

Strategy for innovation, partnership and capacity development 2024–2028

1. Starting points and added value

Capacity development, partnerships (including with the private sector) and innovative methods are priority tools in Swedish development cooperation. In strengthening a country's capacity to go from development assistance to prosperity, innovation and technological development are key areas for driving sustainable development and growth. The broad Swedish resource base, including private actors, can play an important role in the implementation of international development cooperation, with expertise, technology and investments in innovative community-based solutions.

There are obvious synergies between this strategy and other development assistance strategies, and with promotion, private sector collaboration and trade policy efforts. The strategy can also be used as a supplement to geographical and other strategies in order to strengthen efforts to combat poverty by, for example, stimulating market development and mobilisation of capital and growth based on green transition. At the same time, this strategy's activities will help mobilise the Swedish resource base through learning, exchanges and networking.

2. Direction and objective of Swedish development assistance

The objective of Sweden's international development assistance is to create conditions to improve the lives of people living in poverty and oppression. Swedish development assistance also constitutes a part of Swedish foreign policy. The strategy's objective is based on Sweden's added value in capacity development, partnership, collaboration with the private sector, public actors and civil society, and innovative methods and previous results achieved within these areas of activity.

Development cooperation, together with other forms of financing, underpins efforts to go from poverty to prosperity and achieve the Sustainable Development Goals (SDGs) in the 2030 Agenda and the climate goals in the Paris Agreement. Activities will contribute to broader and more self-sustaining relations beyond development assistance, and strengthen long-term development with widespread ownership in developing countries. Experience from previous work on similar initiatives will be utilised for the purpose of scaling up and developing tools to mobilise the Swedish resource base.

This strategy covers the period 2024–2028 and encompasses funds allocated in the appropriation directions of the Swedish International Development Cooperation Agency (Sida) and the Swedish Institute (SI) for each budget year.¹

The strategy governs the use of funds under appropriation item 28, Capacity development, in the appropriation directions for Sida for each budget year, and appropriation item 11.6: Capacity development, and appropriation item 11.7: Skills supply through higher education, in appropriation directions for SI for each budget year.

¹ Contributions within the framework of this strategy are financed in accordance with the terms for appropriation item 28 in appropriation directions (concerning Sida) and appropriation items 11.6 and 11.7: Development assistance activities in appropriation directions (concerning SI) for each financial year.

The strategy can be used for activities in all low- and middle-income countries.

Sida's activities will contribute to the following objectives:

Capacity and institutional development

- Strengthened capacity of government agencies and other societal institutions in partner countries to contribute to poverty reduction through sustainable and democratic societal development and contribute to job creation, business development, trade and investment.

Partnership, private sector collaboration and innovative methods, with the broad Swedish resource base as a foundation

- Enhanced mobilisation of the private sector's engagement, resources and capital.
- Strengthened development and application of innovative methods, and forms of collaboration and financing that contribute to sustainable development.

Swedish persons working in strategic positions in international organisations

- Enhanced Swedish representation in strategic positions, as defined in the Government's thematic, geographical and organisational priorities (including those of the EU, the UN and multilateral development bank institutions), including through secondments.
- Increased use and return of Swedish expertise, and experience from international development cooperation.

The Swedish Institute's activities will contribute to the following objectives:

- Enhanced capacity and expertise among actors in the private and public sectors, in academia and in civil society in developing countries to promote innovative and effective methods for sustainable development, including through synergies with trade and industry.

3. Context

Global development cooperation – with its contextually limited resources to achieve the Sustainable Development Goals in the 2030 Agenda – can be a small component of a country's journey from poverty to prosperity. Well-functioning public institutions that operate transparently and effectively are key to sustainable development and peace, as are functioning regulatory frameworks and markets, investment climates, free and rules-based trade, effective management of public funds, sustainable public investment and procurement, and basic public services free of corruption. When used correctly, Swedish development assistance can act as a catalyst and help mobilise additional resources in the efforts to achieve the Sustainable Development Goals. A key premise is that development assistance, together with private and other types of capital, can stimulate sustainable economic growth and trade in developing countries as an engine that drives economic development, welfare and promotion of women's economic empowerment. In this respect, the broader Swedish resource base can play an important role. Sustainable value chains and responsible enterprises contribute to development for people and the environment. Harnessing the synergies between development assistance and trade that can improve long-term development outcomes, stimulate trade and sustainable growth is thus key. Focusing on innovation and private sector collaboration can strengthen developing

countries' capacity to realise the potential of the green and digital transition, as well as in areas such as health care, education, infrastructure and communications.

The Swedish resource base can play an important role in the implementation of international development cooperation. In this context, the Swedish resource base concerns a wider group of Swedish public, private and civil society actors that can contribute to the international implementation of the 2030 Agenda. Supporting long-term sustainable development requires directing capacity development towards public institutions and other societal actors in sectors as demanded by the local community. Local ownership is a prerequisite to ensure that achieved results can be sustained independently beyond development assistance.

The deteriorating international situation in recent years is a major challenge for global development. Democratic backsliding in many developing countries is part of a global trend contributing to defective governance and increased corruption and poverty. In particular, opposition to girls' and women's rights and freedoms has increased in many countries.

Irregular migration and forced displacement are extensive global challenges, and increased focus on migration in development cooperation is needed, including to strengthen capacity in partner countries and in order for Sweden's priorities in this area to make an impact. Development cooperation has a key role to play in strengthening returning and returned migrants' and refugees' positive contributions to development in low- and middle-income countries.

Further training of civil servants, and direct contact and exchanges between Swedish government agencies and counterparts in developing countries, can help strengthen capacity for good governance in partner countries. This can contribute to well-functioning public authorities free of corruption, with capacity to contribute to sustainable solutions for society that effectively meet the population's needs. This can be promoted through increased engagement of the Swedish resource base.

Cooperation between donors and multilateral actors is essential to optimise the use of existing funding. Swedish development cooperation will work actively for Sweden's priorities to have an impact in the development cooperation of the EU, multilateral development banks and the UN. Swedish expertise in development cooperation and various thematic areas is important to ensure that both EU development cooperation and multilateral organisations work in a way that is effective, results-oriented and transparent. Knowledge acquired by these experts then helps to develop the Swedish resource base.

Ultimately, the effectiveness of development assistance is a matter of both solidarity toward the recipients and legitimacy toward Swedish taxpayers as financiers. Transparency and independent review form the basis of effective and results-oriented development assistance. Sweden will therefore promote increased transparency within the EU, multilateral development banks and the UN's development cooperation.

More initiatives are needed to help local agents of change – in administration, the private sector and civil society – have the opportunity of higher education. Leadership programmes and project support can also contribute to both expertise and networking for women and young people with leadership potential, and willingness to change in line with Swedish development assistance's objectives of democracy and good governance.

4. Activities

Sida and SI will actively steer the activities towards the objectives and ensure that the activities are followed up based on the objectives. Efforts to increase transparency and reduce corruption will be integrated throughout all activities.

Activities will be implemented in low- and middle-income countries that can receive development assistance according to the OECD Development Assistance Committee (DAC) regulatory framework. The support will be adapted to local needs, conditions and problems, and will focus on countries and sectors where there are prospects of achieving good results, and where there are converging interests. Activities can thus be carried out both in countries where there is a bilateral development assistance strategy and in other countries where the needs match Swedish expertise, where the Swedish resource base is considered able to provide particular added value and in sectors where it can produce distinct and long-term sustainable results. For capacity development initiatives in economic growth and green transition, special consideration should be given to countries where synergies between development cooperation, promotion and trade policy can be harnessed.

Activities will contribute to sustainable development, while being prioritised based on the prospects of mobilising other actors and thus catalytic co-financing in the long term. Gender equality will be taken into account in all relevant initiatives.

Activities will promote and harness opportunities to strengthen local capacity and manage migration, when so relevant. Activities will be followed up and reported on in line with what is prescribed in current guidelines for development assistance strategies. In its strategy reports to the Government, Sida and SI can highlight how activities contribute to the implementation of the 2030 Agenda in relation to the strategy's priorities. The areas of activity are particularly relevant to SDG 8: decent work and economic growth, SDG 12: responsible consumption and production, SDG 13: climate action, SDG 15: life on land and SDG 16: peace, justice and strong institutions. The annual strategy report will include reporting, analysis and assessment of the results of activities in relation to the stated objectives. Where possible, gender-disaggregated statistics will be included in activity reports.

Within the framework of a Team Europe Approach, activities under the strategy will also promote effective Swedish contributions to joint EU development initiatives. This can be done, for example, through Team Europe Initiatives (TEI) and contributions to the implementation of the Global Gateway strategy, and through strategic secondments of Swedish national experts.

Capacity development and institutional development

Sida's activities will help build effective and transparent public authorities and other societal institutions with accountability functions, transparency and citizens' influence in developing countries, aiming to safeguard democratic governance and sustainable investment for development. The support will be adapted to local needs, conditions and challenges, and will focus on countries and sectors where there are prospects of achieving good results, and where there are converging interests.

Anti-corruption efforts should be a priority in the activities, both by strengthening effective and transparent public institutions in developing countries and as a part of capacity development through Swedish government agencies.

The International Training Programmes will engage an even broader Swedish resource base. Swedish higher education institutions' opportunities to contribute to capacity development through collaboration with academic institutions in developing countries will be developed. Synergies with EU-level efforts should be sought, including within *Public Sector Expertise* (PSE, the European Commission's support to democratic development through collaboration between institutional partners).

Sida will help create better conditions for more Swedish actors to contribute to development cooperation's objectives and implementation, and to enable mutual learning and exchange of experience. The Swedish resource base will be used strategically, appropriately and in an adaptable manner to contribute to sustainable development in line with policy priorities for Swedish development assistance.

Partnerships, private sector collaboration and innovative methods

Sida's activities will help develop support for businesses and entrepreneurs in low- and middle-income countries that contribute to sustainable development. Activities that aim to enhance developing countries' private sector sustainability will be prioritised. Countries and sectors where the broad Swedish resource base can be utilised for expertise in collaboration and innovative solutions to societal challenges will be prioritised, particularly where there are converging interests. Attracting private investment requires transparency and functioning institutions to combat corruption.

Promoting international trade and investment is important for sustainable development in developing countries, and opportunities to strengthen economic and trade policy expertise in developing countries' public institutions should be sought to address the demands of international trade.

Activities within the framework of the strategy will also strengthen and help develop methods for diversifying and mobilising Swedish, global and local capital for sustainable development. Activities should adapt and develop tools for innovative and catalytic forms of financing in order to increase resources to fund development. Where appropriate, Sida should develop objectives for mobilising private capital for activities to which this strategy can contribute.

Activities will help support innovation, development of new methods and pilot activities to address global development challenges more effectively. The strategy may include the management of instruments that enable synergies between development assistance, trade and promotion. Activities should include innovative ways of working and partnerships with various actors, including public and private investors, the private sector, public institutions, higher education institutions, civil society and others. When relevant, the potential of digitalisation will be harnessed as a tool for achieving the objectives.

Strengthened partnerships for sustainable development may include support to platforms for collaboration with various actors, such as businesses, investors, public authorities, higher education institutions and other donors.

Activities will also contribute to broader and more self-sustaining relations between Sweden and developing countries, as well as regional and global cooperation.

Swedish persons working in strategic positions in international organisations

Activities will help ensure that the broader Swedish resource base is used strategically, appropriately and in a flexible manner in order for Swedish development assistance policy priorities to make an impact, and to enable mutual learning and exchange of experience. The activities may involve government agencies, the private sector, local and regional public administration, higher education institutions, civil society organisations and social partners. Within the framework of the strategy, strategic Swedish representation will strengthen Swedish development assistance priorities' impact in the EU and multilateral organisations. The activities should also ensure a long-term supply of Swedish representation that can constitute a pool of resources for higher management appointments over time. The distribution of secondments in terms of geographical, thematic and organisational focus will be in line with the Government's current priorities. This means that secondments to prioritised countries may be of particular interest even if there is no bilateral development assistance strategy.

By providing Swedish expertise, the capacity of multilateral and other partner organisations can be strengthened in the long term. Mutual learning and exchange of experience should be promoted and help contribute more effectively to the objectives and implementation of development cooperation. Opportunities for Swedish students to participate in academic exchanges may also be included.

In addition, Sida should ensure that Swedish expertise and experience from international development cooperation are increasingly fed back into the Swedish resource base, including to the Government Offices (Ministry for Foreign Affairs) and Sida on a regular basis during a secondment period.

Secondment activities will be characterised by flexibility in order to take advantage of opportunities that arise during the strategy period.

The Swedish Institute's (SI) activities

SI will strengthen the capacity of actors in both the private and public sectors, academia and civil society that help implement the development assistance policy priorities. These activities will strengthen the expertise of relevant actors that can contribute to sustainable development in developing countries through education and training. The activities include scholarship programmes for higher education. The activities can also help develop networks and exchange between actors – both individuals and organisations – in developing countries and Sweden. Activities may include leadership programmes, alumni activities for former participants of SI's and Sida's programmes, and other capacity-strengthening activities.

Digital methods for transfer of knowledge will be used where they promote better results and more efficient use of resources.

Synergies, tools and forms of collaboration with SI's other activities will continue to be developed to help create conditions for cooperation with the entire Swedish resource base, including government agencies, businesses, higher education institutions and civil society, so as to contribute to broader and more self-sustaining relations beyond development assistance.