

COVID-19 is a huge challenge for SECO partner countries

The global coronavirus disease 2019 (COVID-19) is not only a health crisis, but also an economic and social crisis. Its impact is expected to remain relevant for the years to come: even if it is still too early to accurately estimate the consequences of COVID-19, the World Bank predicted in 2020 that up to 150 million people could fall back into extreme poverty, many of these in middle-income countries. The crisis is also a huge challenge for all of SECO's partner countries for the following economic reasons: **(1)** The lack of basic public services complicates the response to a major crisis. **(2)** People living in densely populated, informal urban settlements experience serious stress. **(3)** The global response led to a massive decline in production, consumption, investment and trade, resulting in unemployment and disruption of markets. This is especially problematic as social safety nets are only available to a limited extent. **(4)** Public expenditure and public debt levels are rising in order to mitigate impacts of the pandemic. **(5)** International emergency support mainly targets the least developed countries; middle-income countries, where SECO is involved, often do not qualify for emergency assistance and therefore need to take out loans. Therefore, SECO's technical assistance remains extremely relevant in terms of supporting middle-income countries in building resilient economies. SECO helps mobilising the necessary resources, expertise and partnerships to provide targeted economic and policy support measures. Furthermore, in the spirit of "Build Back Better", SECO wants to support its partner countries along the three phases of crisis management (*contain – stabilize – recover*):

1. Securing on-going projects: if possible, SECO's bilateral activities have contributed to secure basic services and economic crisis management through measures such as budget support, debt management, public financial management, financial market stabilisation, SME support and corporate financing.

2. Adjustment of on-going projects: SECO analyses and adjusts its portfolio to identify and control risks.

3. Consideration of additional requests for assistance: depending on how the pandemic develops, additional projects will be mobilised.

For sustainable prosperity

SECO's Economic Development Cooperation 2021–2024



Switzerland's International Cooperation Strategy

Over the past three decades, globalisation and technological advances have led to significant global economic growth and a general improvement of living conditions. As a result, one billion people have been able to escape from extreme poverty worldwide. Switzerland's international cooperation programmes contribute effectively to this positive trend by providing expertise and financial resources. Aside from the decline in poverty, global challenges related to economic structural change, good governance, pandemics, demographic change, inequality, climate change, urbanisation and digitalisation persist. Therefore, Switzerland's international cooperation efforts remain highly relevant.

SECO business lines

▶ A **growth-promoting economic policy**: SECO focuses on fiscal, financial and monetary policies that have a positive impact on long-term economic growth. SECO supports measures to improve the quality of public financial management, to modernise local finance administrations, and to develop local financial and capital markets. In addition, SECO expands its activities in the field of fiscal and debt management and focuses on digitalisation.

▶ A **rules-based trade system** that helps partner countries integrate into the global economy: SECO supports the development of a modern trade system and of local quality infrastructure. This includes strengthening trade-related institutions, implementing international working standards and competition policy, and creating framework conditions to protect international property. In addition, SECO also promotes training programmes on international trade law and trade policies, and strives to ensure the implementation of social and sustainability aspects in trade agreements.

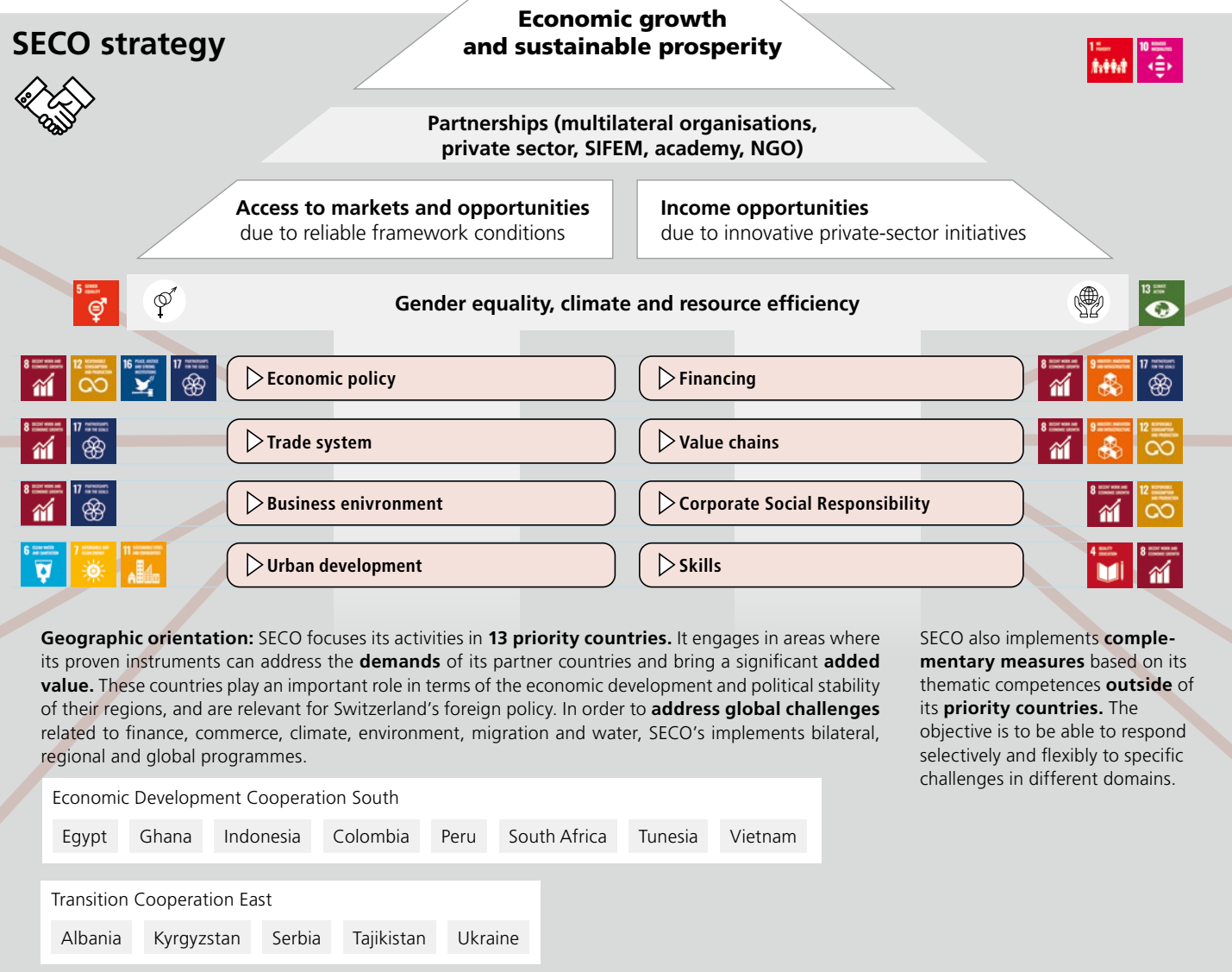
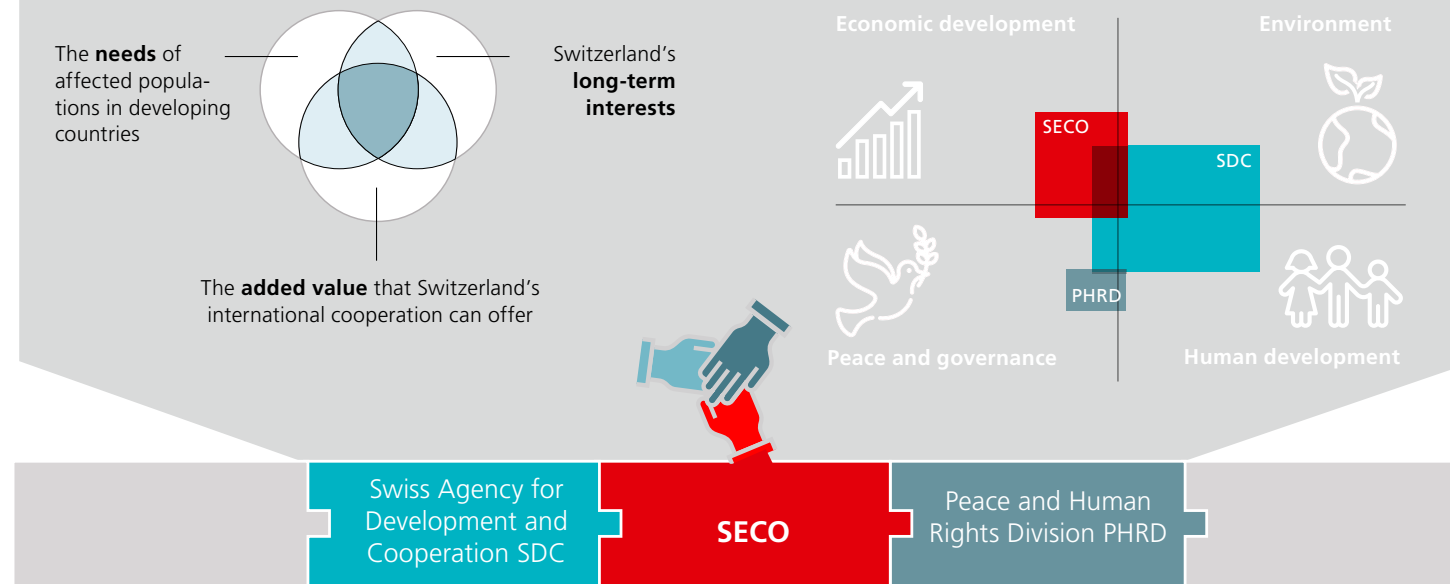
▶ An **innovation-friendly business environment** that stimulates the competitiveness, productivity and growth of enterprises: SECO primarily supports its partner countries in designing an efficient and effective legal framework for establishing, managing and liquidating companies. Moreover, SECO promotes equal access to opportunities, innovation and digitalisation.

▶ An **integrated urban development and infrastructure supply** that improves the resilience of cities against natural disasters and promotes sustainable urban mobility and an efficient, climate-friendly energy supply: Furthermore, the type and design of public goods and services, such as energy supplies from renewable sources, are crucial for global competition and addressing climate change. However, public utilities often suffer from weak management and insufficient financing solutions. Thus, SECO promotes skills development in public utilities and supports national and local authorities in implementing viable financing solutions.

UN Agenda 2030 for sustainable development



Switzerland's International Cooperation strategy 2021–2024



SECO's focus on economic cooperation and development

Based on the 2030 Agenda for Sustainable Development, Switzerland's International Cooperation Strategy 2021–2024 sets four objectives: economic development, environment, human development and peace and governance. In addition, three criteria determine the strategic approach of Switzerland's international cooperation: the needs of the affected population, the added value of Switzerland's international cooperation and Switzerland's long-term interests.

In order to overcome global challenges, the Swiss State Secretariat for Economic Affairs (SECO) focuses its efforts on promoting economic development. It thereby relies on partnerships with multilateral organisations, the private sector and civil society to increase the effectiveness and leverage of its activities. SECO's activities are strategically aligned with and complementary to those of other federal agencies, especially the Swiss Agency for Development and Cooperation (SDC) and the Peace and Human Rights Division (PHRD) of the Federal Department of Foreign Affairs.

Transversal themes

♀ **Gender equality**: Gender equality is key to reducing poverty and is an important driver of sustainable development. Gender equality is also part of a smart economic policy: it increases the productivity and competitiveness of individuals, companies and national economies. SECO systematically takes into account the gender dimension, such as within social standards, statutory requirements and gender-specific risks when developing projects and programmes.

🌍 **Climate and resource efficiency**: SECO systematically takes into account climate risks, as well as mitigation and adaptation measures in the design and monitoring of its activities. Moreover, SECO increasingly mobilises the private sector to make climate-friendly investments in developing countries and participates in the development of an international climate policy. SECO rejects the financing of coal-fired power plants by multilateral development banks. The financing of modern gas-fired power plants is examined on a case-by-case basis according to strict criteria and is only supported if renewable energies or sufficient energy-saving potential are not available.

SECO business lines

▶ **Access to finance**, which contributes to the development of the private sector and the creation of decent jobs: SECO enables SMEs to access capital and supports the development and use of innovative financial technologies and innovative finance solutions. In addition, SECO helps to develop financial services that are tailored to the specific needs of e.g. female entrepreneurs and is also committed to infrastructure financing. Together with other investors, the Swiss Investment Fund for Emerging Markets (SIFEM) provides long-term commercial financing and expertise.

▶ The **integration of producers and enterprises in value chains**: SECO promotes specific value chains that are particularly relevant for its partner countries and improves their access to Swiss and European markets thereby promoting sustainability and competitiveness for their export commodities. In addition, SECO backs voluntary sustainability standards while evaluating the sustainability of a territory based on a global assessment instead of focusing on individual production units (= landscape approach).

▶ **Responsible corporate management**: The private sector plays a critical role in the performance of national economies, e.g. job creation, and therefore also has significant responsibilities. SECO promotes good corporate governance and encourages business practices that integrate a social and ecological dimension at the core of their activities.

▶ **Market-oriented skills**: SECO plays an active role in training and upskilling the labour force and offers training to ensure compliance with international labour and social standards.

For detailed information about the orientation of SECO's economic development cooperation, see: www.seco-cooperation.admin.ch/secocoop/en/home.html

