

Country Case Studies on Inclusive Business

Policymakers have expressed interest in learning from peers that have already begun to support inclusive business. To support this request for knowledge-sharing, the G20 Global Platform on Inclusive Business developed a series of short pieces that examine the motivations, institutional coordination mechanisms, priorities and challenges that countries face as they support inclusive business.¹

Sweden

Collaboration between development cooperation agencies and the business sector is not a new phenomenon in Sweden. The private sector has always been involved in Swedish development cooperation. However, its role has been changing over time along with the varying priorities in the field of development cooperation.²

In 2004 Sweden developed a new private sector development policy after the support of the Swedish International Development Cooperation Agency (Sida) was re-evaluated at the beginning of the millennium. Along with the new policy, a new approach for private sector development was adopted with a focus on creating markets for the poor.³

Box 1: Advice for fellow policy-makers

- Engage with development specialists and inclusive business specialists
- Dialogue with companies and focus on the leadership
- Be flexible, courageous, and patient

Policy Framework

The strategy of the Swedish government for private sector cooperation is to discover new and innovative ways to engage private sector actors in global development. The aim is not only to boost economic growth, but also to leverage private sector resources for development objectives.⁴ The focus of the strategy is on creating job opportunities for the poor and developing business models that include the poor in their value chains.⁵ All inclusive business engagements should promote the priorities of the Swedish development cooperation, including gender equality, human rights, democratic values, and the environment.

In 2010 Sweden established its Business for Development (B4D) program to provide a framework for collaboration with the private sector. Inclusive business is considered to be a fundamental area of the program and Sida has adopted inclusive business as one of its principles for private sector collaboration.⁶ The

¹ This document has been prepared by the United Nations Development Programme's Istanbul International Center for Private Sector in Development for the G20 Global Platform on Inclusive Business.

² Billing, A., et al. (2012). "Swedish Development Cooperation in the Private Sector: the Role of Business in Poverty Alleviation and the Role of Donors in Promoting Private Sector Contributions to Development". Retrieved from: http://globalstudies.gu.se/digitalAssets/1364/1364707_perspectives-22.pdf

³ Article on the Guardian: "Public eye: The Swedish International Development Cooperation Agency". Retrieved from <http://www.theguardian.com/sustainable-business/public-eye-swedish-international-development-cooperation-agency>

⁴ Swedish International Development Cooperation Agency. "Collaboration with Private Sector – Collected Information" Retrieved from <http://www.sida.se/globalassets/global/about-sida/private-sector--collected-info.pdf>

⁵ The Swedish Ministry of Enterprise, Energy and Communication (2012). "The Swedish Innovation Strategy". Retrieved from <http://www.government.se/contentassets/cbc9485d5a344672963225858118273b/the-swedish-innovation-strategy>

⁶ Statskontoret (2016). "Biståndets Samverkan med Näringslivet: En Analys av rollfördelningen mellan Sida och Swedfund". Retrieved from <http://www.statskontoret.se/globalassets/publikationer/2016/201607.pdf>

program consists of different instruments that may be used for engaging private sector actors, including challenge funds and public private development partnerships.

Institutional Set-up

Sida and the Ministry for Foreign Affairs

Swedish development cooperation is organized through Sida which operates under the jurisdiction of the Ministry for Foreign Affairs (MFA). Sida engages in inclusive business through the following initiatives and instruments:

- 1) *Innovation Against Poverty*. A challenge fund designed by Sida, Innovations Against Poverty functions as a risk sharing mechanism for catalyzing inclusive business models and innovations to find solutions to development problems. Through the fund Sida provides grant funding for firms that are developing new products, services, or business models with the potential to reduce poverty. The grant support can be allocated, for instance, to market research, prototype development, or the building of strategic partnerships.
- 2) *Business Call to Action (BCtA)*. Sida is one of the donors for the BCtA platform that challenges companies to develop and adopt inclusive business models. In addition to funding the initiative, Sida contributes to BCtA by engaging in dialogue and networking with the other BCtA funders.
- 3) *Swedish Leadership for Sustainable Development*. Swedish Leadership for Sustainable Development is a network of Swedish companies and organizations that was established and facilitated by Sida. The objective of the network is to contribute to the Sustainable Development Goals by integrating sustainable development into business models and core business practices. While knowledge sharing remains one of the network's key components, it also has the potential to function as a platform for collaboration and innovative projects.
- 4) *Asian Development Bank initiative*. Together with Credit Suisse AG, Sweden co-finances the inclusive business initiative at the Asian Development Bank. The purpose of the initiative is to provide technical assistance to the Asian Development Bank to help them identify, fund, implement, and monitor inclusive business initiatives.
- 5) *Public Private Development Partnerships (PPDP)*. Sida engages in partnerships with private sector actors to encourage companies to pro-actively develop business models that benefit and create opportunities for people living in poverty. Sida finances projects jointly with private sector actors who also take on the organizing role for each project.⁷

Other Institutions

In addition to the MFA, other political and governmental actors play a role in incorporating inclusive business into the Swedish agenda.

- 1) *The Ministry for Enterprise and Innovation* is responsible for issues involving business environment and innovation climate. The Swedish Innovation Strategy guides the Ministry's work towards an

⁷ Statskontoret (2014). "Sweden's Policy for Global Development. The Government's joint responsibility?" Retrieved from <http://www.statskontoret.se/In-English/publications/2014---summaries-of-publications/swedens-policy-for-global-development.-the-governments-joint-responsibility-20141/>



innovation climate where different actors, including businesses, can contribute to solutions to both national and global challenges.⁴

- 2) *Swedfund* is a Swedish development finance institution that promotes sustainable economic development by co-financing investments and by building businesses and industries that can combat poverty. Swedfund's approach to poverty alleviation is to ensure economic growth and job creation. Sida and Swedfund have collaborated through PPDP projects, however, collaboration and coordination between the two agencies generally remain small scale.⁵
- 3) *The European Union* plays a role in Sweden's inclusive business environment through policy making on the supranational level.

Coordination among Actors

In 2003 the Swedish parliament decided to create a coherent policy for global development that would guarantee contributions to development objectives from all policy areas. The resulting Policy for Global Development established the joint responsibility for policy formulation and implementation between ministries in the government through joint inter-ministerial working groups (e.g. international trade, migration policy and food safety). These working groups function as networks for the relevant ministries in the Government Offices and relevant implementation agencies to stimulate cooperation. Responsibility for the coordination of the policy was given to the Minister for International Development Cooperation in the Ministry of Foreign Affairs. The MFA acts as the main coordinating body of the policy while other ministries are involved through their own internal focal points. There is also an inter-departmental working group that focuses on issues related to the policy coherence.⁶

Despite having a clear coordination structure, achieving policy coherence remained challenging as achieving commitment from all ministries to prioritize the policy was difficult.⁶ Sweden is currently re-launching the policy coherence effort around the Agenda 2030.

In order to better coordinate the inclusive business efforts within its global network, the MFA is creating a training module to educate staff at its embassies on sustainable inclusive business. Some embassy staff are also members of Sida's internal private sector collaboration network. Sida also communicates directly with inclusive businesses, particularly through initiatives such as Innovations Against Poverty, the Swedish Leadership for Sustainable Development network, and in some cases BCtA.

This case is available at www.g20inclusivebusiness.org.

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