

Supporting pro-poor growth



Pro-poor growth

One key feature of Sweden's development policy is that all policy areas—or example trade, security, agriculture, environment, migration and the economy —are to contribute to global development. The specific goal of Sweden's development cooperation is to make it easier for poor people to improve the quality of their lives. One way of doing this is to pave the way for economic growth that will benefit the poor. One mission for Sida's Department for Infrastructure and Economic Cooperation (INEC), is to find measures that contribute to pro-poor growth.

CREATING THE BASIS FOR PRO-POOR GROWTH

Market Development.....	3
Infrastructure and financing	4
Urban development	5
Contract-financed technical cooperation.....	6
ICT for development.....	6
Facts and figures.....	7



Photo: Victor Brött

In the Swedish Government report: “The Rights of the Poor – our common responsibility”, poverty is defined as a lack of capacity, lack of security and lack of opportunities. In Sida’s “Perspectives on Poverty”, poverty is said to deprive people of the freedom to decide over and shape their own lives. Thus poverty is both a lack of material resources and a lack of power.

It is important to underline that it is the poor themselves, striving from one day to the next towards a better and fuller life, who are the main participants in efforts to reduce their poverty.

Under certain given conditions, economic growth is the key to better living conditions and to less suffering for poor people. However, poverty reduction is not a given consequence of economic growth. It must be combined with the political determination to achieve positive effects for the poor and a structure in which the private sector and the public sector complement each other.

Research findings of recent years show that economic and political measures that benefit the poor often benefit economic growth. If, for example, a government is successful in reducing the huge bureaucratic obstacles that sometimes stand in the way of starting up companies, this contributes both to general growth in the economy and to creating job opportunities and incomes for poor people. However, there are also situations when hard policy choices have to be made in order to achieve growth which benefits poor women and men.

One important mission for development cooperation is to contribute to a climate that is favourable to economic growth in the partner countries. The private sector is the engine of economic growth and it functions best in a sound business climate that has components such as specific legislation to safeguard ownership rights, competition, and an efficient finance market which can offer risk capital. A stable macro climate (peace, democracy, stable currency etc) is essential, and the economy should be open to trade. An efficient infrastructure is also a prerequisite for economic growth since few companies can function well without roads, reliable energy supplies, and so on.

Sida's Department for Infrastructure and Economic Cooperation (INEC) is engaged in numerous activities in all these sectors: private sector development, trade, financial systems (including microfinance), energy, transport, and urban development (including urban environment). The Department is also responsible for contract-financed technical cooperation, credits, guarantees and information technology.

AN INTERNATIONAL PERSPECTIVE

The Millennium Goals established by the international community in 2000, aiming at the eradication of poverty, put the role of the private sector in a new light, namely as:

- an engine of improved economic growth;
- a means to generate the required domestic resources for investments in human resource development in the fields of health, infrastructure and education;
- a potential provider of some of these essential services;
- a direct partner in trade and technology transfers.

Sweden places strong emphasis on economic growth as a precondition for poverty eradication, linked to effective markets, open trade regimes, good governance and democratic government. Sweden also stresses that growth must be environmentally sustainable, based on human rights and gender equality, and combined with equitable distribution policies.

Making markets work for the poor



The objective of Sida's support for developing markets is to strengthen the private sector, the financial sector and the position of the partner countries in the global trading system.

Private Sector Development

Private Sector Development rests upon four basic elements:

- competitive markets, including clear and non-discriminatory rules of the game, ensuring a "level playing field";
- entrepreneurship as the source of innovation and change;
- fair, non-discriminatory and effective property rights;
- decent working conditions and sustainable use of the environment.

Private Sector Development is not limited to a sector in the conventional sense, but encompasses agriculture, manufacturing and services, including trade, and increasingly also infrastructure and social services. It also includes all types of participants in markets: the self-employed in the informal economy; small, medium and large enterprises; and transnational companies.

Financial sector

Helping developing countries to build up a financial sector is an integral part of the struggle to reduce poverty in the world. Research findings show that an efficient financial infrastructure is essential for economic growth in all economies that have left the simple barter economy.

Sida's contributions in the financial sector are in a large number of fields: from advising governments on policies for entire sectors and providing support for the production of new legislation, to contributions for strengthening central banks or for supporting the emergence of sustainable micro-banks.

Trade

With the goal of integrating developing countries into the world economy and world trade, Sida has the objective of:

- strengthening the capacity of developing countries to identify and formulate their trade policy interests and to participate actively in international negotiations on trade agreements;
- strengthening local know-how and institutional capacity required for effective trade;
- strengthening production and the capacity to meet the requirements of export markets, thereby benefiting from entry into more markets.

further reading...

- Making markets work for the poor
- Policy Guidelines for Sida's Support for Private Sector Development
- Guidelines for Sida Support to Corporate Social Responsibility
- Sida's Policy for financial sector development
- Policy for Sida's work with trade and development (available in Swedish only)
- Trade, development and the environment
- The Informal Economy – Fact finding study
- Trade brief on Trade and Poverty
- Trade brief on the WTO Dispute Settlement
- Trade brief on Standards as barriers to trade
- Trade brief on GATS and developing countries
- Trade brief on Trade in agriculture
- Trade brief on TRIPS and Development
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se

They can also be ordered from: +46 8 69850 00



Photo: Dibyangshu Sarkar/Pressens Bild

The textile industry is of great importance in many developing countries. Favourable trade agreements for textiles could therefore have considerable effects on economic growth.

INFRASTRUCTURE AND FINANCING

further reading...

- Policy for Sida's Assistance to a Sustainable Energy Sector
- Climate and Development
- Guidelines on Microfinance
 - Evidence from Impact Assessment
 - Rural Microfinance
 - Housing Microfinance
- Urban Transport in Swedish Development Cooperation
- Sida's financial instruments
- Sida's Policy for Credit-Financed Development Cooperation
- Soft loans – guidelines
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se

They can also be ordered from: +46 8 698 50 00



Sida contributes to improving global awareness of road safety.

The necessary infrastructure

Sida has supported the development of roads and railways; distribution of electricity; power stations, and telecommunications in the partner countries for many years. The focus is now primarily on energy and transport.

Energy

The overall objective of Sida's support for energy sector development is to assist in developing sustainable energy systems that enable poor people to improve their lives. Our cooperation stands on two pillars:

- support for institutional development. In order for energy systems in developing countries to contribute to poverty reduction in a sustainable way, effective and sound institutions must be established;
- support for investments. Sida provides grants for technical assistance and capacity building, and supports investments in energy systems through grants, credits and guarantees.

At present, Sida is cooperating in the energy sector in the following countries: Tanzania, Uganda, Mozambique, Zambia, Vietnam, Sri Lanka, Palestine, China, Mongolia, Serbia, Kosovo, Moldova, Russia and Ukraine. Sida also supports regional initiatives such as the Southern African Power Pool, the Nile Basin Initiative and Greater Mekong Subregion.

Transport

An effective transport system is essential for economic and social development and will contribute to reducing poverty, for example by providing better access to markets and social services. Key issues include:

- multi-sectoral aspects of traffic safety;
- access and mobility;
- local resources, ownership and responsibility;
- reforms at national and local levels;
- non-motorised transport.

Financing

Sida is working with several different forms of finance for investments:

- grant aid;
- guarantees;
- credits.

Where credits are concerned, there are several models:

- soft loans;
- concessionary credits;
- conditional loans;
- credit lines.

The type of financing that is best for a project is determined, for example, by how poor the recipient country is, whether the project can generate revenues, and what effects the project can be assumed to have on development in the country.

A better life in the growing cities

More than half of the world's population will soon live in cities. In many countries population growth in rural areas has come to a standstill while the cities continue to grow unabated. The proportion of the urban population living in absolute poverty is growing rapidly and urbanisation of poverty is a trend in many poor countries. The rapid movement of people from rural to urban areas that is now taking place in Africa, Asia and Latin America is without historical parallel. It necessitates considerable adjustments for the countries concerned and has far-reaching effects, for example on the economy, the environment, culture, social welfare and politics.



Photo: Kina Robbertst

Some 90 000 families have improved their houses through Sida's housing programmes in Central America.

There is a proven connection between high rates of economic growth and high levels of urbanisation. But, with the speed and scale of urban growth in the developing world where infrastructure and other resources are insufficient to cater for the new people moving in, a number of problems are created. The consequences are serious, not only locally but also at the global level.

Sida's support focuses on:

- interventions that directly improve the lives of the urban poor, slum-dwellers, for example through special credit-schemes for small housing-loans, support for the provision of security of tenure, and access to basic services;
- strengthening local authorities in their role as municipal service providers in fields such as waste management, public transport, water and sanitation;
- support for the re-use of historic buildings and their recognition as an economic resource for local development;
- prevention and mitigation of the effects of urban pollution of the air, rivers and coastal areas (the urban footprint) through cooperation with local, regional and global bodies.

URBAN DEVELOPMENT

further reading...

- Towards an urban world
- Pure Water – Strategy for Water Supply and Sanitation
- Pure Water – a short version
- Guidelines for Sida's Development Cooperation Caring for Cultural Heritage
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se

They can also be ordered from: +46 8 698 50 00

CONTRACT FINANCED TECHNICAL COOPERATION

further reading...

- Contract Financed Technical Cooperation
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se

They can also be ordered from: +46 8 698 50 00



Swedish expertise is provided

Swedish consultants, institutions, and government agencies play an important role in providing Swedish skills and expertise for the development of low and middle income countries.

Sida's contract-financed technical cooperation programme provides Swedish expertise in sectors of strategic importance for development and poverty reduction. The countries receiving support are not major Swedish development cooperation partners.

Sida is financing 70–80 projects in some 25 countries within the framework of contract-financed technical cooperation. The projects have specific goals, are limited in time, normally 3–4 years, and have a budget of SEK 3–12 million. One important objective is to strengthen the capacity of authorities and institutions to deal with environmental, social, and human rights issues, etc. This will help improve the situation of the poor in the long-term perspective. Sida supports projects in fields such as

- environment;
- public administration;
- human rights;
- democracy;
- health.

Some 50 Swedish organisations participate in the contract-financed technical cooperation programme each year.

ICT FOR DEVELOPMENT

further reading...

- Sida Strategy for IT in Development Cooperation
- Country ICT Surveys
 - Tanzania
 - Mozambique
 - Rwanda
 - Sri Lanka
 - Nicaragua
 - Zambia
 - Namibia
- Evaluations and reports
 - Mozambique ICT Study II
 - Sri Lanka University ICT project
 - ICT and universities
 - ICT training in Sri Lanka and Tanzania
 - Open Source Software (OSS)
 - The regional training programme in design, installation, administration and maintenance of Network Systems.
 - SchoolNet Namibia
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se

They can also be ordered from: +46 8 698 50 00

New technology—new opportunities

The use of new technologies for information and communication (ICT) will help developing countries to make more efficient use of their resources. ICT can also strengthen openness in societies and democratic governance. Good Internet connectivity helps developing countries to benefit from the global economy.

If new technologies are to be used efficiently, there is a need for investments in knowledge and physical infrastructure. Development cooperation agencies, such as Sida, can play an important role in assisting developing countries to provide resources for this, and in brokering experience of practical applications of ICT in different sectors of the economy.

Sida's mission is to integrate ICT initiatives in all areas of operations.

Photo: David Dahmén/Pressens Bild



The Internet can reduce isolation and provide new opportunities in poor countries.

Facts and figures...



Sida is a Swedish government agency that reports to the Ministry for Foreign Affairs. In 2004 Sida had approximately 750 employees of whom 165 were working abroad, mostly at one of Sida's 40 offices in the partner countries.

The Government appoints the members of Sida's board and Sida's Director General. Sida is responsible for most of Sweden's contributions to international development cooperation. In 2004, the contributions (bilateral and multilateral) amounted in total to SEK 21 751 million.

Sida's work is guided by Sweden's Policy for Global Development, by its annual directives and appropriations from the Government, and by three internal documents: Sida Looks Forward, Perspectives on Poverty and Sida at Work.

The overall goal of Sida's work is to improve the standard of living of poor people and, in the long term, to eradicate poverty.

further reading...

- Sweden's Policy for Global Development (2003/04:UU3)
- Sida's Annual Report
- Sida Looks Forward (describes Sida's role as a development partner)
- Perspectives on Poverty (A mind map for Sida's work with focus on the overall mission, poverty reduction)
- Sida at work
- www.sida.se

The documents can be downloaded from Sida's website, www.sida.se.

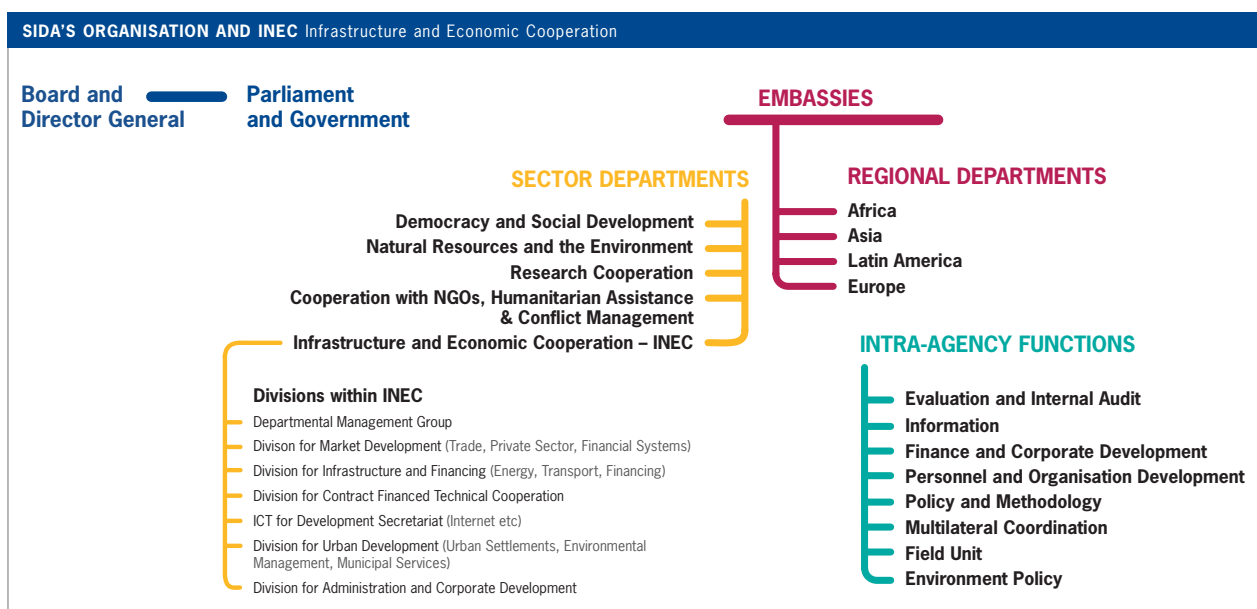
They can also be ordered from: +46 8 698 50 00

For further information
please contact:
info@sida.se

SIDA'S BILATERAL COOPERATION 2004 costs SEK '000	
Operational Area	2004
Democratic Governance and Human Rights	3 302 315
Social Sectors	3 600 108
Infrastructure, private sector development urban development and financial systems	1 966 205
Natural Resources	1 320 656
Other operating areas	2 175 072
Total	12 364 356

INEC'S ACTIVITIES 2004 Disbursements '000 SEK		
Sector	INEC's disbursements	Sida (total)
Transport	165 027	377 485
IT communications	52 788	97 256
Energy	178 008	397 107
Water supply and sanitation	168 430	322 362
Housing and construction	3 064	170 587
Urban development	68 734	188 743
Trade and industry	163 047	325 497
Financial sector	14 985	75 444
Other within infrastructure, trade etc	802	32 900
Total	814 885	1 987 381

INEC works with direct contributions in Sida's partner countries as well as with regional and global programmes. This is reflected in INEC's disbursements. INEC also offers support and advice to embassies to which responsibilities for programmes of development cooperation have been delegated.



UGANDA

Support for the extension of the national electricity supply system in Kabale.

HONDURAS

Housing programme provides small loans to poor families.

SRI LANKA

Development of business environment, market access and enterprise culture.

UGANDA

Export Promotion of Organic Products from Africa – EPOPA.

GLOBAL

Marketplace Textilica is a meeting place for new business contacts.

CHINA

Finding models for implementing the guidelines in the UN-document Agenda 21.

EGYPT

Support for the restoration of the ancient temples in Luxor.

NAMIBIA

500 schools are connected to the Internet thanks to SchoolNet Namibia.

GLOBAL

Sida is working to improve global awareness of road safety.

GUATEMALA

Housing programme provides small loans to poor families.

UGANDA

From 4 000 telephones to 311 000 in just four years with contributions from Sida.

NICARAGUA

Support for new information technology at several universities.

SERBIA

Support for the development of the energy sector.

START SOUTH/EAST

A programme that provides loans to business activities in Sida's partner countries.

TANZANIA

Support to the Chamber of Commerce in Tanzania.

KENYA

Support to Kenyan efforts to reduce poverty in the slum areas in Nairobi.

BANGLADESH

Volvo buses contribute to improving public transport in Dhaka.

SOUTH AFRICA

Support to a fund for Swedish and South African companies

MOZAMBIQUE

Support for improving electricity distribution in some rural areas.

SOUTH AFRICA

Support to Marang Financial Service that provides small loans to entrepreneurs.

COSTA RICA

Support for better road safety (contract-financed technical cooperation).

MOZAMBIQUE

Support to the port in Maputo to provide a boost for the economy.

Poverty reduction requires economic growth. A mission for Sida is therefore to facilitate economic growth.

NICARAGUA

Housing programme provides small loans to poor families.

GLOBAL

Micro-financing gives poor people access to financial services.

GLOBAL

Trade promotion services are provided at www.cci.se

TANZANIA

Restoring the remarkable Stone Town in Zanzibar.

UGANDA

A concessionary credit for a major hydropower station in Uganda.

GUATEMALA

Support for a property register that covers the entire country.

CHINA

Concessionary credit for district heating in Tianshui.

CAMBODIA

Support for improvement of the roads in the Siem-Reap province.

TANZANIA

Support for the development of a new energy policy in Tanzania.

TANZANIA

Free open office. Software translated to Ki-Swahili.

ZAMBIA

Environment-friendly electricity via solar cells to Zambia's Eastern Province.

JAMAICA

Support for the production of reliable statistics.

CHINA

Education of two million young people in HIV/Aids and sexuality.

SRI LANKA

Development of an employment service system in public-private partnership.

GLOBAL

Strengthening the least developed countries' position in trade negotiations.

RUSSIA

Making life easier for the inhabitants of Novgorod and improving the environment.

SRI LANKA

Concessionary credit for a new laboratory for research into tropical diseases.

SRI LANKA

Cooperation between the Swedish Riksbank and the Central Bank in Sri Lanka.

GLOBAL

100 000 entrepreneurs have been trained in "Start and Improve Your Business."

THE PHILIPPINES

Support for a system for waste management in Surigao city.

ZAMBIA

Support for the establishment of a state energy authority.

MONGOLIA

Support for the development of local democracy in Mongolia.

MOZAMBIQUE

New holistic approach will spur development in Niassa Province.

SOUTH AFRICA

Support for integrated urban development in three cities in South Africa.

BANGLADESH

A large scale programme for the development of small enterprises.

KENYA

Improving rural roads in several districts.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden
Telephone: +46-(0)8-698 50 00
Telefax: +46-(0)8-20 88 64