

# Sida's Portfolio within Private Sector Development

As of December 2007, Sida had a portfolio (expressed as total committed amount) of SEK 3105 million<sup>1</sup> supporting private sector development (PSD), distributed over 146 projects. During 2007, Sida disbursed about SEK 570 million to PSD benefitting Africa, Asia, Latin America and Europe, which is a decrease of SEK 127 million compared with 2006. PSD is truly cross-sectorial in that it encompasses many areas of Sida's work. The statistics are based on projects with ongoing contracts worth more than SEK 1 million.

## Sida's support to private sector development is distributed among five main areas:

1. *Business development services (BDS)* – support for interventions aimed at developing services such as market information, transport and processing, which are vital for the development of small and medium-sized enterprises. BDS is sometimes integrated as a component in projects/programmes. Thus, indirectly BDS is a more extensive category than this presentation would indicate.
2. *Business enabling environment* – support for interventions designed to improve the investment climate and create a more conducive business environment. Contributions aim to remove regulatory and administrative constraints and to improve government services for the promotion of private sector development.
3. *Business enterprise, organisation and sector development* – support for interventions aimed at developing specific business organisations, sectors or sub-sectors such as agriculture or livestock husbandry. Included in this category is also technical assistance to private sector enterprises.
4. *Employment and labour market development* – support for interventions aimed at job creation. This category also includes employment policy and planning, labour laws, labour unions, institutional capacity building and advice and support programmes for the unemployed.
5. *Risk capital* – support for the provision of equity capital, quasi-equity capital and low-security loans for small and medium-sized enterprises.

## Geographical distribution

Chart 2 below shows the geographical distribution of the total portfolio. Most support is channelled to Africa (51%), followed by Europe (18%), Latin America (12%), and Asia (10%). Global interventions account for about 9% of the portfolio, including Sida's support for various investment climate initiatives.

Chart 1 – The percentage of total committed amount as of 2007 (SEK 3105 million) per main area

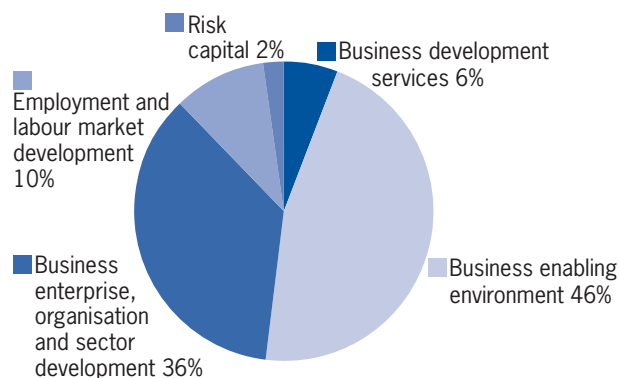
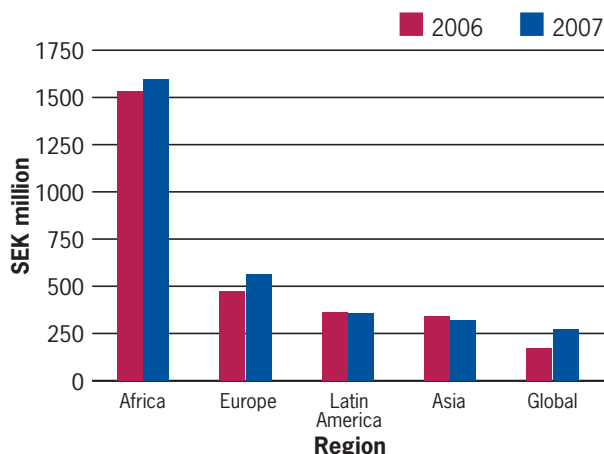


Chart 2 – Geographical distribution of portfolio



<sup>1</sup> PSD portfolio support overlaps to some extent with the Sida Trade portfolio, as some interventions have both a specific measure related to international trade and a clear PSD focus.

## Highlights 2008

During 2008 the role of PSD will be discussed and developed for a large number of Sida's cooperation strategies, both in countries where PSD has been a priority during the last strategy period as well as in countries where PSD is likely to emerge as a new priority sector. Support for the creation and assessment of new portfolios to implement the strategies will be a priority for the PSD team also in the near future.

During 2008 conditions for a new partnership agreement will be negotiated with the International Labour Organisation (ILO) as part of Sida's continuing focus on labour market and employment issues. Sida is also spearheading the work on a hot topic paper on the informal economy within the OECD POVNET task team on employment.

Sida is financing the work of the Commission on Growth and Development. The goal of the commission is to take stock of the theoretical and empirical knowledge of economic growth to draw policy implications for the current and next generation of policy makers. The commission's final report will be launched in May 2008. This report is expected to influence not only the overall work of the commission, but also policy makers and opinion leaders around the world. Read more about the studies and other results generated by this project at [www.growthcommission.org](http://www.growthcommission.org).

In order to put into operation the Swedish Government's new guidelines for cooperation with conflict and post-conflict countries, the PSD team will increase its knowledge of working with PSD in these countries. In this work it will be important to adhere to the "do no harm" principle, and to contribute to peace building if possible.

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## New commitments from 2007

In 2007 20 new projects started with a total committed amount of about SEK 243 million. These projects are mainly directed to the areas of busi-

ness enterprise, organisation and sector development, business enabling environment and business development services.

The work on economic analysis – to which the PSD team is contributing in collaboration with Sida's Department for Policy and Methodology (POM) as well as other stakeholders – will continue during

2008. New country studies using the Integrated Economic Analysis (IEA), Sida's methodological approach, are in the pipeline, for example, for Bosnia and Herzegovina and Burkina Faso.