grant aid, not a universal solution. It uses aid catalytically to leverage additional flows, mobilise know-how and expertise from the private sector, and improve the poverty focus and quality of other financial flows (e.g. by promoting corporate social responsibility and sustainability in relation to investment). Poverty reduction and sustainable development are the primary objectives of Swedish development co-operation, including when partnering with the private sector.

Since Sweden does not have a specific strategy for private sector engagement, it also does not have a dedicated budget. Sweden considers private sector engagement to be a cross-cutting approach and therefore neither has a sectoral focus in its engagements nor gears them toward particular regions. Currently projects are implemented in a wide range of areas, including the environment, agriculture, market development, and democracy, human rights and gender.

The needs of people living in poverty have always been the starting point for Swedish engagements with the private sector and engagement is relevant when it contributes to poverty reduction and sustainable development. Hence, private sector engagement is a means to an end and not a goal per se. Sweden maintains development partnerships with countries of focus and the principles of ensuring effectiveness and efficiency that apply to all development co-operation activities apply equally to private sector partners. In addition, a number of basic [private sector collaboration principles](#) apply to private sector engagements including: untied aid; not distorting markets; the use of additionality analysis; transparency and openness; adherence to sustainability and responsible business and investment norms and principles; and results focus, cost effectiveness and ensuring aid is catalytic.

Key actors and institutions

The Swedish government sets the policy priorities for Swedish development co-operation and gives directives to Sida and Swedfund, the Swedish development finance institution (DFI). Sida carries out implementation of development co-operation activities, including implementation of private sector engagement programmes and innovative financing initiatives. The agency strives to ensure a decentralised approach to private sector engagement, with embassies and regional and global programmes responsible for implementation. Two units within Sida support programming units to establish strategic partnerships, drive methodological development and use development loans, guarantees and other mechanisms specific to engagement with the private sector. Swedfund offers equity, loans, guarantees and technical assistance to private investors operating in developing countries, with a specific focus on sub-Saharan Africa. It also manages Swedpartnerships, a programme that provides small loans and grants to Swedish small and medium-sized enterprises investing in eligible developing countries. Swedfund is a limited liability company owned by the Swedish government.

Mechanisms for private sector engagement

Figure 1 provides an overview of the key mechanisms³ used by Sweden to engage the private sector in development co-operation. All mechanisms must align with Sida's country, regional and global strategies.

Figure 1. Sweden's mechanisms for private sector engagement



In terms of distributed amounts, challenge funds represent the largest share of Sida's grant-based private sector engagements. Table 1 provides an overview of Sida's portfolio as of June 2015.⁴ By mid-2015, private sector engagements totalling SEK 6.479 billion (approximately USD 760 million), accounted for roughly 8% of Sida's overall portfolio of total committed amounts when guarantee commitments are included.

Table 1. Sida's private sector engagement portfolio, total committed as of June 2015

Modality	SEK (millions)	Percentage of Sida's portfolio (total committed amount)
Challenge funds	791	1.0
Public Private Development Partnerships	324	0.4
Drivers of Change	611	0.7
Traditional private sector development projects, where part of the project involves the private sector directly	1 261	1.6
<i>Total private sector engagement, excluding guarantees</i>	<i>2 987</i>	<i>3.7</i>
Guarantee commitments for 2014	3 492	4.4
Total private sector engagements	6 479	8.1
Sida's portfolio (total committed amount, approximate)	80 000	100

LESSONS

Building blocks for private sector engagement

Politics and policies

► **Development objectives and desired results should determine the selection of partners.**

Sweden emphasises the importance of setting objectives first and then identifying the best partners to realise desired results. Partners can be, for instance, governments, international organisations, non-governmental organisations, knowledge institutions or the private sector. By using a development objective as the starting point, the flexibility exists to identify and explore potential partnerships with a wide range of stakeholders and ultimately select partners according to their ability to help realise development results.

Sweden's experience shows that a focus on poverty reduction as a primary objective of development co-operation, including when partnering with the private sector, can create space for development ministries and agencies to adopt iterative and measured approaches to exploring and increasing private sector engagement.

► **The use of development co-operation to promote domestic commercial interests undermines donor co-ordination with implications for aid effectiveness.**

Sweden upholds its commitment to untied aid and thus there is no confusion about or tension between objectives such as supporting sustainable development and promoting domestic commercial interests. The Swedish context is often characterised by a high level of trust, shared values and shared understanding of development aid vis-à-vis commercial interests.

The review of Sweden highlighted the practical implications of increasing pressure on DAC members to partner with their domestic private sectors in development co-operation. As DAC members focus on their own commercial interests alongside development objectives, it is more difficult for them to harmonise efforts, co-ordinate policies, pool resources and pursue joint initiatives.

Institutions

► **Leadership and ownership at all levels are critical for effective private sector engagement.**

Buy-in from the top levels – director general in public institutions and chief executive officer in the private sector – is critical for effective private sector engagement. At the same time, ownership by embassies and operational units is needed for the effective establishment and management of new partnerships in relation to existing strategies.

► **Factor in time and resource requirements when adopting new strategies and approaches.**

It takes a significant amount of time to develop effective strategies and approaches to private sector engagement. Sida's iterative approach supports its ability to test new ideas, establish strategies and approaches rooted in good development practice and learn from experience.

Effective use and implementation of private sector engagement also requires a readiness to recognise where skill gaps exist and acquire new expertise. Sweden's experience highlights a number of approaches to building in-house capacities. These include the recruitment of new staff with differentiated skill sets, secondments to embassies, creation of focal points or knowledge hubs at headquarter level, regular training sessions, and the development of toolkits and other materials on private sector engagement. The need for continued training and skills development should not be underestimated, given staff rotation and turnover, and neither should dependence on local staff for implementation.

Finally, the lack of a dedicated budget for working with and through the private sector provides incentives for government institutions to work with the private sector only when it is the most effective partner for realising desired development results. At the same time, a dedicated budget may be needed to test new ideas and innovative instruments in this domain and integrate them into partners' activities.

► **Recognise that a culture shift may be needed within organisations to increase private sector engagement, particularly when this form of partnership is new.**

For many countries, the integration of private sector engagements into regular operations and development portfolios will require changes in mindset and culture within organisations. Resources and time are necessary to ensure that stakeholders understand the value of private sector engagement and have shared terminology, information and expertise to recognise and pursue relevant opportunities. Good examples of successful private sector engagement are useful to increase openness to partnering with the private sector within organisations.

► **Integrate private sector engagement into regular operations and reporting systems.**

References to private sector engagement in regional and thematic strategies can be an important way to encourage staff to explore partnerships with the private sector. Efficiencies can be gained by including private sector engagement in regular information and reporting systems rather than creating specialised systems.

Co-ordination

► **Co-ordination between institutions that engage the private sector needs to be facilitated.**

Co-ordination between government institutions and DFIs is not automatic and therefore must be facilitated. Formal and informal co-ordination mechanisms can offer opportunities for continuous learning, knowledge exchange and synergies. Lessons can be learned from DFIs that have strong capacities in the area of due diligence and long traditions of ensuring the sustainability of investments and additionality. DFIs can learn from the expertise of donor agencies that have strong in-country presence and experience in working with a wide range of partners.

Focus and delivery of private sector engagement strategies

Countries and sectors

► **Private sector engagement can be an effective tool for working in fragile and conflict-affected contexts.**

Weak institutions in fragile and conflict-affected states can make it challenging for the private sector to operate. Nevertheless, space often exists to try new initiatives. Grounded in conflict analysis, private sector partnerships can contribute to market development, crowd in investments and improve development results. Moreover, good examples

of private sector engagement in fragile and conflict-affected contexts demonstrate that it is possible to move beyond humanitarian, transition and grant-based aid, though aid continues to play a critical role.

► **Private sector engagement is possible in all sectors.**

The use of private sector engagement as one approach among many opens up possibilities in all sectors. In this sense, the private sector is a partner in traditional sectors for engagement such as private sector development, energy and infrastructure, and in areas such as the environment, health and governance.

► **The focus on cross-cutting issues such as gender, human rights, the environment and anti-corruption is part of the value proposition that government and implementing partners bring to partnerships with the private sector.**

Private sector partners value the expertise that development ministries and agencies and DFIs bring to engagements. The integration of cross-cutting issues into projects is an important way to anchor partnerships and demonstrate how private sector engagements realise development objectives and development additionality. Nevertheless, such integration can be cumbersome for some private sector partners.

Partners

► **Government continues to have a role in strengthening the enabling environment for the private sector in partner countries.**

While private sector partners often welcome greater engagement, they also emphasise the ongoing roles of development aid in strengthening the business climate, such as supporting a level playing field and institutions, and fighting corruption.

► **Different types of private sector partners require different opportunities for engaging in development.**

Multinational companies often operate in many developing countries over the long term. Similarly, local private sector partners, which are grounded in local contexts, can be good partners for long-term sustainable development. However, these types of partners require different entry points to engage with donor agencies and DFIs given their varying levels of capacity and needs. Engagement tools should take into consideration the needs of different types of private sector partners and be effectively communicated to ensure that all stakeholders understand the opportunities that exist.

► **Focus on core business.**

Private sector engagement in development co-operation is not about encouraging the private sector to “do something good” to include in sustainability reports. It is about collaborating with private sector actors to harness the potential of their core business activities for the achievement of development objectives and encourage them to move toward increased sustainability and inclusive business. That it is private sector actors’ core business that is being engaged is critical for the sustainability of development co-operation activities and long-term development results. In this context, management buy-in is very important. Partnerships have a higher chance of success when all partners believe in the value of a partnership for realising their respective objectives.

► **CSOs require resources to effectively engage the private sector in development co-operation.**

CSOs play a number of roles with respect to engaging the private sector in development co-operation. They can serve as drivers of sustainable business practices through their watchdog role and as partners in implementation. Development ministries and agencies play a key role in supporting CSOs in this context, specifically in terms of convening and grounding partnerships. Ministries and agencies can also support CSOs (and other non-profit implementing partners) to develop projects and dialogue platforms with the private sector. The process of co-creation is typically resource intensive. Many non-profit partners do not have budgets from which they can draw to participate in project development and thus require additional support in early stages.

Sweden’s experience demonstrates that greater private sector involvement in development co-operation has implications for traditional partners – namely CSOs and international organisations – in terms of human resourcing and historical ways of operating. Like development ministries and agencies, traditional partners will require resources and time to effectively develop their approaches to private sector engagement, particularly since they are increasingly asked to work with the private sector by funders.

Tools for private sector engagement in development co-operation

Suite of tools

► **Develop a flexible suite of private sector engagement mechanisms that work together.**

Private sector engagement mechanisms should work together, with possibilities to tailor them according to partner type and local context. Smaller businesses require more technical assistance and longer-term support than larger multinational partners. In this context, challenge funds that cater to smaller businesses and offer technical assistance may serve as an appropriate engagement mechanism. Mechanisms such as guarantees can be combined with other financial instruments to catalyse additional resources. A strategic approach to the development and use of private sector engagement mechanisms is integral for realising synergies.

► **Dialogue is an effective tool for promoting sustainable business practices and developing partnerships.**

Dialogue with the private sector allows development actors to broach sustainability issues with respect to core business operations. Sweden's experience with the Swedish Leadership for Sustainable Development network (see [partnership profile](#)) shows that a measured approach is needed in this regard – not all issues can be discussed at once and from the outset. Moreover, building trust between the private sector and development actors over time enables focusing attention on more controversial issues. In this context, the role of a development ministry or agency as a neutral facilitator to bring partners and competitors together is important because it helps to build confidence, especially among competitors, that it is acceptable to collaborate. Dialogue processes also enable the identification of private sector champions that can lead by example and bring other private sector actors along in terms of adopting and implementing standards and inclusive business approaches.

Backing up dialogue with a willingness to commit financial resources is also an effective approach to private sector engagement. It ensures that dialogue leads to concrete actions. Moreover, the risks associated with partnerships tend to be reduced when partnerships emerge from dialogue processes because partners typically trust each other and have greater shared understanding of key challenges and how they can be resolved.

► **Work with and learn from like-minded donors where possible to maximise the effectiveness and impacts of private sector engagement.**

Multi-donor initiatives are a good way to harmonise efforts around key issues, combine available resources to reach scale, create and improve shared standards including in the area of oversight, and reduce duplication of efforts. Trust, flexibility and the ability to address specific issues are important factors in successful initiatives. Further scope exists to develop joint initiatives with like-minded donors to promote private sector engagement. For example, approaches to oversight of implementing partners that are supported by a range of donors could be harmonised.

A number of blueprints, tools and innovations exist with respect to how to work best with the private sector. DAC members can gain efficiencies in the development of new mechanisms and partnerships by exploring and adopting best practices from other members.

► **More complex engagement mechanisms and partnerships require greater human resources.**

The use of non-traditional financing mechanisms should be matched with varied and greater staff capacities. For example, programme staff may require support from specialists within their organisation, as was seen in the case of Sida's guarantee programme. Challenge funds necessitate strong capacity for assessing market system impacts and managing a large number of partners. Partnerships with larger companies require significant investments to explore potential collaborations, which do not always lead to concrete projects, though dialogue itself is valuable and can lead to changes in the way companies carry out their activities. Multi-stakeholder partnerships add complexity to project design, placing higher demands on staff time. Sweden's experience highlights good knowledge of strategies, partners, mechanisms and local expertise as key success factors in establishing partnerships at the country level. Resourcing in terms of staff time and capacities is imperative to ensure the effectiveness of and reduce risks in private sector engagements.

Supporting innovation

- ▶ **Identify desired systemic changes at the outset during the establishment of partnerships and projects.**

Consider desired systemic changes from the start and plan how partnerships will move from pilot projects to broader systemic changes. Such planning is important at both project and mechanism levels. At project level, ministries and agencies should consider whether pilot projects will be scaled later if successful. At the mechanism level, mechanisms that provide grant funding may need to be linked to less-concessional financing schemes or provide support to partners to access commercial financing once grant periods have ended.

Measurement challenges in working with and through the private sector

- ▶ **The effective tracking of private sector engagement activities requires new and updated data management and information systems.**

DFIs, including Swedfund, have well-developed systems for monitoring and evaluation of the impacts of investments. In addition, there have been strong efforts to synchronise frameworks to monitor sustainable investments across DFIs.

For many DAC members, existing data management and information systems may require updating to effectively capture the totality of private sector engagements. Tracking activities is particularly challenging when funding for private sector partnerships is allocated through CSOs, international organisations or knowledge institutions. In this context, a specific marker for private sector engagement would be helpful for monitoring and reporting when funds are allocated through traditional partners as part of a private sector partnership. This marker could also facilitate better monitoring and tracking of leverage and results when working with the private sector. This issue could be addressed through adjustments to the OECD-DAC Creditor Reporting System.

Leverage

- ▶ **The catalytic impact of private sector engagements should be understood in terms of tangible and intangible impacts.**

For Sweden, catalytic impact is understood more broadly than in terms of financing alone. Throughout the mission, Swedish staff frequently referred to how the process of collaboration changes mindsets in the private sector and approaches to conducting core business. Such shifts create potential for long-term impacts beyond individual partnerships. Moreover, when the mindsets of industry leaders change, there is a catalytic impact in terms of initiating a race to the top with other companies in the industry.

- ▶ **The contribution of guarantees to development should be better reflected in official development assistance reporting systems.**

Guarantees are a useful and cost-effective private sector instrument for leveraging private flows. Sweden has used small amounts of funding to leverage significant funds through its guarantee commitments. However, the full value of a guarantee is not captured in official development assistance reporting systems unless the guarantee is called, which is a disincentive for DAC members to make use of guarantees. Efforts to include private sector mechanisms in official development assistance are set to address this issue.

Additionality

- ▶ **Additionality is about finance and development results.**

The quality of private sector engagements in development co-operation is as important as ensuring that government funds fill financing gaps. Financial additionality is about ensuring that finance is additional to what the market is willing to provide or, in other words, that development funds are used to enable projects and investments that would otherwise not materialise, while ensuring that markets are not distorted. Development additionality is equally important. The value addition of government and implementation partners includes their networks, contacts and expertise. Also, they push for private sector initiatives to be more inclusive, consider issues such as gender equality and the environment, and ensure that activities are rooted in good development practice.

Potential partnerships should be examined in terms of financial and development additionality. DAC members should evaluate their value addition in terms of whether they ensure that initiatives have greater development impacts as a result of government involvement. Specifically, they should consider whether they build on business motivations and work to reinforce activities already being undertaken by the private sector to ensure due consideration for development results.

Results

► **Find new ways to communicate the intangible results of private sector engagement.**

Existing monitoring and results systems do not fully capture the range of impacts and benefits of working with the private sector, which is particularly true in the cases of policy dialogue and co-creation processes that may not include financial disbursements, but may lead to significant changes in business models and approaches. There is a need for creative ways to report on the results of engagements that do not always lead to concrete projects. Such reporting would be valuable for garnering support for private sector engagement within organisations and with traditional partners.

► **Adapt results frameworks to meet the needs of all partners.**

Partners – government, implementing partners and the private sector – each have their own desired results. Results frameworks and metrics should be adapted to meet the needs of all partners.

Monitoring and evaluation

► **Allocate resources for monitoring and evaluation.**

The use of existing monitoring and evaluation systems appears to be a sensible and efficient approach to integrating private sector engagement into development portfolios. Nevertheless, more complex mechanisms, such as guarantees and blended finance, require greater capacities and improved systems for monitoring and evaluation, which necessitate additional resources. As DAC members move forward with increasing their engagements with the private sector, there is also a need to dedicate resources to evaluating the efficiency and effectiveness of private sector engagement approaches, particularly in relation to traditional mechanisms.

KEY RESOURCES

Policy and approach	
Sida (2012), <i>Collaboration with the private sector</i> , Swedish International Development Cooperation Agency, Stockholm, www.sida.se/globalassets/global/about-sida/private-sector---collected-info.pdf .	Publication summarising and providing examples of modalities and programmes – Public-Private Development Partnerships, challenge funds, Innovations Against Poverty, Drivers of Change, and Innovative Financing – and outlines Sida’s guidelines for sustainability.
Operational frameworks and guides	
PricewaterhouseCoopers AB (2012), <i>Innovations Against Poverty: Guide for Applicants</i> , Edition 3, Swedish International Development Cooperation Agency, Stockholm, www.sida.se/globalassets/global/innovations-against-poverty/new-upload-of-documents-sept-2012/application-guide_iap-edition-3.pdf .	A guide for applicants that covers financial assistance, technical support, eligibility criteria and reporting requirements.
Sida (30 June 2014), “Private Sector: Collaboration principles”, www.sida.se/English/partners/our-partners/Private-sector/Collaboration-principles/ .	Website on private sector engagement that summarises sustainable and inclusive business models.
Sida (2013), <i>Guidelines: Challenge Funds</i> , Swedish International Development Cooperation Agency, Stockholm, www.sida.se/contentassets/3aa2456211934e8dac038ea55fcdcccd/guidelines---challenge-funds_3466.pdf .	A guide based on Sida’s and other actors’ work using challenge funds in development assistance. Summarises the use of challenge funds as a method to achieve development results, including eligibility, additionality, grant size and monitoring. Includes examples and lessons learned.
Sida (2012), <i>Swedfund’s Code of Conduct</i> , www.swedfund.se/media/1319/swedfund_code_of_conduct.pdf .	Document that outlines the core values of Swedfund and the conduct expected from its employees and portfolio companies.
Results, evaluations and reviews of private sector engagements in development co-operation	
Andersson, J., J. Norén and I. Christoplos (2014), <i>The Evaluation of the Challenge Fund Innovations Against Poverty, IAP</i> , Sida Decentralised Evaluation 2014:40, Swedish International Development Cooperation Agency, Stockholm, www.sida.se/contentassets/e6840da40ee40f08ea9ebf000e6fb39/2bb8e270-cbce-4724-a5b1-d3e172621bd5.pdf .	An evaluation of Innovations Against Poverty, a pilot challenge fund established in 2011 to support innovative business ventures. The evaluation identifies links between programme components (e.g. financial grants) and high-level results (e.g. commercial viability of grantees and impacts on the poor).
Johansson de Silva, S., A. Kokko and H. Norberg (2015), <i>Now Open for Business: Joint Development Initiatives between the Private and Public Sectors in Development Cooperation</i> , Rapport 2015:06, Expertgruppen för biståndsanalys (Expert Group for Aid Studies), Stockholm, http://eba.se/wp-content/uploads/2015/11/2015-11-private-and-public-sectors-in-development-cooperation.pdf .	A comprehensive report that covers leveraging private sector involvement, joint development initiatives in Swedish development co-operation and how effectively joint development initiatives address development challenges.
Swedfund (2015), <i>Sustainable Business: Swedfund’s Integrated Report 2014</i> , Swedfund, Stockholm, www.swedfund.se/media/1619/swedfund-integrated-report-2014.pdf .	A comprehensive report covering Swedfund’s policy work, investments, stakeholder analysis and interviews, financial records (income statement, balance sheet, equity and cash flow statement) and corporate governance.

Notes

1. For example, at the Fourth High Level Forum on Aid Effectiveness in 2011, Sweden and other donors agreed to work more closely with the private sector in development co-operation. More recently, discussions at the Third International Conference on Financing for Development in 2015 gave significant attention to the role of the private sector and private finance in realising sustainable development.
2. In 2014, the Swedish government introduced its aid policy framework, which sets out the overarching objectives for Swedish development assistance. These include: strengthen human rights, reduce poverty, achieve environmental sustainability, improve basic health, reduce conflicts and provide humanitarian aid. The current government is working on a new framework to better correspond to the Sustainable Development Goals, Addis Ababa Action Agenda of the Third International Conference on Financing for Development and its own political priorities. The new framework is due to be finalised in autumn of 2016.
3. Sida also has a development loan instrument that allows it to provide a grant alongside a lender to make a blended loan with a concessionality element of up to 80%. Development loans aim to fund investments that will generate reflows, but are financially challenged at the outset (i.e. projects may need some concessionality to be commercially viable). It is unable to issue loans that might be returnable owing to regulatory constraints. The agency has put forward a proposal to the Swedish government to introduce a new bilateral loan instrument. It is also experimenting with innovative financing instruments, such as output-based aid and results on delivery aid.
4. Information obtained from an internal Sida report.

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