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# Swiss Cooperation Programme Egypt 2021–2024



# Table of contents

Foreword	5
1. Context analysis	7
2. Swiss foreign-policy objectives in Egypt	10
3. Results of Swiss Cooperation Strategy 2017–2020	12
4. Implications for the Cooperation Programme 2021–2024	17
5. Priorities, objectives and theories of change	18
6. Programme management	22
7. Strategic steering	23
Annex 1 : Engagement narrative	24
Annex 2 : Financial planning	25
Annex 3 : Map of Egypt	26



## Foreword

Egypt plays a critical role for peace and stability in the MENA region. It is a key partner of Switzerland in the South Mediterranean area. During the last 40 years of bilateral cooperation, Switzerland and Egypt have developed strong ties based on mutual interests and trust.

The new cooperation programme for the period 2021-2024 underlines Switzerland's long-term commitment to Egypt and the Egyptian population. It aims at fostering growth and job creation by supporting the country's structural reforms and private sector. The promotion of human rights, citizen participation, transparency and accountability remain at the core of Switzerland's engagement in Egypt. The present programme is aligned with the relevant strategic frameworks of the Swiss government and the development priorities of Egypt. It dedicates an increased focus on gender equality, skills development, the development of a greener economy and sustainable urbanisation.

The overall economic situation has significantly improved over the last decade. Thanks to its commitment to the IMF reforms

package, the country has successfully restructured several areas of the economy. Budget and trade deficits have been reduced, macroeconomic stability has been achieved and growth and employment have increased. The public debt has shifted to a more sustainable trajectory.

However, despite these positive developments and high resilience during the COVID-19 crisis, the overall situation remains fragile. Important changes are still needed to better respond to the aspirations of the population, in particular women and youth. Minorities in vulnerable situations, including migrants, have been particularly affected by the crisis and need special attention.

The present programme has been jointly developed by several services of the Swiss Federal Administration, to ensure a coordinated and coherent approach. In close cooperation with the Egyptian authorities, Switzerland will spare no effort in the next 4 years to expand good governance, promote peace, foster an inclusive society and address the situation of migrants in the region.

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# 1. Context analysis

## Political, security and regional context

In the past four years, Egypt primarily focused on maintaining its national security and stability. In doing so, it was able to ensure a favourable context for economic reforms, leading to declining public debt levels, growing foreign reserves, economic growth and to the first primary budget surplus in 15 years. Broader structural and political reforms towards more inclusive institutions and civil and political rights are yet to be fully implemented. While the rule of law has been strengthened, good governance will require more transparency and accountability in the future.

In 2020, the Senate was renewed. The pro-governmental party won the absolute majority based on a participation rate estimated at 14%. A similar scenario occurred shortly after regarding the elections to the House of Representatives. From a political perspective, the outlook for the next four years looks steady. From a social perspective, the economic pressure on the lower middle class as well as on the poorest segments has clearly increased, possibly raising concerns and demands amongst the population.

Egypt plays an essential geopolitical role in the region based on its control over the Sinai Peninsula, the Suez Canal as well as its considerable size. Egypt is strongly connected to the Middle East and the Mediterranean. Continuing sectarian and civil wars and humanitarian crises across the MENA region confirmed Egypt in its priorities for maintaining stability, both domestically and regionally. A military operation is continuing in North Sinai. The number of terrorist attacks against civilian targets has diminished considerably.

Over the last years, Egypt has adopted an increasingly restrictive migration policy, which has been further promoted through the European Neighbourhood Policy towards Egypt as well as other countries in the MENA region. The increased cooperation between Egypt and Europe in the field of migration management has brought a rapprochement with the EU (first Arab League-EU summit in 2019).

In terms of its foreign policy, Egypt has managed to diversify beyond its strategic partnership with the US. In the last four years, and during its presidency of the African Union, it established closer ties with China and Russia which enhanced its strategic influence in the Middle East and Africa. Now,

Egypt's main strategic focus lies on increasing intra-African connectivity and trade routes, an absolute priority being the sufficient provision of water resources including by finding an agreement on the management of water resources with Ethiopia and Sudan.

The Libyan civil war continues to present a security threat at the Western border. Egypt came back in 2017 to a mitigating role on the recurring crises of the Gaza strip by mediating between the parties and allowing passage of people and humanitarian goods through the Rafah border.

## Economy

The political transition in 2011 weighed on the economy. In response, Egypt committed to an IMF-assisted reform package in 2016, which successfully stabilised and eventually improved macroeconomic indicators. The reform led to the liberalisation of the Egyptian pound, a reduced current account deficit, lowered budget deficits and a decline in the public-debt-to-GDP ratio to 83% (2019) from 103% (2017)<sup>1</sup>.

State-led investments in most economic sectors, especially infrastructure, have contributed to creating employment and keeping growth positive. Unemployment rates have been falling, from 12% in 2017 to 7.8% in early 2020, with a significant uptick to 9.9% once the pandemic hit, as the tourism and oil sectors slumped and global trade shrank. Labour force participation then dropped by 2.3 million, affecting more women than men, and urban dwellers more than rural ones<sup>2</sup>. This, in addition to the persistent skills gaps in Egypt's workforce, constitutes one of the main challenges and a prime bottleneck.

To counter the effects of the COVID-19 pandemic, the government increased expenditures to social safety nets to the poorest segments of society. In 2020, two additional IMF support packages were leveraged to retain macroeconomic stability and proceed with the planned "second wave of reforms". These structural reforms are geared towards improving the

<sup>1</sup> IMF October 2019: Fifth Review under the extended arrangement under the extended fund facility

<sup>2</sup> CAPMAS 17 Aug 2020 : Press Release on the effect of Covid 19 on employment – Q2 2020

business environment and promoting private sector-led growth. They are aimed at facilitating access to finance, at reforming the taxation system and state-owned enterprises as well as at enhancing the role of different economic actors<sup>3</sup>.

The planning scenario for this cooperation programme is, in the short term, a slowdown in GDP growth and an increase in external debt. Hence, poverty is expected to grow, mainly in urban areas and among people in vulnerable situations (women, children, migrants, and the poorest people). The labour force participation rate is likely to remain below 50%. The planning scenario also assumes a gradual economic recovery over the next 4 years, as tourism returns, global trade resumes and the planned structural reforms materialise<sup>4</sup>.

## Social

Over the past decade, the great majority of social indicators have been improving steadily, albeit slowly (e.g. human development, life expectancy, under-5 mortality, average years of schooling). The only field where this long-term trend has been mixed concerns gender equality: while the composite indicators are improving slowly<sup>5</sup>, some critical indicators show negative trends such as female labour force participation (at below 23%, dropping to 16% during COVID-19); as well as data on gender-based violence including rape, domestic violence, child marriage, FGM, as well as access to high-quality sexual and reproductive health services.

Egypt's population growth rate has been fluctuating around 2% for the past 25 years, with a steady decline from 1995 to 2008, a peak at 2.2% in 2015, and a renewed decline in recent years to 1.9% in 2020<sup>6</sup>. Egypt's population is estimated to reach 130 million by 2030, posing significant challenges especially with regards to public service delivery, infrastructure development and employment. The government is investing heavily in education, health and infrastructure while at the same time privatising some services. These investments will improve people's livelihoods in the future, hopefully reversing the negative trend that occurred after the change of public policy from subsidy to social safety-net measures. Regarding access to safe drinking water and sanitation services, major disparities remain between urban (more than 90%) and rural areas (less than 50%).

Poverty and disparities increased due to the COVID-19 crisis. It is estimated that 73% of Egyptian families saw a decline in their income as a consequence of measures taken to contain the pandemic. Women paid a higher price in this crisis with the female labour force dropping to 4.5 million in late 2020 (compared to 5.2 million in March 2020, CAPMAS) and a general increase in violence and insecurity.

<sup>3</sup> IMF June 2020: IMF Executive Board Approves 12-month US\$5.2 Billion Stand-By Arrangement for Egypt

<sup>4</sup> Economist Intelligence Unit Economic Forecast

<sup>5</sup> e.g. UNDP's Gender Development and Gender Inequality indexes, 2020

<sup>6</sup> World Bank Data: <https://data.worldbank.org/indicator/SP.POP.GROW?locations=EG>

Being among the most vulnerable, migrants and refugees have been heavily affected by the COVID-19 pandemic. During the crisis, these populations have mostly depended on services provided by civil society organisations, yet these are limited in terms of resources and outreach. Besides, since the beginning of the crisis, over 60,000 migrants and refugees could not get registered by the UNHCR due to halted or delayed registration processes. As a consequence, these persons are in an even more precarious situation, lacking protection and services.

In 2016, the government adopted a new policy on migration aimed at regulating migration flows through its northern border. As a consequence, Egypt became a country of destination for migrants. Since then, the needs for humanitarian and development aid have been constantly increasing and have been recognised as such by Egypt.

The planning scenario for the cooperation programme in social sectors anticipates a continued engagement of Egypt in the education sector and a collective engagement of both state and non-state actors in social protection, while facing unprecedented challenges due to the COVID-19 crisis and the consequences of regional crises (Ethiopia, Eritrea). Thanks to improved access to basic services and continued support for socio-economic integration, the resilience of people in vulnerable situations is expected to be alleviated.

## Environment

Egypt's environmental strategy under the 2030 vision highlights the importance of sustainable management of natural resources and the reduction of environmentally harmful economic practices. The average availability of freshwater per capita in Egypt has steadily decreased from about 1,893m<sup>3</sup> per capita per year in 1959 to about 900m<sup>3</sup> in 2000, and 570m<sup>3</sup> in 2018, which stands below the water poverty line of 1,000m<sup>3</sup><sup>7</sup>. The continuous population growth and the current dispute about the Grand Renaissance Dam will likely increase Egypt's water stress. Moreover, the rise in sea levels and the change in average temperatures may put at risk agricultural production and related sectors. The successful issuance of green bonds by the GoE constitutes an encouraging step towards green investment and climate resilience.

Further, Egypt's per capita CO<sub>2</sub> emissions have been quite stable over the last decade at around 2.5t/capita. The government's efforts to maintain this trend is reflected in the successful issuance of green bonds, investments in electric public transportation, renewable energy and the reduction of fuel subsidies. With increasing urbanisation, urban expansion and rural to urban migration, water, sanitation and waste management is becoming of primary importance. We expect these trends to grow in Egypt over the coming four years, influencing policy development and international dialogue. We also expect the GoE and the private sector to further invest

<sup>7</sup> Ahram Online January 2020: Egypt's water challenges



in greening the economy, with green finance instruments, renewable energy, energy efficiency, water and waste management and sustainable urban planning.

## Institutional

In 2020, the COVID-19 health and economic crises accelerated the challenges which Egypt faces, given the megatrends of the whole MENA region<sup>8</sup>. The GoE is aware that challenges such as climate change, population growth, unemployment, resource scarcity and unprecedented pressures on medical and educational systems will put a strain on the state budget and public debt. Nevertheless, so far Egypt has been able to reduce its deficit and ensure annual growth rates of nearly 3.6% of GDP. Its revenues even increased by 18.4% compared to 2019. Yet, to ensure the sustainability of this progress, the GoE may need to further support private sector-led growth (e.g. tax reform, competition law), job creation (access to finance for MSMEs) and vocational skills development<sup>9</sup> together with the private sector. It should also strengthen its governance (economic governance, transparency, capacity building, automation, and digitalisation) and public finance management, while bolstering social protection, health and education systems.

The GoE has already drawn some lessons from the COVID-19 crisis. During the closure of borders, Egypt engaged in building relevant local capacities, namely in the agriculture and textile sectors, including the increased economic participation of women.

Building on this, GoE is engaged at implementing its Sustainable Development Strategy: Egypt Vision 2030. This Strategy defines 10 main pillars covering economic, social, and environmental dimensions: 1) economic development, 2) energy,

<sup>8</sup> See FDFA MENA Strategy: <https://www.eda.admin.ch/eda/en/fdfa/fdfa/aktuell/newsuebersicht/2020/10/mena-strategie.html>

<sup>9</sup> Technical Vocational Education and Training TVET is understood as formal upper secondary training while Vocational Skills is defined as both formal and non-formal lower secondary training, such as apprenticeship.

3) knowledge, innovation and scientific research, 4) transparency and efficient governmental institutions, 5) social justice, 6) health, 7) education and training, 8) culture, 9) environment, 10) urban development. Aligned with the Vision 2030, the Ministry of International Cooperation has been shaping its approach around the concept of economic diplomacy, which relies upon the following: a multi-stakeholder platform, an ODA SDG mapping exercise and a common global partnership narrative - People at the Core, Projects in Action and Purpose as the Drive.

This approach is meant to increase cooperation and coordination between development partners and to streamline it. While the efforts are commendable, the UN and the donor community may hope this new approach to go beyond economic diplomacy and encompass a broader vision of sustainable human development.

## Outlook and opportunities

After a decade of improvement, Egypt's progress may be at stake in terms of its resilience (OECD's fragility index) due to the global economic downturn caused by the onset of COVID-19. The evolution of this unprecedented situation will be followed up closely during the cooperation programme period. The cooperation programme may require some adaptations in the medium term in order to better respond to the evolving humanitarian or development needs. The underlying scenario for this cooperation programme foresees a persisting structural fragility with an economic slowdown and increasing poverty due to the impact of COVID-19 followed by a stabilising effect thanks to the roll-out of vaccination and the announced second wave of economic reforms. Switzerland will remain engaged in providing comprehensive support targeting individual livelihoods, especially for the poorest in society, the macroeconomic system and the legal framework related to good governance and human rights. In the next 4 years, Switzerland intends to provide new support for skills development, sustainable and green economic growth and more gender equality. This may open up new opportunities for partnerships.

## 2. Swiss foreign-policy objectives in Egypt

Switzerland has a keen and multifaceted interest in the **MENA** region. A peaceful, prosperous and stable region that offers its citizens economic and social prospects is also conducive to prosperity and security in Switzerland. The Swiss Middle East and North Africa Strategy (2020) provides a framework for all Swiss foreign policy activities in the MENA region during the 2021-24 period. It is in Switzerland's interest that **North Africa** – as one MENA sub-region – be a stable, prosperous region governed by the rule of law. The three main challenges for North Africa – and therefore priority thematic areas for Switzerland – are **structural economic reforms** aimed at promoting employment and investment, the implementation of **good governance** principles and **safe and orderly migration**. Switzerland is supporting reforms aimed at promoting a brighter economic outlook and increased civic participation. It also intends to conclude further migration agreements and assist the authorities of these states in receiving migrants.

Switzerland's international cooperation in Egypt is framed by the above-mentioned MENA strategy and the International Cooperation Strategy 2021-24<sup>10</sup>. The latter defines Egypt as a priority country with development programmes implemented by the FDFA and EAER (SECO). Swiss foreign policy objectives in the region and for Egypt are the following:

- **Rule of law, good governance and human rights:** Switzerland promotes democratic values, including citizen participation, transparency and accountability. The rule of law, respect for human rights and the inclusion of women and disadvantaged people are essential for providing a community with long-term prospects. Switzerland discusses human rights issues and supports the strengthening of good governance principles by offering for example platforms to discuss cross-cutting issues to various stakeholders. It is committed to systemic change, aimed at strengthening accountability of partner governments to tackle persisting governance challenges. Swiss international cooperation is committed to promoting good governance including economic governance throughout its engagement. Support for balance of powers and public mechanisms for government accountability and oversight are key. Switzerland also strengthens civil society in developing countries because of its key role in ensuring social inclusion, advocacy, monitoring and public accountability.
- **Economic development:** Switzerland's export-oriented and highly interconnected economy has a genuine interest in access-

ing markets across the globe. Although Egypt already ranks as its top trading partner on the African continent, the Swiss private sector sees a high potential for increased trade with and investment in North Africa, also due to its proximity. Therefore, Switzerland has a keen interest in fostering favourable economic framework conditions by fostering competitiveness and facilitating conditions for the private sector, as well as for the labour market. It implements projects specifically designed to strengthen macroeconomic processes, infrastructure development and local SMEs. It focuses on facilitating access to financing, increasing the participation of women and young people in the labour market and promoting vocational skills development locally with the participation of Swiss companies and other stakeholders.

- **Migration:** Switzerland works with local and international partners on the implementation of projects designed to prevent and address human smuggling and trafficking, to promote the protection and integration of migrants, and to improve their access to basic services and employment. In the short term, it helps improve living conditions for displaced people, and protect refugees. In the medium term, it aims to improve prospects for people locally, providing alternatives to irregular migration and delivering optimal solutions for integrating migrants and forcibly displaced persons. In the long term, international cooperation addresses the root causes of irregular migration, including poverty, lack of access to basic services, armed conflict, poor governance, environmental destruction and the impacts of climate change.
- **Climate change and urbanisation:** Switzerland supports initiatives in water management, recycling and the greener economy and works to mitigate the effects of climate change and urbanisation.

With a comparatively modest ODA engagement, Switzerland managed over the years to be recognised as a reliable, trustworthy and long-standing partner, especially in terms of economic development cooperation, good governance and human rights, as well as in the area of migration. Switzerland is renowned for its inclusive decentralised system of government (which affords local actors and minorities an important say) and for its collaborative approach. This has enabled Switzerland to further build up its diversified roles in aid coordination (development partners groups), policy dialogue, and as supporter of a wide spectrum of stakeholders.

Swiss international cooperation is present in Egypt with a "whole of government approach" (WOGA) and setup, including the following agencies: SDC South Cooperation, Humanitarian Aid, Peace and Human Rights Division, State Secretariat for Economic Affairs,

and State Secretariat for Migration. In the spirit of a more encompassing "whole of Switzerland approach"<sup>11</sup>, enhanced collaboration with the **Swiss private sector** is targeted. The Swiss private sector has an important presence in Egypt, composed of both multinationals and SMEs active in health, nutrition and infrastructure/construction sectors.

A concrete area for closer collaboration with the Swiss private sector under this new approach lies in **vocational skills development (VSD) and in Technical and Vocational Education and Training (TVET)** - inspired by the Swiss dual training system. Another area of interest lies in **digital process automation**. Switzerland is recognised for its expertise in the areas of innovation and new technologies, including renewable energy and resource efficiency, which is also relevant in relation to the improvement of public services and the management of public finances for example.

<sup>11</sup> See AVIS28: Switzerland in the world in 2028, p.4 and MENA Strategy (2020), foreword.



<sup>10</sup> <https://www.eda.admin.ch/eda/en/fdfa/fdfa/aktuell/newsuebersicht/2020/06/IZA-Strategie.html>



### 3. Results of Swiss Cooperation Strategy 2017–2020

#### Overall cooperation goal

The goal of the Swiss Cooperation Strategy for Egypt 2017–2020 was: “to support the transition in its political, economic and social dimensions towards an inclusive, resilient and accountable state and society”. With three domains of cooperation – democratic processes and human rights, inclusive sustainable economic growth and employment, and protection and migration.<sup>12</sup>

The Theory of Change (ToC) stipulated that Switzerland will enhance development, stability, rule of law and social peace through supporting locally owned processes, sustainable economic growth, human rights and more accountable institutions by investing in agents of change. Some important

results were achieved in the areas of economic growth and macroeconomic stability, and partially by making institutions more accountable. Nevertheless, it has been challenging to support democratic processes, develop locally-owned policy solutions and human rights as a whole.

#### Results for Domain 1 – Democratic processes and human rights

The objective of Domain 1 was stated in the Cooperation Strategy as: “(...) to contribute to Egypt’s development efforts towards inclusive and responsive governance through enhanced accountability, citizens’ participation and strengthened human rights”.

During the 2017-2020 period, Switzerland worked with state institutions, academic institutions and civil society to support

cooperation mechanisms between the state and society. It supported the creation of platforms for facilitated dialogue on relevant topics (i.e. the NGO law) between civil society, Egypt’s legal community, Parliament, and the general public. In that respect, Switzerland engaged with and brought together a wide range of partners such as the Ministry of Local Development, the Ministry of Justice, the State Council, the United Nations Population Fund (UNFPA) and the American University in Cairo. Working through local partnerships, Switzerland was able to reach a wide geographic scope covering 12 governorates (out of 27). Supporting the empowerment of members of the Egyptian legal corps through professional training by the American University in Cairo, judges and lawyers were capacitated. Based on the experience in the legal sector, closer collaboration is foreseen with the Public Prosecutor’s office and the National Council for Childhood and Motherhood within the framework of the new Juvenile Justice project, for which Switzerland is collaborating with the OECD.

In addition, Switzerland strengthened mechanisms of good governance by building the institutional capacity of dozens of organisations at local level. Concretely, these organisations developed policy recommendations on the national strategy for population and were therefore involved as active stakeholders (project on population growth with UNFPA). Effective local population units were created – encompassing youth, civil society and representatives of the government – which now serve as models. Moreover, around 5,000 youth participants (50% female) were sensitised on family planning as the demographic bulge represents one of the underlying factors of fragility in Egypt.

#### Key lessons learnt

1. Though challenging, further engage in creating spaces for an open dialogue between civil society and the state. Academic institutions are relevant actors to partner with as intermediaries, providing both platforms for dialogue and capacity building.
2. Further engage in the legal sector by strengthening collaboration among different actors and by supporting capacity building related to juvenile justice.
3. Address human rights and governance issues as cross-cutting themes by using the triple nexus approach (humanitarian, development, peace) in the design of all new projects, through a sound understanding of the Egyptian context.

#### Results for Domain 2 – Inclusive sustainable economic growth and employment

The objective of Domain 2 was stated in the Cooperation Strategy as: “to contribute to sustainable and inclusive economic development to foster resilience in an integrated global economy through improved access to sustainable basic infrastructure services and inclusive urban development, increased resilience of the economy, generating more and better jobs through a more competitive private sector and more inclusive financial services and improved business environment. From 2017 to 2020 Switzerland’s support benefited over 700,000



people and around 50 governmental and private-sector institutions.

Switzerland influenced policies and regulations in waste management, agribusiness, skills development, local economic development, public financial management and access to finance. For example Switzerland improved the waste management sector in Egypt: at a regulatory level, the “Waste Management Framework Law” was adopted while at an institutional level, new standard operational procedures, full auditing system for the e-waste recyclers, and digital applications of waste services improved the overall waste management in targeted governorates, serving over 300,000 people.

In the water sector Switzerland’s engagement improved access to potable water in rural Aswan with over 600,000 people living in poor neighbourhoods benefiting directly and indirectly. Complementary capacities of the local water company were built, for example on energy saving and fee collection. The community was engaged through awareness campaigns and the implementation of environmental initiatives such as greening the neighbourhood streets.

Further, Switzerland’s support to rural economies resulted in the retention of almost 35,000 jobs (14% women) mainly in agriculture and agro-value chains (such as aquaculture), improving income, resilience and contributing to poverty reduction. Together with the Ministry of Education, civil society and universities, Switzerland supported the development of a new curriculum on entrepreneurship for technical schools. It also worked with the private sector to establish Egypt’s first sector skills council.

Regulatory and institutional support to financial service providers and regulatory authorities facilitated access to finance for over 245,000 people (63% women). Switzerland in collaboration with the IFIs (WB, IFC, IMF) contributed to Egypt’s macroeconomic stability, for instance through the support of the Ministry of Finance (MoF) on drafting and publishing a Medium Term Debt Strategy, complemented by the upgrade of its Debt Management and Financial Analysis System (DM-FAS) and the capacity building of the Debt Management Unit. It also helped draft a fiscal risk framework, with a focus on public-private partnerships (PPPs) and state-owned enterprises (SOEs). On income level, Swiss support allowed for improved VAT outcomes through improved administrative processes such as automated identification of non-payers and establishing a notification system for taxpayers. It is still supporting the update of Egypt’s medium-term revenue strategy and a move towards a greener economy (sovereign green bonds issued in 2020).

### Key lessons learnt

1. Switzerland has proved its strong presence in infrastructure and urban development in Egypt, especially positioning itself in the water, sanitation, and waste management sector and should further build upon its successful practices.
2. While inclusion for women has been successful in project level training and skills development as well as specific targeting for access to finance, there is still room for improving gender mainstreaming in projects with more ambitious transformative outcomes.
3. Switzerland’s engagement in poverty reduction and income generation has been most prominent in rural settings and gender sensitive agro-value chains such as aquaculture and textiles. It may be further explored in the future, leveraging tools such as market system development and CEDRIG<sup>13</sup>. Switzerland’s engagement in Egypt is nationwide except for its potable water programme focusing on Aswan, where support should be continued in this underserved region.
4. There is an opportunity to position Switzerland in skills development in Egypt, especially in the technical and vocational education and training sector, based on the programmes experience and scoping study conducted, engaging the private sector.
5. There are opportunities to frame and communicate Switzerland’s engagement in greening the economy, whether at the level of infrastructure and urban development, the macro-economy, economic sectors or individual producers.

### Results for Domain 3 – Migration and protection

The objective of Domain 3 was stated in the Cooperation Strategy as: “... to mitigate the risks of irregular migration by enhancing protection services and strengthening the self-reliance of vulnerable groups”.

Over the past years, the migration/protection portfolio expanded and diversified. It is based on the one refugee approach, on the *Leaving No One Behind* (LNOB) principle and on the nexus between humanitarian and development aid. Gender was mainstreamed as a key component of the portfolio.

From 2017 to 2020 Switzerland contributed to strengthening the protection environment for vulnerable migrants in Egypt, through facilitating access to basic social services. Over 130,000 individuals (55% women), benefited from provision of adequate health and mental health care, education, legal and psychosocial assistance, access to housing, emergency

<sup>13</sup> Climate, Environment and Disaster Risk Reduction Integration Guidance (CEDRIG) is a practical and user-friendly tool developed by the Swiss Agency for Development and Cooperation (SDC).



response and SGBV services. On the North Coast, the first legal assistance office was established in a local NGO to help migrants to obtain residency permits.

Switzerland also engaged in providing socio-economic empowerment through improved self-reliance of people in vulnerable situations including migrants. Over 6,700 refugees, migrants and most vulnerable Egyptians accessed vocational training, career guidance and seed funding. A more structured dialogue with the Ministry of Youth and Sport was established, which led to improvements in opportunities for refugees and migrants to integrate the labour market.

The sudden and severe effects of COVID-19 on migrants and the border closure required a swift response in order to deal with migrants inside Egypt. Switzerland established its reputation as a key player in the migration sector, responding to and prioritising migrants’ needs including resettlement. The Swiss cooperation office in Egypt was identified as a regional hub for the WOGA project East African Migration Route (covering Egypt, Sudan and Ethiopia), which is aimed at improving prevention, protection and socio-economic integration of children and young people on the move while improving self-reliance of young adults.

### Key lessons learnt

1. The needs of the poorest for basic social services have been sharply increasing with the COVID crisis. Swiss engagement can build upon its successful support for a protective environment for migrants, especially on the North Coast. A triple nexus approach is relevant to further develop the protection and social integration of migrants and refugees, and address local/host communities’ basic needs.
2. Further develop vocational skills development opportunities inspired by the Swiss dual vocational education system in synergies with other Swiss engagements that foster youth employment.
3. Further engage with key players such as the UNHCR and IOM for advocacy and policy dialogue (e.g. economic integration and women-friendly labour markets).
4. Gender-based violence over the past four years increasingly emerged as a problem that is affecting both Egyptian and migrant women, and which is deepening. This dimension should be better integrated in future initiatives.





## 4. Implications for the Cooperation Programme 2021–2024

Challenged by the post-COVID global recession, Egypt's economy is likely to follow a U-shaped recovery. Continued macroeconomic stability may support a more business-friendly economy by ensuring better access to finance, transportation, building permits, taxes, and digitalisation. Nevertheless, the private sector will probably lag behind, resulting in increased unemployment and poverty mainly among people in vulnerable situations (women, migrants, and the poorest in urban areas). Hence, social protection, skills development and improved socio-economic integration, including for migrants and refugees, will remain a priority and a challenge.

Furthermore, the crisis has created new opportunities for the GoE to engage on a "green recovery" with the support of IFIs, focusing on renewable energy, environmentally friendly transport and waste management.

In line with the recent contextual developments and based on the overall results of the previous cooperation programme, the strategic implications for Switzerland's future engagement for the period 2021-2024 can be envisaged as follows:

→ Adopt a **triple nexus approach**: while the relevance of Switzerland's engagement has been demonstrated for each domain of intervention with the Cooperation Programme 2017–20, combining more strategically the use of different instruments, namely development cooperation, humanitarian aid and peace promotion, with a view to achieving common outcomes, is seen as more pertinent in the Egyptian context and will contribute to optimising more effectively and sustainably the Swiss interventions.

→ **A new engagement logic structured around 4 outcomes** will contribute to improving the overall coherence of the Swiss portfolio while leveraging our engagement. These 4 outcomes better capture Egyptian needs and priorities with regard to Swiss interests and added value. The new logic will also strengthen collaboration between the different thematic teams within the embassy through cross-fertilisation for an improved and more sustainable impact.

→ Invest in **greener growth and sustainable inclusive urban development**: Switzerland has developed successful partnerships in the fields of innovative technology, infrastructure, and urban development. Its engagements in wastewater and waste management, and in supporting the issuance of green bonds for better public services (e.g. electric trains) constitute a relevant response to urbanisation, mitigating the impact of climate change on cities in Egypt as described above.

→ While further strengthening a business-friendly environment and building on the success of women's inclusion in the job market and income generation working on selected value chains, Switzerland will **increase its focus on supporting skills development especially for youth, women and migrants**.

The Cooperation Programme 2021-2024 will also provide a renewed opportunity for Switzerland to engage in a transparent, **structured and regular policy dialogue** with the Government of Egypt shaped by a common understanding of both Egyptian development needs and Swiss priorities and values, such as human rights. Over the years, Switzerland has also acquired deep knowledge of local realities and institutional functioning. It has developed a broad range of **partnerships with governmental, intergovernmental and non-governmental organisations**, including civil society, academia, community development associations and the private sector. It will continue to build and rely on its broad and solid network of external partners and internal expertise both at the embassy and at head office for more effective programme implementation and delivery.

Moreover, Switzerland is valued for its dynamic and innovative **private sector, research centres and cultural actors**. Swiss companies, academia/think tanks, and professional associations (SEBA, Swissmem, SFIVET, ETH Zurich, and EPFL) have already been involved in activities supported by the embassy and identified as key stakeholders in areas such as vocational skills development, greening the economy and urban development, which will be further explored in the context of the new cooperation programme.

## 5. Priorities, objectives and theories of change

Building upon the Swiss results and expertise achieved through its engagement in 1) good governance and human rights, 2) sustainable inclusive economic development, 3) migration and protection, and taking into account the above-mentioned implications, the main goal of the new Cooperation Programme 2021–2024 – which is aligned with Switzerland’s priorities for international cooperation, Egypt Vision 2030 and the UN 2030 Agenda for Sustainable Development – can be articulated as follows:

Four main outcomes are expected to contribute to this overall goal. While specific lines of intervention are prioritised under all four of them, based on the existing portfolio of projects, these outcomes are intended to contribute to strengthening synergies and interlinkages between activities and programmes for an overall improved impact (see Annex 1).

**“Strengthened institutions, rights-based frameworks and an inclusive economic environment enable women and men to have better social, economic and political opportunities, leaving no one behind”.**

### OUTCOME 1

Government, private sector and civil society develop spaces, capacities, and **legal, regulatory and institutional frameworks** for good governance, namely for economic governance, human rights, and gender equality

### OUTCOME 2

Government, private sector and civil society develop and implement policies and practices that support institutional development, **green growth, sustainable inclusive urban development**

### OUTCOME 3

Young women and men, including migrants, have access to **vocational skills development** and **decent work** in an inclusive, **business friendly economy**

### OUTCOME 4

Local communities and migrants access **quality basic services and protection**, and improve their livelihood



### Outcome 1

**Government, private sector and civil society develop spaces, capacities as well as legal, regulatory and institutional frameworks for good governance, namely for economic governance, human rights and gender equality**

Switzerland will support open spaces for dialogue between civil society and the state, aiming at enhanced consultation processes on societal, economic and environmental policy issues. To that end, Switzerland will support capacity development of state and non-state actors, and enhanced legal, regulatory and institutional frameworks, specifically on human rights, economic reforms and gender equality.

In order to promote a reliable economic framework, Switzerland will support structural economic reforms and help to stabilise the macroeconomic environment. The focus will be on public financial management, building national capacities and streamlining processes to ensure effective and efficient management of public resources for the benefit of all citizens. Switzerland has a robust track record with the Egyptian

government for supporting economic governance reforms, specifically in the areas of budget reform, tax reform, debt and risk management, and trade policy.

With regard to its engagement on human rights (human rights-based approach<sup>14</sup>), Switzerland will pursue its work with academic institutions which are providing platforms for dialogue and capacity building. Based on its successful experience in the legal sector, Switzerland has been engaging in a new partnership with the OECD focusing on juvenile justice. This collaboration will also include the Public Prosecutor’s office and the National Council for Childhood and Motherhood.

The overarching umbrella of good governance will also be considered as a cross-cutting issue for Switzerland’s engagement in Egypt. Keeping the dialogue alive is key in a context where Switzerland is perceived as a neutral broker to maintain a balance between security, economic, social and political considerations.

<sup>14</sup> In line with the **SDC Guidance on Human Rights (2019)**





## Outcome 2

### *Government, private sector and civil society develop and implement policies and practices that support institutional development, green growth, and sustainable inclusive urban development*

Switzerland will promote inclusive sustainable urban development, public infrastructure, waste management, innovative technologies, cleaner production and green finance. Specifically, Switzerland will continue sectoral support building capacities of government on waste and land management and improve related legal and institutional frameworks in water supply systems and wastewater treatment infrastructure. The programme builds on both SDC people-centred approaches and SECO's institutional development approaches to support development and adoption of innovations towards greening the economy.

This will enable Egypt to benefit from more sustainable urbanisation, better infrastructure, more resilient cities, and better conditions for sustainable economic growth. At the same time capacitated institutions need to be more accountable, transparent and be able to mobilise resources more efficiently while taking advantage of opportunities arising from a greener economy agenda. Furthermore, a clear legal framework with enhanced strategies and non-conflicting regulations will promote an enabling business environment.

## Outcome 3

### *Young women and men, including migrants, have access to vocational skills development and decent work in an inclusive and business-friendly economy*

With the global economic downturn, support to economic development and job creation has become pivotal for holistic development cooperation. An inclusive business environment

will be conducive to private sector growth and competitiveness, requiring more qualified labour with market-oriented skills. Private sector engagement in skills development has the potential to mitigate challenges of the qualification mismatch of the Egyptian labour market. Access to skills opportunities and labour markets for youth, women and migrants contributes to their socio-economic empowerment. Holistic approaches, inclusive of migrants and their host communities, assure no one is left behind. From a gender perspective, Egypt lags behind in women's participation in the economy, whether in the labour force, or when accessing finance.

As a result, Switzerland will continue to support the public and private sectors to simplify business procedures, increase transparency of processes, improve the use of and access to finance, including new products, and improve entrepreneurship networks. Among these tasks are also holistic capacity programmes for rules-based trade and selected value chain development activities with a focus on an enabling environment. Job market-relevant knowledge, skills and entrepreneurship development services, will be developed building on the strong will of GoE to engage in education, employment creation and social protection. Economic actors will be able to more easily start/grow their business and create more employment opportunities, and young women and men including migrants will be able to improve their socio-economic status, making use of better and more employment-relevant skills and development opportunities, and more easily accessing finance and labour markets. Engaging with expert thematic networks and international financial institutions will allow for the leveraging of international and regional best practices, in close cooperation with private and public bodies.

The portfolio will aim for stronger articulation between SECO and SDC-funded initiatives (better linking support for individuals, organisation building, and framework development), and linking support provided to most vulnerable Egyptians and to migrants.

## Outcome 4

### *Local communities and migrants access high-quality basic services and protection, and improve their livelihoods*

Presently, the provision of basic services is insufficient with regards to the needs of people in vulnerable situations and migrant communities. Developing the capacities of key partners, fostering multi-stakeholder partnerships, and promoting evidence-based policy dialogue should enhance the capacities of the protection system. Based on the LNOB principles, Switzerland will contribute to interventions that improve accessibility and the quality of basic services and protection mechanisms needed by communities in vulnerable situations and migrants residing in Egypt (especially women and youth), such as potable water, cash assistance, education and health services. This

in turn will allow these communities and migrants in Egypt to be better equipped with the means to survive as well as improve their livelihoods and economic contribution, which in the long term contributes to reduced inequalities and better social cohesion, especially for women and children.

The programme portfolio is co-funded by all WOGA partners active in Egypt and combines interventions responding to the different Swiss offices' mandates (protection and education; socio-economic integration; durable solutions and resettlement; border control and anti-trafficking). Supporting access to high-quality basic services and protection will increasingly be based on need, and not according to predetermined social groups or legal status (e.g. "one refugee approach" and initiatives profiting both migrants and their host communities).



## 6. Programme management

The diversity of **partnerships** (governmental, non-governmental, and multilateral) will be pursued in the Cooperation Programme 2021–24 and further enhanced through recently formed partnerships (i.e. OECD and ILO). In the past, Switzerland has established close collaboration with relevant stakeholders (IFIs, UN, INGOs, NGOs and other development actors) aimed at strengthening national and local capacities. This approach has been quite successful, especially in Upper Egypt (i.e. improved access to potable water, also for the poorest, thanks to enhanced capacities of the Water and Sanitation Company in Aswan, green growth and women's employment facilitated by stronger MSMEs).

In general, the coverage of the overall portfolio is expected to remain at a national level, while maintaining a focus, when relevant, on specific areas such as Upper Egypt (urban development, water and waste management, green growth, skills and women's employment), North Coast - Alexandria and Damietta – and Greater Cairo (urban development, basic services to migrants and communities in vulnerable situations).

In addition, a variety of working modalities which characterises Swiss engagement in Egypt will continue as it best responds to the needs and emerging priorities (i.e. COVID response). This also provides ways to adjust in case of delays, difficulties or new regulations in a project (e.g. approval process, audit) or in a sector (e.g. new NGO law and bylaws). Therefore, Switzerland will continue to provide grants both within short and long-term timeframes.

Switzerland will pursue its engagement in the Donor Partner Group and with other like-minded donors engaged in similar priority themes (Nordics, Canada, Germany, France and the EU).

Already, Switzerland shares common areas of engagement and works with large donors such as the EU and Germany on projects in urban infrastructure and development, on skills development and TVET as well as on policy dialogue (waste and water management). Cooperation with like-minded Nordic countries, albeit with smaller portfolios, focuses on women's empowerment and human rights. In other domains such as agriculture, Switzerland operates mainly through contributions to UN agencies.

In Egypt, the UN system is strongly represented with 32 agencies. Four of them - UNDP, UNFPA, UNICEF and UN Women

– have recently designed a harmonised strategy for the period 2022-2025. Its main pillars include gender equality, Leave No One Behind and the environment. The new activities foreseen under the new cooperation programme on gender equality and SGBV, greening the economy and in supporting skills development and socio-economic integration for youths in vulnerable situations, including migrants, provides opportunities for new collaboration including policy dialogue with ILO/ UNICEF and UN Women.

The Swiss partnership with UNIDO on MSMEs, women's employment and green growth will be pursued. The same applies for Swiss support to macroeconomic reforms, to an improved business environment and access to finance with the international finance institutions (IMF, WB, IFC). The IMF has been engaged in Egypt's macroeconomic reforms since 2016 with a successful 12 billion-support package. The World Bank group has been engaging on public debt and structural reform initiatives for decades; SECO has a long-term engagement on public debt management in Egypt through the World Bank and UNCTAD, and will continue this engagement in the years ahead. In this context, support to Egypt's recent green bond issuance provides a strong link to the green growth objective. Switzerland will continue to partner with IFC, EBRD and AfDB for a more inclusive economy and better performing private sector.

Technical assistance facilities - funded by SECO at global and regional levels - are suitable to provide support in line with the interests of the government (e.g. IMF support to the Ministry of Finance and Central Bank) and can be mobilised rapidly. Egypt's participation in SECO-funded global programmes can be further enhanced (e.g. GTEX or Eco Industrial Parks) in order to take advantage of becoming operational quickly after approval and benefit from the multi-country set-up. Future SDC-funded programmes on gender, vocational skills and greening the economy will materialise either through contributions or tendered mandates. Regarding skills development, close cooperation is envisioned with, among others, (Swiss) private companies.

The implementation of the comprehensive East African Migration Routes project managed by the OIC will provide opportunities to further explore regional approaches and programming while contributing to enhanced visibility for Switzerland in the region including through the establishment of a Learning Unit.



## 7. Strategic steering

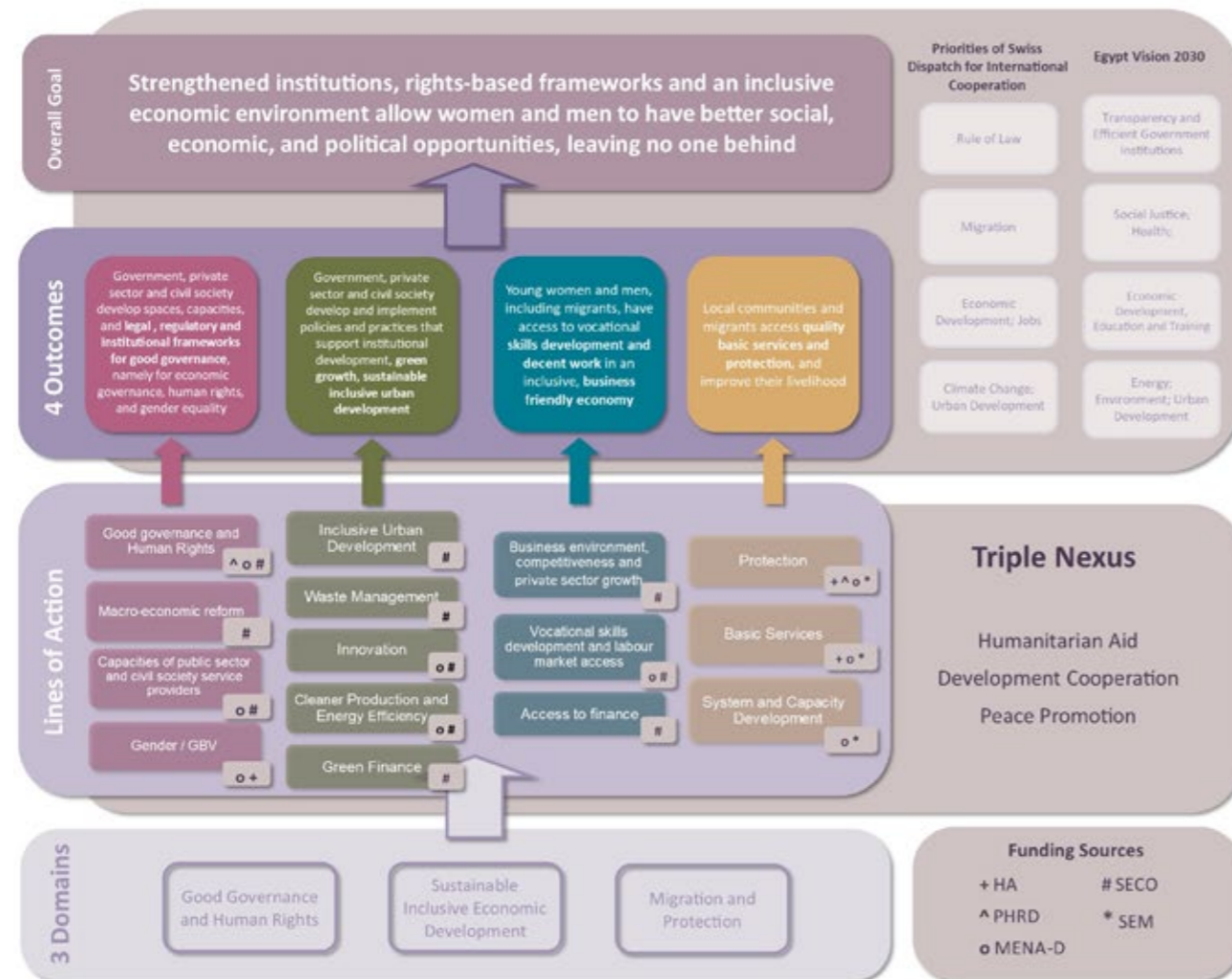
The implementation of the cooperation programme is monitored on a regular basis by the embassy and shared with its WOGA partners (Annual Report) and its main stakeholders (steering committees). The monitoring of the Cooperation Programme comprises three main processes:

1. Context developments analysis which are monitored through the MERV. They have two facets: global indicators provide the hard factual evidence, which is compared to 10-year trends, while narrative is used to explain what those indicators and potential trend changes mean in the respective situation in Egypt. Context analyses are based on both official data and on experiences from partnerships and OIC portfolios.
2. Result achievements are monitored through aggregated reference indicators (ARIs) and SECO Standard Indicators based on annual reports from partners, external or final evaluations of projects and programme contributions to country objectives. SDGs will be tracked through thematic reference indicators (TRIs). ARIs and TRIs are fed through partner reports. The results will be allocated to one or several of the four common outcomes. This approach will improve the strategic planning and steering of the overall OIC portfolio since the 3 domains of expertise will have to work closely together in order to monitor the 4 outcomes.
3. Disbursements will be assessed on a quarterly and annual basis.

At the end of 2023 and as preparation for the next strategic planning process, the cooperation programme will be externally evaluated.

**Financial planning:** an overall budget of CHF 83.4 million is foreseen for the coming 4 years. In addition, CHF 13.46 million is allocated to the regional programme for the East African Migration Routes project which is managed by the OIC Cairo. For details see Annex 2.

# Annex 1 : Engagement narrative



# Annex 2 : Financial planning

Planned allocations for the Egypt Cooperation Programme 2021–24 in CHF

EGYPT funding source	Allocation 2021*	Allocation 2022	Allocation 2023	Allocation 2024	Total allocation 2021–24
<b>Total</b>	<b>19'600'000</b>	<b>20'600'000</b>	<b>21'600'000</b>	<b>21'600'000</b>	<b>83'400'000</b>
MENA-H	2'000'000	2'000'000	2'000'000	2'000'000	<b>8'000'000</b>
MENA-D	8'000'000	9'000'000	10'000'000	10'000'000	<b>37'000'000</b>
SEM	300'000	300'000	300'000	300'000	<b>1'200'000</b>
SECO**	8'750'000	8'750'000	8'750'000	8'750'000	<b>35'000'000</b>
PHRD	550'000	550'000	550'000	550'000	<b>2'200'000</b>

Planned allocations for the regional programme managed by the OIC Cairo (East African Migration Routes Project) in CHF

REGIONAL funding source	Allocation 2021	Allocation 2022	Allocation 2023	Allocation 2024	Total allocation 2021–24
<b>Total</b>	<b>2'800'000</b>	<b>3'500'000</b>	<b>3'360'000</b>	<b>3'800'000</b>	<b>13'460'000</b>
MENA-D	2'470'000	3'300'000	3'160'000	3'600'000	<b>12'530'000</b>
SEM	330'000	200'000	200'000	200'000	<b>930'000</b>

Planned allocations to the four outcomes of the cooperation programme

Outcome	Allocation in % ***
OC1	15
OC2	50
OC3	20
OC4	15

Comments:

\* internal comment: Allocation as in the "Sub regional guidance North Africa final version after IZA Committee 23nov2020"

\*\* SECO's planned commitments for the four-year period are indicative and can be exceeded if the identification of suitable programmes, the absorption capacity, as well as the efficiency and effectiveness of the cooperation with the relevant partners allows it."

\*\*\* Estimated allocation to the four outcomes based on the current distribution of the existing portfolio and including planned future commitments.

## Annex 3 : Map of Egypt



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