Export and Development Finance

New Swedish financing instrument channels development aid to support investment in developing countries

Developed by EKN (the Swedish Export Credit Agency) and SEK (Swedish Export Credit Corporation), the instrument is designed to create synergies between trade and aid, enabling Swedish suppliers to deliver world-class technology and solutions while supporting economic, social and environmental development in low- and lower-middle-income countries.

Across the developing world, governments face an urgent need for investment in energy, transport, digital infrastructure and industrial development. Yet many of the projects with the greatest economic and social impact struggle to attract commercial financing on acceptable terms.

Sweden's Export and Development Finance instrument addresses this challenge by combining development aid and export credits.

The Export and Development Finance instrument creates benefits for all stakeholders.

For developing economies

Access to long-term, affordable financing for Swedish technology that promotes social and economic development – projects that might have limited access to commercial financing. These may include sectors such as energy, transportation, telecommunication, water and health.

For exporters

Limited aid resources can open new opportunities for exporters to participate in large-scale projects with strong development and sustainability profiles.

For commercial banks

Access to SEK financing, triple-A rated risk cover from EKN and improved conditions for participating in complex long-term infrastructure transactions.

How the financing structure works

The instrument is arranged through a commercial lender acting as the financing arranger and is based on three integrated agreements: export credit financing from SEK at a fixed CIRR rate, export credit guarantee provided by EKN, and development aid grants used to reduce the borrower's financing costs.

1

Export Credit Agreement

An export credit agreement between the borrower and SEK provides long-term financing at a fixed Commercial Interest Reference Rate (CIRR).

The agreement follows the OECD Arrangement, meaning that standard export credit terms regarding maturity, repayment profiles, grace periods and down payments continue to apply.

2

Export Credit Guarantee

EKN provides a guarantee covering the full loan amount.
This provides lenders with triple-A rated risk cover and significantly reduces financing risk.

3

Grant Agreement

A separate grant agreement between EKN and the borrower specifies how development aid funds are used to reduce borrowing costs through repayment of part of the principal and/or interest.

Safeguarding development impact

The instrument is designed to ensure that public funds support projects that deliver genuine development benefits.

To comply with OECD tied-aid rules, the concessional aid component must exceed 35 percent of the financing package, rising to 50 percent for least-developed countries.

Projects must demonstrate clear development impact and would generally not be commercially viable on a stand-alone basis. The purpose is to ensure that aid acts as a catalyst for investments that would otherwise not take place. To ensure that public funds create meaningful development outcomes, EKN obtains an independent assessment from Sida, the Swedish International Development Cooperation Agency. Applicants support their case with research, evaluations or other evidence demonstrating expected development impact.

Priority sectors

The instrument is particularly relevant for sectors where Swedish companies offer internationally competitive solutions with strong sustainability credentials and low lifecycle costs.

For example:

- Transportation - public transport, railways, and related infrastructure
- Energy - renewable energy generation, energy transmission, and distribution
- Water and health – hospitals, healthcare facilities, water supply, and treatment
- Telecommunication - focus on improving connectivity in rural and underserved areas

Eligible markets

The instrument is available in low- and lower-middle-income countries where EKN is open for business and where projects meet OECD DAC requirements for concessional financing.

Depending on country risk classification, financing may be available for public and private borrowers or for private borrowers only.

Please contact EKN or SEK for the latest country eligibility list and financing conditions.