

Strategy for Sweden's global development cooperation in sustainable economic development 2018-2022

1. Direction

The objective of Swedish international development cooperation is to create preconditions for better living conditions for people living in poverty and under oppression. Sweden's development cooperation is founded on the principles of aid and development effectiveness, as well as the international agreements that the international community reached in 2015: the 2030 Agenda, the Addis Ababa Action Agenda and the Paris Agreement on climate change.

Swedish development cooperation within the framework of this strategy aims at contributing to global conditions for inclusive and sustainable economic development, growth and livelihoods for people living in poverty. The strategy applies to the period 2018–2022 and the total funding is estimated at SEK 4000 million.¹

This strategy is to be based, in particular, on the Sustainable Development Goals (SDGs) : end poverty in all its forms everywhere (Goal 1); end hunger, achieve food security and improved nutrition and promote sustainable agriculture (Goal 2); achieve gender equality and empower all women and girls (Goal 5); promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8); build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (Goal 9); reduce inequality within and among countries (Goal 10); and ensure sustainable consumption and production patterns (Goal 12); and is to contribute to achieving these goals within the framework of its activities.

The activities of the Swedish International Development Cooperation Agency (Sida) are to contribute to the following objectives:

Inclusive sustainable economic growth and development

- Strengthened conditions for free and fair trade
- Strengthened capacity to make use of the positive effects of migration
- More effective domestic resource mobilisation, increased financial stability and counteracting corruption

¹Activities within this strategy are funded in accordance with the conditions for appropriation I:1 Development cooperation, appropriation item 34 Sustainable development under expenditure area 7 or a corresponding appropriation item in the appropriation directions regarding the Swedish International Development Cooperation Agency (Sida).

- Improved access to and increased use of open, safe and free information and communication technology (ICT)

Sustainable livelihoods and productive employment

- Strengthened ownership and tenure rights for land and natural resources
- Improved conditions for private sector development, sustainable business as well as responsible and sustainable investments and innovation
- Increased productivity and sustainable production in agriculture, forestry and fisheries, including food security
- Women's economic empowerment
- Improved conditions for productive employment and decent work
- Improved conditions for social protection systems

2. Context

Since the turn of the millennium many low and middle-income countries have shown high economic growth and there has been a sharp decrease in the share of people living in poverty. Despite this, inequality and chronic poverty are widespread. In Sub-Saharan Africa the situation is particularly challenging and requires strong, inclusive and labour-intensive economic growth. In East and South-East Asia the picture is brighter against a background that includes a rapid increase in qualified labour, integration in global value chains and domestic resource mobilisation.

The international agreements from 2015 strengthen the conditions for a common approach to sustainable economic development. Innovative solutions for the mobilisation of private capital are required. New trends in global trade, such as the increased importance of global value chains, digitalisation and services, create new conditions for the conduct of trade at the same time as global free trade is being questioned. Global threats, such as climate change and environmental degradation, pose major challenges, while migration flows, digitalisation, demographic change and urbanisation constitute challenges as well as opportunities. Reduced vulnerability of people living in poverty, and greater resilience to handle climate change and natural disasters, are important preconditions for economic development. The recognition of the important role of public systems for social protection is growing. Government institutions play an important role for a country's development, resource mobilisation, provision of public services and regulatory compliance and, inter alia, conditions for business and the private sector.

Economic development is also about the contributions people make to the growth process and their enjoyment of its effects, rather than about growth as such. It is about the realisation of the potential of humans by enhancing their capacity, especially the economic rights and empowerment of women and youth. Most people who live in poverty work within the informal economy, in agriculture and forestry as well as in other industries. A sustainable productivity increase in agriculture and forestry is necessary to achieve food security and thereby sustainable economic development. Collaboration between governments and independent organisations representing employers and employees can help to strengthen rights and reduce conflict.

The 2030 Agenda and its Sustainable Development Goals are integrated and indivisible and balance the three dimensions of sustainable development. Social and economic development within planetary boundaries is dependent on sustainable resource management.

Fossil emissions, pollution, deforestation, overfishing, land-use changes and poorer soils, as well as water shortages, affect the environment, the climate, ecosystem services and biodiversity, and therefore food production, thus inhibiting welfare and development. Poor people are hit hardest since they to a large extent lack capacity to deal with these factors. Conflict is an obstacle to development – in 2030 a majority of the world's poor are estimated to live in conflict-affected areas. This requires institutions and other actors to have the capacity to manage conflict dynamics and to create inclusive growth and a socially as well as environmentally sustainable economic development so as to prevent tensions and build stable and peaceful countries and regions.

3. Operations

Sweden's development cooperation shall be founded on and characterised by a rights perspective and the perspective of poor people on development. The rights perspective means that human rights and democracy must be seen as fundamental for development. This approach involves making individuals and groups facing discrimination, exclusion and marginalisation visible prior to each intervention. This ensures that all people are able to enjoy their rights irrespective of sex, age, disability, ethnic origin, religion and other belief, sexual orientation, transgender identity or expression. Poor people's perspective on development means that the situation, needs, conditions and priorities of poor women, men and children must be the starting point for combating poverty and for promoting fair and sustainable development.

Swedish development cooperation shall be economically, socially and environmentally sustainable and gender equal. The foundation for development cooperation is a holistic approach to the challenges, needs and circumstances of people and communities. The key principle is that economic, social and environmental conditions and processes must be understood and addressed in an integrated context. Gender equality and the empowerment and rights of women and girls are both goals in themselves and a prerequisite and a means for achieving sustainable global development. Violence and armed conflict are among the

largest obstacles to economic and social development, and development cooperation is an important part of conflict prevention. An environmental and climate perspective, a gender equality perspective and a conflict perspective must therefore be systematically integrated into Sweden's development cooperation.

Operations are to seek to be integrated and contribute towards several goals simultaneously. Global added value is to be prioritised, but operations focused on a single region or several countries may also occur. Synergies between the different areas of the strategy should be sought. Operations should also seek to create synergies with other thematically focussed strategies, as well as with regional and bilateral strategies. Particular emphasis should be placed on complementarity and synergies between the three strategies for sustainable development. Sida is to ensure that there is a holistic view of the total Swedish support for sustainable economic development. Global activities are to contribute to issues prioritised by Sweden having an impact on the international normative policy development within the strategy's areas.

Partnerships are to be sought with a broad range of actors. Support is mainly to be given to global partners, multilateral organisations, civil society organisations or other normsetting actors within the strategy's areas of activities. Organisations, change agents and innovators with the capacity for activities at local level can also be included. This can, for instance, include support for actors in cultural and creative industries. Sweden must particularly stand up for issues that are not sufficiently highlighted by other actors in international cooperation. The Swedish resource base – experiences, competences and networks in different sectors of society – is to be taken into account in implementation where judged appropriate. Activities are to contribute to creating conditions for broader and more self-sustaining relations beyond development assistance. The internationally agreed principles on aid and development effectiveness must be applied. Support via multilateral organisations, so-called 'multi-bi' support, must be compatible with Swedish priorities and approaches in relation to multilateral organisations.

Activities should contribute to inclusive sustainable economic development and a transformation to a resource-efficient, non-toxic, circular and bio-based economy with low emissions of greenhouse gases. This covers a range of issues at various levels concerning, for instance, strengthening people as economic actors, strengthening the capacity of public institutions, creating conditions for free and fair trade and global normative policy development. Access to reliable energy is an important precondition for economic development. Activities linked to energy should increase access to renewable energy and promote energy efficiency, thereby helping to phase out fossil fuels. This can also include activities that promote the phasing out of environmentally harmful subsidies.

The capacity of developing countries to mobilise their own resources should be supported. Through support for greater integration in the world economy and global value chains, as well as for capacity to handle trade barriers, poor countries can benefit from the

opportunities provided by trade, and increase their productivity where there are comparative advantages, including through digitalisation. Activities should support innovative solutions including the use of innovative forms of financing and the mobilisation of additional financial resources for sustainable economic development.

The positive sides of migration should be fostered through efforts for economic development for and by migrants, refugees and internally displaced persons. Activities are to contribute to creating conditions for greater financial flows and development funding in accordance with the Addis Ababa Action Agenda, such as functioning domestic financial markets, sustainable procurement, systems for responsibility and accountability and action against corruption. Well-functioning tax systems and effective domestic resource mobilisation are of central importance. Activities are to contribute to greater access to and use of digital infrastructure and financial services, with a particular focus on women. Improved access for vulnerable groups is also to be included.

Secure access to land, water and other natural resources is an important precondition for sustainable livelihoods, including food security. Activities are to contribute to a positive business climate with sustainable use of natural resources. Responsible investments to develop sustainable agriculture, forestry and fisheries are decisive for combating poverty. The support should include possibilities for small and medium-sized businesses and entrepreneurs, including small-scale farmers and fishers, to contribute to innovation, growth and job creation. Support that contributes to increased productivity as well as sustainability in its three dimensions, improved possibilities for further processing and for investments, as well as access to local, regional and global markets, is important.

Activities should contribute to people's possibilities of sustainable livelihoods as well as to productive employment and decent working conditions. Activities include support for economic growth within the formal economy of developing countries as well as the informal economy where a majority of in particular women's work is performed. Activities are to contribute to strengthening women's economic empowerment. Poor people's possibilities of participating in a formal economy, where the prospects of productive employment with decent working conditions are greater, are to be strengthened. One central tool for this is effective social dialogue and good labour market relations. It is of central importance to ensure that the growing groups of young people also have the possibility of obtaining skills development, including vocational training, and productive employment with decent working conditions. People with weak livelihood are in particular need of access to social safety nets.

The strategy shall be followed up in line with the principles and processes stated in the Government's guidelines for strategies in Swedish development cooperation and humanitarian aid. Reporting is to be conducted with reference to how the operations contribute towards the implementation of the 2030 Agenda.