AT A GLANCE: Gross bilateral ODA 2013 – 2014 (unless otherwise stated)

1 Among other things, classified “unallocated” by income group and “unspecified” by region include core support to multilateral organisations, support to NGO’s and support allocated according to regional strategies.
POLICY FRAMEWORK

The foundation of Swedish development policy is the Policy for Global Development, adopted by the Parliament in 2003. It requires all policy areas to cooperate towards the same goal: fair and sustainable global development. Since 2006, Sweden has confirmed and reached its commitment to a target of 1% of ODA to GNI. In 2007, the Government approved a policy for Africa, which reflects, and builds on the positive changes Africa has undergone in the last ten years, and which acknowledges the changes that have taken place over the same period in Africa's relations with the rest of the world, including Sweden. It provides an account of the challenges and opportunities facing the continent in its fight against poverty and efforts to achieve sustainable development. It also discusses the foreign policy framework governing Sweden's actions as well as the many available instruments and channels for cooperation with Africa. Particular emphasis is given to the key role played by the strategic partnership between Africa and the EU.

In 2013, Sweden reduced the number of its partner countries to 32. There has also been a thematic focus, with priority given to democracy and human rights, gender equality and climate and environment.

A new aid policy framework has been approved in 2014: this document outlines the overall direction of Swedish aid, be it bilateral, multilateral or through the EU. The framework replaces the 11 thematic policies that have guided Sweden’s aid, as well as three other guiding documents and contains a goal hierarchy with an overarching goal and six thematic sub-goals. The new Swedish government is set to revise the policy in 2015.

The policy essentially concerns the Swedish development cooperation programme focusing principally on democratic development and greater respect for human rights.

The Ministry of Foreign Affairs manages most of Sweden’s core contributions to multilateral organisations, while SIDA, an independent agency under the Ministry, manages 48% of Sweden’s bilateral aid.

Swedish Development Cooperation Agency: www.sida.se/english
Aid Policy Framework:
http://www.regeringen.se/rattsdokument/skrivelse/2014/03/comm.-201314131/

1. DOMESTIC PUBLIC FINANCE FOR DEVELOPMENT

1.1. DOMESTIC RESOURCE MOBILISATION

- **New initiatives to support tax reforms:** (i) Support to the Tax Agency in Mozambique to become more effective and increase revenues; (ii) high quality advisory support

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2 “Sweden and Africa - a policy to address common challenges and opportunities”
http://www.government.se/contentassets/f204c0362b3144e093f368e12f0997e9/sweden-and-africa---a-policy-to-address-common-challenges-and-opportunities-govt-comm.-20070867

provided to the State Tax Service of Ukraine in the following areas: coordination of all activities related to the implementation of tax reform; management of changes and risks under the WB project in this area; (iii) preparatory contribution for a possible institutional cooperation between the Kenya Revenue Authority and the Swedish Tax Agency. The contribution is a call off from Sida's framework agreement with STA; and (iv) Development of a computerized system for real estate taxation in Albania.

- **Share of Domestic Resource Mobilisation in PFM**: more than 50%. Sweden monitors DRM in budget support operations: resource mobilisation is included in performance assessment frameworks for budget support.

- **Sweden is willing to give up tax exemption on projects**: Sweden does not claim tax exemptions in its agreement on general terms and procedures with Kenya, signed in 2010. It is currently being considered whether this decision will be expanded to new agreements with other countries. An EU coordinated approach is desirable. To be discussed what such a joint approach should include. At a minimum, it should include an agreement to stop claiming exemptions on customs duties and VAT.

- **Tax evasion and transfer pricing**: support to Rwanda on implementing OECD/UN guidelines on transfer pricing.

- **Sweden has ratified, is a member of and/or supported**: (i) The United Nations Convention against Corruption (Merida); (ii) the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions; (iii) the Stolen Assets Recovery initiative (STAR); (iv) the Extractive Industry Transparency Initiative (EITI); (v) the International Aid Transparency initiative; and (vi) the Open Government Initiative which Sweden joined in 2011. Furthermore, Sweden provides support to (i) the Global Forum on Transparency and Exchange of Information; the OECD Action Plan on Base Erosion and Profit Shifting; (iii) the Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matters; and (iv) the UN Tax Committee.

1.2. MAINTAINING SUSTAINABLE DEBT LEVELS

- **Support mechanisms**: Paris Club, HIPC, MDRI.

- **Actions taken in 2014**: none specific.

- **Interventions to prevent aggressive litigation against HICPs**: Promote and support the application of standards agreed by the IMF and ICMA on inclusion of CACs, aggregation clauses and revised pari passu formulations in international sovereign bonds.

2. PRIVATE FINANCE FOR DEVELOPMENT

- Sweden’s activities on **CSR** in 2014/2015 include: (i) IIED: its overall mission is to build a fairer, more sustainable world, using evidence, action and influence in partnerships with others. IIED focuses its work on: Tackling the resource squeeze; Demonstrating climate change policies that work for development; Helping to build cities that work for people and planet; Shaping responsible markets. (ii) Bench marks foundation: CSR. Institutional partnership between BMF, North-West University, Stockholm School of Economics & Diakonia on CSR in the mining sector of SA, inter alia, to explore the role of mining corporations’ CSR practices to (a) contribute to poverty alleviation initiatives, (b) promote local economic development (social entrepreneurship), and (c) protect the
environment. (iii) CSR-seminar Zambia. Organizing a CSR-seminar in Lusaka, Zambia. (iv) CSR Center Beijing. Establishment of a CSR centre in Beijing managed by Embassy MFA staff. The Centre shall act as an umbrella for various Swedish CSR initiatives in China.

- **Remittances:** On 1 December 2014 the Swedish Consumer Agency, tasked and financed by the Swedish government, launched the price comparison web page "Money from Sweden" for transfers of remittances from Sweden. The web page is certified by the World Bank. On 1 December 2014 "Statistics Sweden" (SCB) in collaboration with the Swedish Migration Board, tasked and financed by the Swedish government, presented the report "Migration statistics in Sweden - current situation, needs and suggestions for improvements". The report maps existing statistics on circular migration and remittances, identifies gaps and proposes improvements. The government will analyse the suggestions in the course of 2015.
- **Trade and development:**

<table>
<thead>
<tr>
<th>Sweden, AfT Commitments (in thousand EUR)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td><strong>Trade-Related Assistance (TRA)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Trade Policy and Regulations</td>
<td>36 487</td>
<td>46 642</td>
<td>32 222</td>
<td>33 624</td>
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<tr>
<td>(category 1)</td>
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<tr>
<td>Trade Development</td>
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<td>106 391</td>
<td>155 176</td>
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<td>(category 2)</td>
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<td>Other Trade Related Needs</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>(category 6)</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Total Trade-Related Assistance</strong></td>
<td>131 058</td>
<td>153 033</td>
<td>187 397</td>
<td>150 690</td>
</tr>
<tr>
<td><strong>Wider Aid for Trade Agenda (AfT)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Trade Policy and Regulations</td>
<td>36 487</td>
<td>46 642</td>
<td>32 222</td>
<td>33 624</td>
</tr>
<tr>
<td>(category 1)</td>
<td></td>
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<td></td>
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<tr>
<td>Trade Related Infrastructure</td>
<td>93 087</td>
<td>30 613</td>
<td>36 463</td>
<td>54 538</td>
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<td>(category 3)</td>
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<tr>
<td>Building Productive Capacity</td>
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<td>171 278</td>
<td>222 909</td>
<td>291 643</td>
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<td>(category 4)</td>
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<tr>
<td>Trade Related Adjustment</td>
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<td>(category 5)</td>
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<tr>
<td>(category 6)</td>
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</tr>
<tr>
<td><strong>Total Aid for Trade</strong></td>
<td>282 894</td>
<td>250 378</td>
<td>291 645</td>
<td>382 263</td>
</tr>
</tbody>
</table>

Source: OECD CRS Database

- Regarding the **lacklustre performance of EU members on LDC AfT**, Sweden considers that it is of the highest importance that EU and its Member States stand up to the commitment to focus on LDCs and developing countries most in need. It is therefore worrying that the share of EU and Member states’ AfT that is committed to LDCs has decreased. Since it is difficult to identify the factors contributing to this trend, further analysis would be welcome.

- Trade contributes to more efficient production and contributes to increased employment through local, regional and global value added chains. AfT can support developing countries by measures facilitating integration of markets (local, regional, global). This is but examples in brief.

### 3. INTERNATIONAL PUBLIC FINANCE FOR DEVELOPMENT

#### 3.1. OFFICIAL DEVELOPMENT ASSISTANCE

**ODA individual commitments /gap to agreed targets (total ODA, Africa, LDCs)**

- In 2014, ODA increased to EUR 4,690 million, representing 1.10% of Sweden’s GNI.
- Sweden already reached its individual ODA target of 1.00% of GNI by 2015. Its projected decrease of EUR 249 million will allow it to keep its targeted percentage of GNI.

"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2014: Sweden has exceeded the UN target of 0.7% since 1975 and introduced its own target of 1% in 2006. The parliament has ever since allocated 1% of GNI to ODA.

Measures to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa: Africa remains the largest receiver of Sweden's geographically allocated bilateral aid. In 2015 more than 50% of Sweden's bilaterally allocated aid is expected to go to Sub Saharan Africa. The government intends to maintain high allocations to Africa.

Sweden has already reached the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 (and onwards).

3.2. FUNDING FOR TACKLING CLIMATE CHANGE
- Provisionally data indicates investments of more than SEK 120 million to climate finance in 2014. Budget for 2015 is set at SEK 300 million.

3.3. FUNDING FOR ADDRESSING BIODIVERSITY CHALLENGES
- Sweden is planning to fulfil our commitments to the CBD and maintain the current level of financial resources in line with CBD COP 11 decision XI/4 para 7(a). However, Sweden
does not see the need to state exact figures for foreseen biodiversity expenditure as all foreseen expenditure for development assistance in practice is subject to revision at a later stage depending on the level of final implementation on project level.

3.4. TECHNOLOGY DEVELOPMENT AND TRANSFER

- **Projects in 2014**: (i) Higher education & development RWA 2013-2018 - University of Rwanda (UR) - SU Instructional Technology, 0.0059 USD millions: The contribution focuses on advanced skills training and applied research of relevance to Rwanda, and is part of Sweden’s support to research and higher education. Contains all Master programs (agriculture, applied mathematics, health, economics & management, peace & conflict, GIS, e-governance, instructional technology, and innovation) in the program, plus applied research within the latter four. And (ii) Capacity development Ministry of Education, 0.0171 USD millions. Short term capacity development initiative directed to the Ministry of Education, Science and Technology. Training modules lifted from a more comprehensive capacity development programme, which Sida is currently appraising for support under a joint financing mechanism.

4. COMBINING PUBLIC AND PRIVATE FINANCE FOR DEVELOPMENT

- Examples of instruments used by Sweden include mostly grants as part of loans, which have been granted to several sectors: Health, climate, SME’s, economic development. Involved actors: USAID, Gates Foundation, ADB, IDB, Deutsche Bank, JP Morgan Bank.

5. USING DEVELOPMENT FINANCE MORE EFFECTIVELY

- **Aid effectiveness strategy**: Sweden has not published its Busan implementation plan. Development effectiveness is a priority for Sweden and an issue that we pursue actively thorough our board representation in various multilateral organisations. Country ownership is one key element in this regard. To avoid fragmentation with regard to multilateral support, Sweden's biodiversity financing is channelled mainly through the GEF. Regarding climate financing, Sweden is strongly advocating a cohesive financing landscape. It is important to avoid duplication of structures. Sida's rules and new system on contribution management ensure quality and efficiency of Sida's management of contributions. The rule stipulates standard areas for assessments, risk analyses and documentation in all contributions i.e. also Sida financing of global policy is included. The areas assessed include i.e. Busan principles on results and country ownership.
- **Country ownership**: budget support and sector budget support represent respectively less than 10% the Swedish programme spending. Sweden did not report on use of local PFM. The Swedish development cooperation aid is tied to a limited maximum 10%. Sweden supported three initiatives to improve PFM in developing countries.
- **Transparency**: Sweden published its plan on the implementation of IATI standards.
- **Mutual accountability arrangements** account for over 80% of Sweden’s priority countries.
- **Focus on results**: Sweden participates in country-level results frameworks processes and platforms in 25-50% of its priority countries and actually uses these platforms in over 80% of them. Sweden has provided support to improve statistics in Burkina Faso,
Albania, Cambodia, Bosnia, Georgia, Kosovo, Mali, Moldova, Montenegro, Mozambique, Serbia, and Somalia.

**Joint programming and synchronisation**: Sweden did not issue guidelines on joint multi-programming. Sweden will use the joint guidance package that has been developed during 2014. If needed, additional complementary guidance will be prepared. There are no legal or procedural obstacles to **synchronisation**. A number of new strategies have been developed or are in the process of being developed, following a reformed country strategy process and new guidelines in 2013. Sweden will progressively improve synchronisation to EU Joint programming and partner country cycles.

**Sector concentration and division of labour**: Sweden does not limit the sectors in which it operates. SIDA exited development cooperation or will do so in the near future in following countries: Botswana, Bolivia, Burkina Faso, China, Indonesia, Iraq, India, Namibia, and Vietnam. As concerns **obstacles to improving in-country division of labour**, Sweden considers the following: on the side of donors, failure to adjust the programming cycle of partner governments. A reluctance to leave prioritized sectors (interest to stay engaged in sectors that match the donor’s thematic priorities, self-perceived comparative advantage etc.). On the side of partner countries, limited ownership and leadership, capacity constraints.

Sweden adapts its procedures to the specificities of **fragile and conflict affected countries** when designing and implementing programmes in these countries, in line with the EU Common Position for the Fourth High Level Forum on Aid Effectiveness.

**Public-private engagement**: The dialogue mechanisms are, e.g. "Swedish Leadership for Sustainable Development" and "Sida's collaboration with the private sector".

6. **GLOBAL AGENDA AND GOVERNANCE**

- No particular comments.