Cooperation agreement between Sida and Swedfund – what does it entail?

• Sida and Swedfund are strengthening their cooperation to make better use of our combined development finance tools and thereby enhance Sweden's overall offering.

Sida and Swedfund have different but complementary mandates, areas of expertise and financing instruments. Through this agreement, we are creating the conditions to use them in a more coordinated manner – to mobilise more capital and achieve a greater development impact. Ultimately, this is about strengthening Sweden's existing offering through increased use of the organisations' respective instruments and greater resource efficiency, but also about creating the conditions for new forms of cooperation and innovative solutions.

• For the past couple of years, Sida and Swedfund have been working closely together within Team Sweden Trade and Development and Strategic Projects.

In recent years, Sida and Swedfund have built up close cooperation within Strategic Projects relating to critical infrastructure, and this cooperation is now being extended to new areas.

• The agreement means that we will coordinate our efforts more effectively in relation to the market.

The starting point is that Swedfund acts as the main point of entry and the coordinating initial contact with local private financial institutions. This is intended to reduce the risk of parallel Swedish contacts and make it easier to identify the financing solution that best meets the need.

• The agreement means that cooperation will become more systematic and begin at an earlier stage.

Swedfund's network, market knowledge and financial expertise will be utilised to a greater extent to identify and develop financing opportunities where Sida's guarantees, Swedfund's investments or a combination of these may be relevant. As a first step, the agreement covers credit guarantees to local private financial institutions.

• The agreement creates new synergies between our various mandates

For Sida, the agreement means, amongst other things, that we will involve Swedfund at an earlier stage in the implementation of our strategy when we identify needs and opportunities where cooperation with local private financial institutions can contribute to our strategic objectives.

For Swedfund, the agreement means that, whilst working on investment opportunities that contribute to Swedfund's mission objectives, we shall also identify opportunities that can contribute to the implementation of Sida's strategies. Swedfund shall compile background information on the counterparty and share this with Sida. For Swedfund, a coordinated approach means greater scope for enhanced development impacts, as well as new investment opportunities and innovative solutions.

• Each organisation's mandate over its own instruments remains unchanged.

Swedfund's role in the initial dialogue does not mean that Swedfund assumes Sida's responsibility for guarantees. When a financing opportunity proceeds to concrete preparation, negotiation, decision-making and follow-up, each organisation is responsible, in accordance with its remit and mandate, for its own instrument.

• The direction has been set – this autumn we will put it into practice.

The agreement sets out the main principles for the cooperation. We now need to work together to develop simple and legally sound working methods for, amongst other things, the exchange of information, confidentiality and channels of communication to ensure efficient handling.

In the initial phase, collaboration will be carried out within the framework of the two parties' current mandates, regulations and governance. To realise the agreement's aim of a strengthened

Swedish offering, increased development impact, resource efficiency and new solutions, a working group will be established.

The aim is not to create additional processes, but to make better use of the combined expertise and to simplify the development of effective financing solutions.

Summary:

As partners in Team Sweden, Sida and Swedfund will work together to identify financing solutions at an earlier stage, engage with local banks in a more coordinated manner and make better use of each other's strengths – whilst each organisation remains responsible for its own instruments.

• We will coordinate our approach to the market more effectively. Instead of parallel Swedish channels of engagement, the starting point is that Swedfund will be the main point of entry and the coordinating initial point of contact in relation to local financial institutions.

• We will begin collaborating at an earlier stage. When Sida identifies that local financial institutions can contribute to the strategic objectives, Swedfund's network and expertise will be brought into Sida's processes at an earlier stage.

• We retain our respective mandates. When it comes to a specific investment or guarantee, each organisation is responsible for its own instrument.