Sida's Portfolio within Market Development 2012

Economic growth is needed to reduce poverty. But growth in itself is not enough, economic development must benefit the poor. Sida promotes market development through support to Private Sector Development, Trade and Financial Systems.
This overview shows Sida´s disbursements to the sector divided by subsectors and country/region in 2012.

Main areas of support

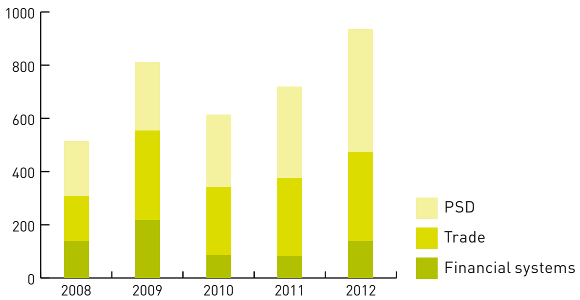
Poor people depend on markets for income, goods and services. But often markets for jobs, staple foods, inputs for production and essential services do not operate in a way that meet the needs of poor people, especially women. Markets can be inaccessible and market systems need to be improved in order to increase economic choices and opportunities for the poor. Sida uses the approach Making Markets Work for the Poor (M4P) in the work to improve market systems.

The market development portfolio and disbursements are divided into three main areas:
- Private Sector Development, PSD (50% of disbursements in 2012)
- Trade Policy and Regulations (35%)
- Financial Systems (15%)

Sida´s disbursements 2008-2012

The market development portfolio contained 202 contributions in 2012 amounting to 937 million SEK (MSEK), which is equivalent to 5% of Sida´s total disbursements in 2012. Chart 1 shows the disbursements distributed over the market development areas in a five-year overview.

Chart 1: Disbursements per main area 2008–2012 (MSEK)



As shown in Chart 1 disbursement to market development increased in 2012 which is evident in all the three main areas.

Private sector development (PSD)

Sida's disbursements to private sector development amounted to 465 MSEK in 2012. Sida´s activities in PSD include business enabling environment through legal and regulatory reform & improved government services, business development services such as access to information, strengthening specific business organisations and employment and labour market development.

The subsectors Other business (47%) and Business services (46 %) are by far the largest, receiving most of contributions within PSD. Examples of support in Other Business include support to WWF Market Transformation Initiative 2012-2013 to which Sida disbursed 20 MSEK in 2012 to promote more sustainable cotton production. Support to Business Services include support of 9 MSEK to B4D (Business for Development) 3K Chamber Trade Sweden with focus on Women´s Economic Empowerment.

Trade policy and regulations

Sida´s disbursements to trade policy and regulation amounted to 333 MSEK in 2012, compared to 294 MSEK in 2011.[1] Sida's activities in the sector include support to policy making capacity, participation in trade negotiations and support to specific areas such as trade facilitation, technical regulations and standards.

The largest subsector in the trade portfolio in 2012 was the category Other Trade Policy and Regulations (74 MSEK), which contains a number of broad trade programmes such as support to the Trade Law Centre (tralac) (8 MSEK), a capacity-building NGO that aims to enhance trade law and policy in East and Southern Africa. Other large subsectors were Trade Facilitation (80 MSEK) and Trade Education (46 MSEK). Sida's trade portfolio was until recently dominated by large contributions to global

[1] Trade policy and regulation is only one of several components in the so called "aid for trade (AfT) agenda". Total disbursement to the wider AfT agenda amounted to 2,2 billion SEK in 2012, which is an increase of 17% compared with 2011.

Sida

programmes, but in recent years there has been a gradual shift towards regional and bilateral support. In 2012, regional programmes amounted to 46% of the disbursement in the trade area compared to 28% in 2011. Examples in 2012 include support to the Trade Policy Training Centre in Africa, TRAPCA (27 MSEK) which is a joint initiative between Southern Africa Management Institute (ESAMI) and Lund University, based in Arusha Tanzania. During the same period, trade interventions
at the global level decreased from 36% to 24% in 2012. Africa received the bulk of regional and bilateral support (46 %), followed by Asia (20%) and Europe (10%). The three major cooperation countries in the trade area were Iraq, Bosnia-Herzegovina and Rwanda.

Financial systems

Sida´s disbursements to Financial Systems amounted to 140 MSEK in 2012. Sida's activities in financial systems include support to building financial sector, legal and regulatory frameworks and supervisory capacity, developing local capital markets, and expanding access to financial services, including microfinance. The largest subsectors were Informal Financial Intermediaries, including support to microfinance (39% of disbursement) and Financial Policy and Administration (24%). Of the support to financial systems, 36% of funds were disbursed globally. The primary cooperation country in 2012 was Guatemala, receiving 13% of the financial support.

Disbursements 2012 by geographical distribution

Out of the total market development portfolio, 41% of disbursement in 2012 went to bilateral support, 34% to global support and the remaining 25% to regional support. Out of the bilateral disbursements, 16% went to Least Developed Countries (LDCs) and Other Low Income Countries, see Chart 2. By region, 34% of total disbursement in 2012 went to Africa, 17% was distributed to Asia, 9% to Europe and 5% to South and Latin America. Iraq and Guatemala were the biggest partner countries receiving 5% each of disbursements, followed by Bosnia-Herzegovina, Tanzania, Liberia, Uganda and Afghanistan. The share distributed to Conflict and Post-Conflict Cooperation remained steady on 18% of the portfolio.

Mainstreaming thematic priorities

Gender Equality, Environment and Climate Change and Democracy and Human Rights are thematic priorities which are mainstreamed in Sida's work. Sida uses statistical policy markers to grade and track these priorities. In the disbursement for 2012 the policy marker labeled significant objective (i.e. mainstreamed) is the most relevant. 61% of the disbursements to market development was marked as having Gender Equality as their significant objective, 48% was marked as having Environment and Climate Change as significant objective and 48% was marked as having Democracy and Human Rights as their significant objective. The aim is to continue to mainstream these thematic priorities in the market development cooperation.

Chart 2: Disbursements per geographical distribution 2012 (%).

Highlights

TRADEMARK EAST AFRICA (TMEA)

TMEA is a multi-donor funded programme with the overall goal to increase growth and reduce poverty in East Africa, established in 2010. The Sida supported programme is divided into regional as well as specific country programmes, including a small programme for South Sudan. While all programmes have specific targets with different activities there are common outputs related to the regional integration agenda such as: reduction of transport costs and supporting regional integration by increasing the role of civil society and private sector.

An external review in 2012 concluded that TMEA is overall fully on track and that outputs on most programmes have met expectations. At a country level, results are on or above expectations in Burundi, Kenya, Rwanda and Uganda.

THE TORONTO CENTER

Sida supports The Toronto Center, a Canadian-based NGO that specializes in capacity building for management in the areas of banking, securities and insurance regulation and supervision, through core support. The Toronto Center includes pension programmes, technical training, crisis preparedness and micro-credit.

The results from the previous period are assessed as good and the organisation is identified as a key actor within the area of financial regulation and supervision. Regulatory and supervisory issues are an underutilized tool in the area of financial inclusion and poverty reduction, but are important issues in the financial stability agenda. Financial stability is also high on the Swedish international policy agenda and is an area where Sweden has a comparative advantage.

Art. no.: sida61619en, urn:nbn:se:Sida-61619en Print: Edita 2013

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm
Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64
Postgiro: 1 56 34–9. VAT. No. SE 202100-478901
E-mail: info@sida.se. Homepage: http://www.sida.se

Sida