PORTFOLIO INSIGHTS, MAY 2009

Sida's disbursements to market development

Sida's disbursements to market development amounted to SEK 533 million in 2008, distributed over 170 contributions[1]. This equalled 3.4 per cent of Sida's total disbursements in 2008. Disbursements fell by 18 per cent compared to SEK 651 million in 2007, but only 5 per cent compared to 2006. These variations in disbursements are affected by individual disbursements and are not indicative of a long-term trend.

Main areas of support

1. Private sector

Sida's activities include support to strengthening the business enabling environment through legal and regulatory reform and improved government services to promote the private sector; developing business development services, such as access to market information; and strengthening specific business organisations.

Business Environment Strengthening for Tanzania (BEST)
The BEST programme aims at improving the business environment in Tanzania, particularly for micro, small and medium sized enterprises in which the majority of the poor are engaged. The activities focus on reducing administrative barriers for business, improve the quality of services provided by government to the private sector and private-public sector dialogue. In partnership with Denmark, the Netherlands, the UK and the World Bank, Sida has contributed SEK 40 million to BEST between 2003–2008, which corresponds to 24 per cent of its budget.

2. Trade policy and regulations

Sida's contributions include support to overall trade policy and planning capacities, training and participation in regional and international trade negotiations, in addition to support to particular aspects of trade policy, such as standards, technical regulations, intellectual property rights, trade facilitation and trade and environment.

Trade Policy Training Centre in Africa (TRAPCA)
TRAPCA is a trade policy training centre that aims to increase trade policy knowledge and skills among stakeholders in least-developed countries and Sub-Saharan Africa. The centre is located at the Eastern and Southern Africa Management Institute (ESAMI) in Arusha, Tanzania, and collaborates with Lund university, Sweden. As the only donor, Sida has supported TRAPCA since its inception in 2006 and has committed SEK 98 million to finance its activities for the first programme period (2006–2010).

3. Financial systems

Sida's contributions are directed at public financial institutions, including support for the development of monetary policies and money markets, legal and regulatory frameworks, and supervisory capacity; local capital markets, including greater access to credit for small- and medium-sized enterprises; and access to financial markets for the poor, with a focus on micro-finance.

Financial Sector Reform and Strengthening (FIRST) Initiative
FIRST is a multi-donor grant facility that provides technical assistance to promote financial sector strengthening in low- and middle-income countries. The facility focuses on financial sector regulation, supervision and development and financial sector development programmes. FIRST has recently been extended to 2012 with funding of USD 100 million in total. Sida contributed SEK 10 million in 2008.

4. Employment

Sida's activities aim at employment generation and the informal economy and cover employment policy and planning, labour laws, labour unions, institutional capacity building and advice and support programmes for the unemployed.

Women in Informal Employment: Globalizing and Organizing (WIEGO)
WIEGO is a global network that works with capacity and policy development to improve the status of the working poor, especially women, in the informal economy through research, statistics and networking. Network members include unions, associations of informal workers, researchers, statisticians and development professionals. Sida provided support to establish the organisation in 1997 and is presently contributing SEK 12 million for a four year period (2008–2011).

[1] The amounts include contributions classified as market development, but not market development activities included in contributions in other sectors, e.g. agriculture.

Sida

Sidas disbursements

Around 60 per cent of the disbursements were destined to global and regional programmes, while 13 per cent went to countries with which Sweden conducts long-term development cooperation. One tenth of the disbursements went to countries in Eastern Europe.

Sida's support to market development was distributed among four main areas: private sector (43 per cent of the disbursements in 2008), trade policy and regulations (30 per cent), financial systems (21 per cent) and employment (6 per cent)[2].

[2] Private sector development includes Sida's trade development activities. Sida's disbursements to Aid-for-Trade amounted to SEK 2 154 million in 2008, distributed between support to trade policy and regulations (SEK 161 million) and trade development (SEK 135 million) and broader support to economic infrastructure (SEK 734 million) and building of productive capacity (SEK 1 123 million).

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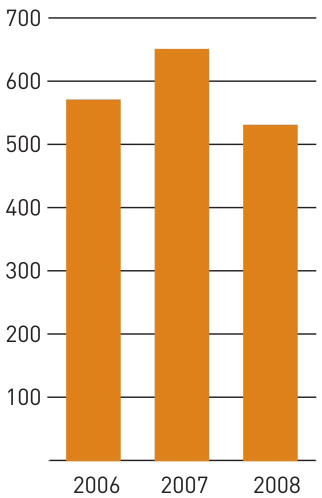
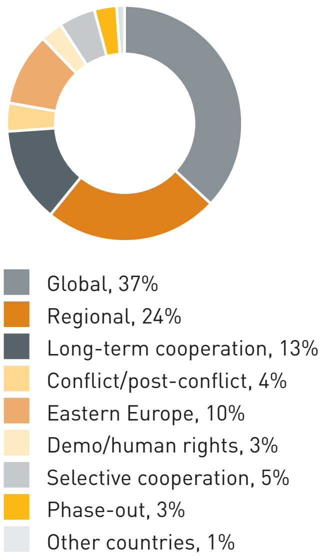
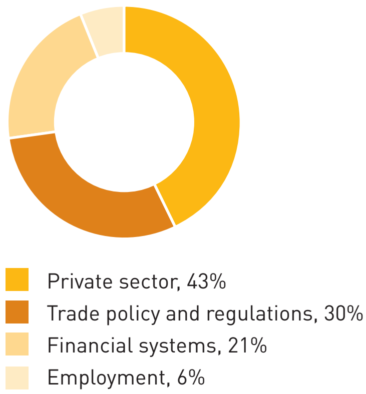
Disbursments total 2008, Million SEK



Disbursments per country category 2008, per cent



Disbursments per main sector 2008, per cent



Highlights

Market development features in a number of Swedish country and regional strategies that have recently been finalised, often in conjunction with related areas, such as agriculture. Work is on-going to operationalise these strategies.

During 2008 Sida contributed to the policy on economic growth within development co-operation that is being developed by the Swedish government. Sida is also actively engaged in the follow-up of the international Commission on Growth that launched its final report in May 2008. More information on economic growth and Sida's work with the issue can be found at http://www.sida.se/sida/jsp/sida.jsp?d=1576.

Sida continued to work with partner countries to promote financial stability through e.g. competence development for financial institutions and central banks, and international programmes aimed at strengthening the macro-economic and debt management capacity of partner countries (e.g. with the IMF).

The Doha round of trade negotiations moved at snail's pace. Meanwhile, Sida continued its work to ensure that Sweden delivered on its share of the EU commitments to Aid for Trade. During 2009 Sida will work on its contribution to a new Swedish policy for trade within development cooperation, which will inter alia draw on the results from the evaluation of Sida's trade-related contributions that was initiated in the beginning of 2009.

In private sector development, Sida was engaged in a range of methodological efforts, such as Making Markets Work for the Poor (M4P). Another theme was a Sida internal project on the role of market systems in agriculture and how Swedish development cooperation may support the development of such systems to the benefit of poor small-holders. Finally, Sida was engaged in developing approaches to private sector development in conflict affected environments both internally and with other donors in the Donor Committee for Enterprise Development.

Art. no.: SIDA52465en