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Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

COOPERATION
PROGRAMME

Annex 2

Colombia

Swiss Cooperation Programme 2021 – 2024

Economic Cooperation and Development



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In its Cooperation Programme 2021–24, Switzerland will strive towards a **prosperous, inclusive and peaceful Colombia**

Switzerland's overall goal is to strengthen Colombia's institutions, communities and civil society on their path to lasting peace through sustainable and resilient economic development, the reduction of inequalities and addressing humanitarian needs.

To achieve this goal, Switzerland engages in policy dialogue; knowledge exchange; provides technical assistance, humanitarian aid and protection measures; creates local capacities; and works with all parts of society, including migrants and refugees.

Swiss portfolio outcomes (Thematic priorities)

1 Protection, early recovery and access to basic services

2 Peace promotion and conflict prevention

3 Sustainable cities and territories, stronger institutions and better public services

4 Regional competitiveness and decent jobs

Towards a prosperous, inclusive and peaceful Colombia

SECO intends to support Colombia to become a more inclusive society and to extend the benefits of economic development to less developed regions.

To maximize its impact, SECO will focus on the following two thematic priorities: supporting the transition towards sustainable cities and territories, stronger institutions and better public services; and fostering the transition towards improved regional competitiveness and decent jobs.



3

Sustainable cities and territories,
stronger institutions and better
public services



4

Regional competitiveness and
decent jobs



1 The modernisation of land management is key to facilitating investment, access to finance and tax revenues, and it contributes to lasting peace.

2 Decent jobs are the most important driver for getting out of poverty. Trainings need to be focused on private sector needs.

3 In order to reach new markets, SMEs need to comply with quality standards. Therefore, SECO supports the national quality infrastructure.



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El Instituto de Educación para el Trabajo y el Desarrollo Humano
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Documento de Identidad No.
1.130.586.751
Asistió y aprobó el
Seminario
Ventas y Servicio al Cliente





Economic cooperation and development

Results assessment of the Cooperation Programme 2017–2020

Together with its international and local partners, SECO has been able to make important contributions to reform efforts by Colombian stakeholders. Some selected results include:

■ **Taking action on climate change and protecting natural resources:** The successful pilot implementation of the Energy City Initiative in three cities; first district energy cooling system built and in use; sustainable construction standards and incentives as well as curricula of universities established; climate change risk factors integrated into financial regulation and supervision.

■ **Improving competitiveness and value chains:** Strengthened governance of the National Competitiveness and Innovation System; first-time exports of cocoa from farmers' associations; established results-based financing structure within the government for labour market integration of vulnerable groups; 14 gold mining operations producing responsibly.

■ **Strengthening of institutions and public services:** Governance for the integrated public finance system improved; domestic capital market strengthened with bond emissions to improve sustainable infrastructure and financial inclusion; international land management standard adapted to the local context; 30 water utilities with strengthened management and services.

Implications for future programming

- ▶ **Include climate change mitigation and adaptation as a transversal element.**
- ▶ **Local governance based on a demand-driven and market-oriented logic is an effective and sustainable approach.**



1



3

Colombia's economic development priorities

Despite important progress having been made in poverty reduction in the last two decades, Colombia still has one of the highest levels of inequality in the world. Considering the country's context and development frameworks, Colombia's long-term structural challenges in economic development can be summarised as follows:

■ **Persistent inequality due to weak public institutions and services:** Urban-rural inequality is mostly due to large differences in public service provision across the country (water, electricity, roads), poor and unequal access to education and healthcare, security issues due to armed groups, and high levels of informality (e.g. land titles, labour market). This results in a social mobility trap. The state institutions are weak in many regions, with often incoherent division of competencies and finances between the national and sub-national levels, which in turn undermines clear accountability to citizens, trust in institutions and decentralisation efforts. This poses a particular challenge in terms of advancing strategic projects in public services, sustainable infrastructure and clean energy.

Identified needs to be addressed by Switzerland:

- ▶ A transition towards better decentralisation and public services with stronger accountability (SECO)
- ▶ A low-carbon and energy transition of cities and territories (SECO, SDC/GC)

■ **Low productivity and innovation with a poor diversification of the economy:** Low productivity is reflected in all sectors due to transversal challenges such as a burdensome business environment, limited competition, lack of access to finance, and skills mismatch. Exports are concentrated among a few companies from the primary, extractive sector, where mainly unprocessed raw materials leave the country without generating any added value for Colombia's own economy. Furthermore, illicit economies (illegal gold, coca), pursued by illegal armed groups compete with formal value chains. These illicit activities weaken the integration of the country's economy in formal global value chains and hinder productivity growth. These challenges are most relevant for SMEs.

Furthermore, climate change poses increasing risks for the agricultural sector and the most vulnerable parts of society. However, there is an opportunity for mitigation efforts linked to deforestation as identified in Colombia's nationally determined contributions (NDC).

Identified needs to be addressed by Switzerland:

- ▶ A transition towards more inclusive economic framework conditions and approaches that contribute to reducing inequality (SECO)
- ▶ A transition towards green growth and sustainable production and financing (SECO, SDC/GC)

Accountability, monitoring and risk management

SECO continuously monitors and evaluates the results achieved and incorporates lessons learned into its operations.

Project evaluations are conducted during and after project implementation. In addition, SECO commissions independent thematic or country portfolio evaluations.

The monitoring of the cooperation programme will be based on the results framework (see page 14/15) along the relevant business lines and impact hypotheses. Accountability reporting is carried out annually.

SECO is dedicated to ensuring comprehensive and rigorous risk management. Based on the Organisation for Economic Cooperation and Development's (OECD) conceptual framework for aid risk analysis, SECO's risk management distinguishes between three levels of risk:

■ **Country risks:** SECO identifies and evaluates the relevant risks in its partner countries as well as the implications for the project portfolio.

■ **Project risks:** Before approval, all projects are screened for development (achievement of objectives), security, fiduciary, financial, environmental and social risks. During project implementation, the identified risks and corresponding mitigation measures are regularly monitored.

■ **Institutional risks:** SECO monitors the risks it faces as an institution and that may compromise the successful implementation of SECO's mandate.

Financial resources

SECO's activities under this programme will be financed through the Swiss framework credit 2021–2024 for economic and trade policy measures within development cooperation.

The final allocation of funds will depend on the identification of suitable programmes and projects, the absorption capacity, and the efficiency and effectiveness of the cooperation with the relevant partners in the country. Accordingly, the following information on planned commitments for the four-year period is indicative. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament.

Planned commitments for Colombia 2021–2024:

45
CHF million

Colombia also benefits from regional and global initiatives financed by Switzerland that may not be included in these financial projections.

In general, inequality is a threat and key challenge for the transition towards a prosperous, inclusive and peaceful Colombia. However, this transition can build on several strengths: The country has strong policy-formulation capacities at the national level, several intermediary cities and a well-organised private sector. These strengths can be leveraged to connect the public- and private-sector capacities with the country's economically weaker territories. There is a historic opportunity to reduce the gap with territories that have fallen behind due to the armed conflict by promoting the inclusion of these peripheral regions.

The coming years are expected to be characterised by uncertainty, with several large challenges emerging. On the one hand, the fragmentation of armed groups may keep the numbers of internally displaced people high and result in greater need for protection while at the same time continuing to put pressure on natural resources. On the other hand, the Venezuelan crisis is expected to continue posing a challenge to Colombia in terms of political, economic and humanitarian issues as well as issues of security and migration. Furthermore, unemployment is likely to stagnate at higher levels for the medium term due to COVID-19, which has hit Colombia particularly hard and has had wide-ranging socio-economic consequences, most importantly on poverty and inequality levels. SECO will therefore monitor these challenges closely and integrate them into programme implemen-

tation foreseeing sufficient flexibility in their set-up.

There are, however, also upcoming opportunities anticipated in areas such as digitalisation that will facilitate financial inclusion and extend public services, as well as climate change mitigation and biodiversity conservation. SECO will for instance support sand-boxes for digital services and regulation, encourage e-government initiatives, and provide capacity-building and enabling conditions for sectors with high potential to combat climate change.

While focusing on long-term outcomes, SECO will maintain a certain amount of flexibility in the implementation of its Cooperation Programme. Given the well-identified long-term and structural issues in Colombia combined with a level of uncertainty in the medium term, SECO will support multi-stakeholder processes on these structural issues paired with flexible implementation mechanisms to adjust to changing priorities.

Working with partners

Partnership and dialogue are crucial to promote reforms and to develop and implement policies. It involves stakeholders on several levels who can contribute to coherent and synergistic solutions to development challenges: governments, private and civil society players, as well as other development partners and multilateral institutions.

SECO's main implementation partners include multilateral development banks such as the World Bank, the International Finance Corporation (IFC), and the Inter-American Development Bank;

specialized UN agencies such as UNIDO and ITC; Swiss public sector entities such as the Institute of Intellectual Property; Swiss non-governmental organisations (NGO) such as Swisscontact; Swiss academia; and Colombian and international consulting companies.

For each of the two thematic priorities, SECO will establish a high-level policy

dialogue roundtable with government officials and civil society organisations. SECO will also apply participatory methodologies to involve different stakeholders (public sector, private sector, academia, civil society) in the implementation of projects.

The Swiss cooperation agencies in Colombia articulate their activities through thematic and geographic synergies based on clear competences and complementarities. Refer to the chapeau document and the booklet "Humanitarian Aid, Peace and Human Rights and Global Programmes (SDC/HA, PHRD, SDC/GC)" for details.



Switzerland's perspective on Colombia

Switzerland and Colombia enjoy excellent bilateral relations, increasing trade with the potential for expansion, and often partner as like-minded countries in multilateral fora. These bilateral relations are underpinned by a comprehensive institutional framework, consisting of an agreement on technical and scientific cooperation (1967), an investment protection agreement (2006), a double taxation treaty (2007) and a free trade agreement (FTA) with the European Free Trade Association (EFTA) (2011).

The Swiss and Colombian economies are complementary in terms of goods and services. Colombian exports are mainly agricultural products and raw materials, while Swiss exports are dominated by the pharmaceutical, chemical and machinery sectors. There is still considerable room for expanding trade relations, especially in agriculture, which provides opportunities for Colombian producers to expand business with Swiss buyers while fostering value addition in Colombia. For Swiss companies, there are opportunities arising in Colombia, e.g. in sustainable transport, green technology in energy provision and sustainable construction.

Switzerland's private sector has been among the top three to five largest investors in Colombia in the past years, contributing to job creation and improved competitiveness. In order to continue and strengthen the role of the Swiss private sector in Colombia's economic development, SECO will promote reforms to address transversal issues, such as the reduction of bureaucratic hurdles and the strengthening of intellectual property rights. A key issue for Swiss investors and international investors in general is the lack of an effective and efficient judicial system. Such a system would provide more legal certainty and, in turn, attract foreign capital to contribute to the growth of the Colombian market.

Colombia is one of the most biodiverse countries in the world and still has considerable potential to mitigate the effects of climate change; particularly at the city level as well as through voluntary sustainability standards and sustainable landscape approaches in agriculture. It is therefore in Switzerland's interest to support the efforts by the Colombian government to achieve its nationally determined contributions (NDC) in these thematic areas.

Swiss-Colombian academia and student exchanges have been increasing over the past years, contributing to greater scientific collaboration. For Colombia, knowledge exchange is becoming increasingly important in terms of economic development. Switzerland has a lot to offer in this regard. SECO will continue to

foster relations among academic institutions in strategic sectors such as sustainable construction, land and wastewater management, and cocoa, tourism and entrepreneurship.

For an upper-middle-income country like Colombia, knowledge transfer is often more important than the financial volume of cooperation funds. Colombia can make use of Swiss knowledge and expertise in strategic sectors. The Swiss private sector can play a key role in topics that are considered strategic for Colombia's development. It can contribute to the cooperation agenda through the co-financing of strategic programmes, the setting of international standards and/or premiums for sophisticated export products as well as the provision of green technology. Swiss academia can contribute to more innovation and skills development, which would bridge the existing skills mismatch in the Colombian economy. The Swiss public sector might be able to engage more broadly with Colombian counterparts thanks to specific projects and partnerships already in place through the SECO programme.

Swiss-Colombian economic relations are strong, but still offer potential for deepening this relationship. Switzerland's economic cooperation with Colombia will therefore contribute to a transition towards more and stronger partnerships between Switzerland's and Colombia's public- and private-sector institutions with a focus on sustainable trade, investment, science, climate change and a contribution to lasting peace.

It will do so by linking Swiss public and private stakeholders with capacities and interest in these areas. Fostering bilateral institutional relations in the public and private sector in areas of common interest will also contribute to the long-term sustainability of cooperation endeavours.

Overall goal and budget of the Swiss Cooperation Programme 2021–2024: a prosperous, inclusive and peaceful Colombia

Switzerland’s overall goal is to strengthen Colombia’s institutions, communities and civil society on their path to lasting peace through sustainable and resilient economic development, the reduction of inequalities and addressing humanitarian needs.

Swiss portfolio outcomes	Protection, early recovery and access to basic services	Peace promotion and conflict prevention	Sustainable cities and territories, stronger institutions and better public services	Regional competitiveness and decent jobs
Objectives	Mitigate the impact of the humanitarian crises and address priority needs such as basic services, recovery of livelihoods and access to protection	Contribute to sustainable peace via the implementation of the peace agreement with the FARC and the resolution and prevention of other conflicts	Transition towards sustainable cities and territories, stronger institutions and better public services by strengthening public finance management as well as planning and financing of sustainable infrastructure	Transition towards improved regional competitiveness and decent jobs by supporting innovation, skills development, sustainable finance and integration into responsible global value chains
Main measures	<ul style="list-style-type: none"> – Strengthening protection mechanisms – Supporting integrated mine action – Providing humanitarian emergency assistance – Advancing basic services and improving livelihoods in conflict-affected regions 	<ul style="list-style-type: none"> – Dealing with the past – Promoting the safe and effective political participation of communities at the territorial level 	<ul style="list-style-type: none"> – Supporting a strong regulatory framework in the areas of public and private finance and strengthening implementation capacity – Strengthening planning and investment capacities of cities in sustainable urban development <p><i>Joint complementary measures between SECO and the SDC Global Programmes Water and Climate Change & Environment:</i></p> <ul style="list-style-type: none"> – <i>Natural infrastructure and ecosystem services valuation as well as conservation</i> – <i>Promoting energy efficiency and thermal comfort in buildings</i> – <i>Enhancing water governance and scaling-up of corporate water stewardship</i> 	<ul style="list-style-type: none"> – Contributing to an efficient, sustainable and inclusive business environment, including in terms of the labour market – Improving access to sustainable finance for SMEs – Fostering export-oriented, responsible, compliant value chains – Fostering the integration of ESG factors in the private sector
Planned budget	SDC/HA: CHF 48 million PHRD: CHF 4.4 million		SECO: CHF 45 million SDC/GC: CHF 2.3 million	
Total budget	CHF 100 million			

Switzerland takes gender equality, climate change and good governance into account in all its activities, as well as conflict-sensitive programme management and Do No Harm as an integrated approach (SDC and PHRD).



SECO's contribution to gender equality in Colombia

Colombia ranks 22nd out of 153 countries and third in Latin America in terms of gender equality (WEF 2020). It has made some considerable progress on a political level, such as equal representation in the ministerial cabinet; however, the main gender gap is in economic participation. The amount of unpaid work, access to labour opportunities, the gender wage gap, higher representation of women in the informal economy mainly due to childcare obligations, and cultural bias are some of the main reasons for this phenomenon.

Switzerland considers gender equality to be an important element of poverty reduction, social inclusion and economic development. Therefore, it systematically addresses the gender dimension (social norms, legal provisions, gender-specific risks) in its development projects. The gender dimension is taken into account in terms of project design, implementation, risk assessment and monitoring. In Colombia, rural women and women entrepreneurs are especially disadvantaged. A special emphasis will therefore be placed on promoting gender equality in agricultural value chains as well as on gender-neutral legislation and regulations in the business environment. Targeted incentives for female entrepreneurs and employers could be introduced to overcome invisible barriers. Digitalisation and modernisation of land administration represents an opportunity to foster access to finance and to contribute to equal economic opportunities for all.



SECO's contribution to climate change mitigation and adaptation in Colombia

In Colombia, climate change mitigation and adaptation are key. On the one hand, the country is highly vulnerable to the effects of climate change that limit agricultural production, logistics, change land use patterns and increase fiscal costs. On the other hand, Colombia's NDCs are considerable, especially in terms of agriculture, forestry and other land use (AFOLU), and energy. Therefore, Colombia has prioritised the preservation of key ecosystems, the decrease of deforestation and greenhouse gas emissions reduction in the sectors of energy, oil and gas, mining, housing, waste, industry, transport and agriculture.

Switzerland will include considerations on climate change and environmental protection as a transversal theme in its Cooperation Programme. There is growing interest and potential in including climate change considerations in macroeconomic reforms and regulations as well as in greening the financial system. SECO will continue and expand its work to include sustainability criteria in financing infrastructure projects and urban planning. It will do so by promoting financial and regulatory incentives for cities and companies as well as transferring relevant knowledge and technology. In terms of global value chain integration, sustainability standards are becoming increasingly relevant to meet the demand for sustainably produced goods and to fight deforestation. In addition, SECO will encourage Colombia to continue its progress on disaster risk financing and promote peer learning.





Thematic priorities

SECO's contribution to Colombia's development agenda

Colombia has made significant development progress in many areas, but still needs to consolidate the initial phases of the peace process. SECO will therefore support structurally relevant areas by transferring Swiss know-how such as in land management, which has been one of the root causes of the conflict and can potentially be a future driver for economic development. Additionally, Swiss consumers, and therefore Swiss companies, are increasingly interested in sustainably produced goods and services. Supporting value chains such as cocoa in collaboration with Swiss buyers not only contributes to a more diversified economy but also further capitalises the EFTA-Colombia FTA.

SECO intends to support Colombia in this critical phase to become a more inclusive society and extend the benefits of economic development to less developed regions, thereby contributing to lasting peace. It does so by providing Colombia's public and private sectors with the tools to develop and test innovative approaches to promote territorial and economic inclusion. In addition, SECO will foster institutional relations between the two countries and thus contribute to the sustainability of the Swiss Cooperation Programme beyond 2024.

Based on Colombia's development stage, SECO's Cooperation Programme 2021–2024 will focus on promoting sustainable regional development by articulating the public and private sectors in areas with high Swiss added value and of joint interest.

A SECO-supported green bond helps renewable energy projects like this get financed and then issued in the capital markets.

3

Thematic priority

Supporting the transition towards sustainable cities and territories, stronger institutions and better public services by strengthening public finance management as well as planning and financing of sustainable infrastructure

At the macro level, SECO will work towards an effective governance framework with a focus on a) enhanced coherence between responsibilities for public service provision on the one hand, and financial and institutional capacity on the other; b) improved coordination mechanisms at the national level and between the national and subnational levels.

At the meso level, SECO will work towards building modular toolboxes and a community of practice to foster peer learning and mechanisms of collaboration, e.g. in terms of joint financing schemes and service provision among subnational entities and between the national and subnational levels for better public service provision.

At the micro level, SECO will work towards strengthening public institutions and services to create demonstration effects and performance incentives and to inform policymaking, thereby contributing to an effective governance framework.

Proposed SECO measures with the most added value:

- Promotion of **inter-institutional coordination** within and between the three levels of government in the area of public finance management (PFM)
- Support for a **regulatory framework** in the area of public and private finance that sets the right incentives for sustainable development with a focus on climate change and disaster risk management, digitalisation and mobilisation of private-sector financing
- Promotion of incentives to improve governance, standards and quality in **public service delivery**, especially in the areas of land management, energy efficiency and renewable energy, and water management
- Support for **financing mechanisms** that meet sustainable infrastructure needs, such as public-private partnerships, thematic (e.g. green) bonds and land value capture
- Strengthening the sustainable planning and investment capacities of cities in **sustainable urban**

development, including in terms of mobility, resilience and energy management

Mutual complementary measures between SECO and the SDC Global Programmes Water and Climate Change & Environment:

- Natural infrastructure and ecosystem service evaluation as well as conservation through support of local empowerment, entrepreneurship and multi-stakeholder partnerships
- Promotion of energy efficiency and thermal comfort in buildings leading to reduced greenhouse gas emissions

Measures implemented by the SDC Global Programmes Water and Climate Change & Environment:

- Improving water quality and efficient water-use together with the private sector
- Contributing to the national water monitoring system
- Improving air quality in cities
- Contributing to the Pacific Alliance in corporate water stewardship and clean air in cities

Colombia's Development Priorities

National Development Plan 2018–22

- Improve state presence and justice services
- Strong regional focus
- Boost strategic projects in infrastructure and clean energy

Roadmap for International Cooperation 2019–2022

- Environmental sustainability
- Peace and territorial stability

Development Programmes with Territorial Focus (PDET) in municipalities that have been most affected by the conflict



4

Thematic priority

Fostering the transition towards improved regional competitiveness and decent jobs by supporting innovation, skills development, sustainable finance and integration into responsible global value chains

At the macro level, SECO will work towards effective coordination between the three levels of government, the private sector and academia to provide an efficient and green business-enabling environment as well as evidence-based policies, and incentivising innovation for the private sector, especially SMEs.

At the meso level, SECO will work towards strengthening the design and implementation of solutions to cross-cutting challenges such as access to finance, intellectual property, quality infrastructure, skills development, and sustainability methodologies and practices.

At the micro level, SECO will work towards supporting the diversification of the economy through the integration into responsible value chains with the potential for creating decent jobs and higher incomes. It will thereby keep its orientation towards markets and higher-quality products and services (value added). SECO will place special focus on including producers from post-conflict areas into selected value chains.

Proposed SECO measures with the most added value:

- Promotion of **inter-institutional coordination** within and between the three levels of government, the private sector and academia in the areas of competitiveness and innovation to provide efficient, inclusive and market-oriented policy instruments

- Contributing to an **efficient and inclusive business environment** with a view towards increased transparency, non-discriminatory competition, reduced costs of doing business for SMEs, and incentives for businesses to formalise, innovate and invest

- Increase productivity and support diversification by strengthening the **quality infrastructure to lower the cost of compliance for SMEs** and improve access to export markets

- Improving **access to sustainable finance for SMEs** through systemic solutions such as movable guarantees, fintech and results-based finance

- Fostering **export-oriented responsible value chains** with the potential to create jobs and promoting alternative economic opportunities with a focus on Development Programmes with Territorial Focus (PDET), environmental protection, and in value chains where Switzerland generates added value

- Fostering the **integration of environmental, social and governance (ESG) factors** within the private sector with a view towards an enabling environment for the development of sustainable value chains and responsible investment decision-making

- Promotion of **an effective labour market and improved labour conditions** through skills development in key sectors and innovative mechanisms for the labour market integration of vulnerable groups

Colombia's Development Priorities

National Development Plan 2018–22

- *Legality + entrepreneurship = equity*
- Increase access to the labour market and income generation through fostering entrepreneurship

Roadmap for International Cooperation 2019–2022

- Rural development
- Peace and territorial stability
- Entrepreneurship and creative industries
- Environmental sustainability

Development Programmes with Territorial Focus (PDET) in municipalities that have been most affected by the conflict

Results monitoring for Colombia

3

Thematic priority

Supporting the transition towards sustainable cities and territories, stronger institutions and better public services



Theory of change

If SECO supports the national government and municipalities with integrated urban development and infrastructure investment planning based on adequate public financial management,



then cities are empowered in their role as drivers for sustainable economic development,



because cities are able to better plan and manage urban development by finding adequate financing solutions to deliver reliable and sustainable services.

Transversal themes



Gender equality

SECO fosters gender equality as a transversal theme, especially in terms of infrastructure design and women's access to finance.



Climate and resource efficiency

SECO includes cross-sectoral climate change considerations in macroeconomic and financial reforms.



Contribution to selected SECO business lines

Growth-promoting economic policy

If SECO contributes to the effective, transparent allocation and investment of public resources and increasing domestic revenue mobilisation,



If SECO supports well regulated and supervised financial markets and contributes to strengthening sustainable domestic capital markets and innovative ways of financing,



then Colombia can independently mobilise, manage and invest resources and provide better services to all



because Colombia is building strong, accountable institutions at all levels that generate sufficient domestic and foreign resources (SDGs 16.6, 17.1, 8.3).



Urban development and infrastructure services

If SECO promotes integrated and sustainable urban development and planning,



if SECO strengthens the managerial capacity of public institutions,



if SECO supports financing mechanisms that meet sustainable infrastructure needs,



then this helps create the conditions for sustainable economic growth and broader social prosperity



because cities are planned and managed in a sustainable manner (SDG 11.3),



because there will be more equal access to affordable and reliable public services (SDGs 6.1, 6.2),



because there will be a reliable and modern energy supply (SDG 7.3).



Access to financing

If SECO strengthens domestic capital markets and promotes green/sustainable bonds,



then entrepreneurs and producers will have access to adequate financial services (SDG 9.3)



because the financial and capital markets are able to respond effectively to the needs of borrowers (SDG 8.10).



4

Thematic priority

Fostering the transition towards improved regional competitiveness and decent jobs



Theory of change

If SECO helps to improve the regulatory framework, skills development, access to finance for SMEs and integration into responsible value chains,



then the private sector can benefit from sustainable business opportunities and grow, and offer more and better income opportunities,



because SMEs are more competitive, especially in areas with the greatest demand.

Transversal themes



Gender equality

SECO fosters gender equality as an overarching theme, especially in the labour market and the business-enabling environment, and helps provide women with access to training programmes.

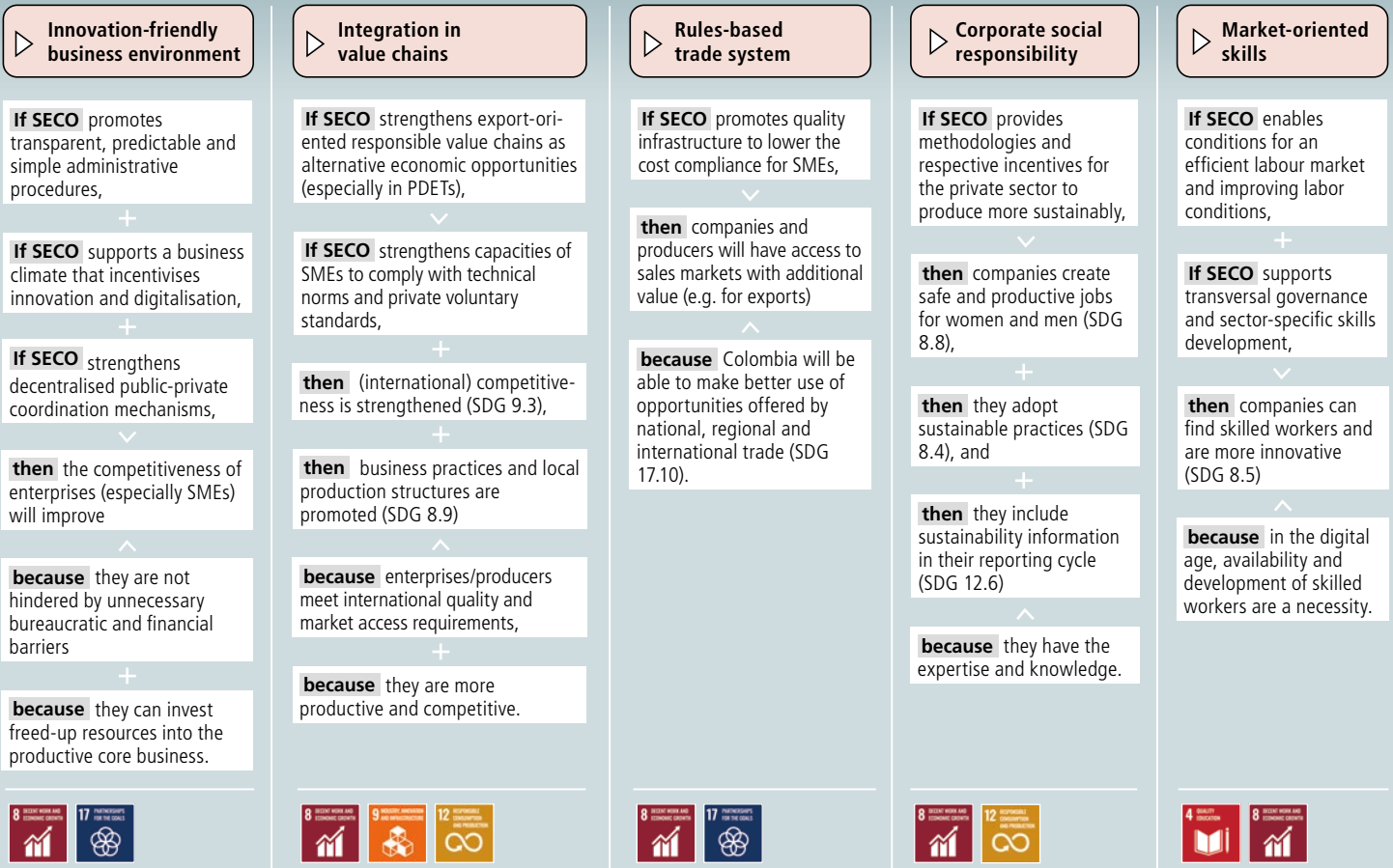


Climate and resource efficiency

SECO includes cross-sectoral climate change considerations in global valuechain integration in order to meet demand for sustainably produced goods.



Contribution to selected SECO business lines



Annex: SECO's International Cooperation 2021–2024 at a glance

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.

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 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.

SECO's objectives and thematic focus areas

SECO aims at promoting economic growth and sustainable prosperity in its partner countries. The Agenda 2030 for Sustainable Development represents an important reference framework in this regard. SECO pursues two directions:

First, SECO promotes reliable economic framework conditions by focusing on:

- ▷ An **economic policy** that has a positive impact on long-term economic growth;
- ▷ A rules-based **trade system**, which helps the partner countries to integrate into the global economy and promotes the implementation of social and sustainability standards;
- ▷ An innovation-friendly **business environment**, which stimulates the competitiveness, the productivity and the growth of enterprises;
- ▷ An integrated **urban development and provision of public services**, which improve urban mobility, energy and water supply and the resilience towards natural disasters.

Second, SECO supports innovative private-sector initiatives by focusing on:

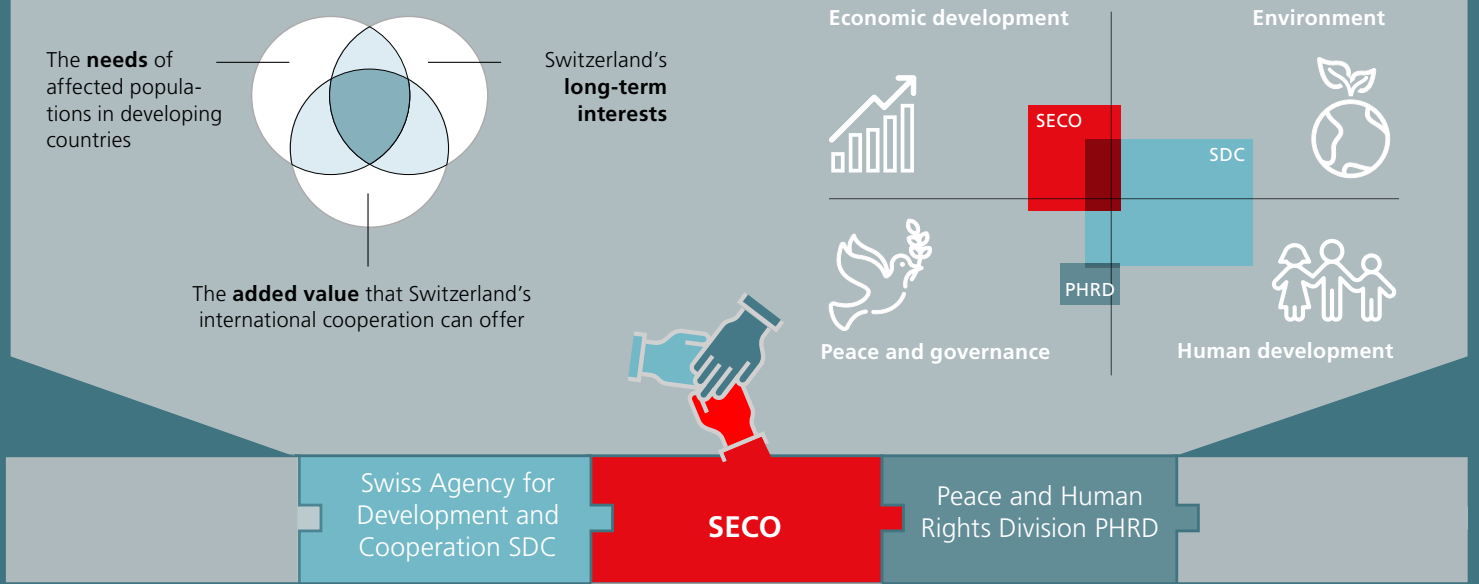
- ▷ The access to **financing**, which contributes to the development of the private sector and the creation of decent jobs;
- ▷ The integration of producers and enterprises in **value chains**;
- ▷ A responsible **corporate management**, which integrates a **social** and an **ecological** dimension at the core of its activities;
- ▷ Market-oriented **skills**, which meet the demand of the market in the digital age.



UN Agenda 2030 for sustainable development



Switzerland's International Cooperation strategy 2021–2024



SECO Strategy



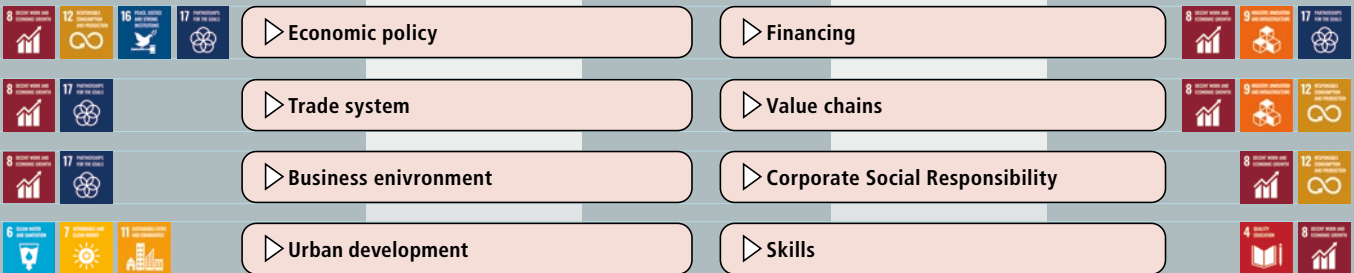
Economic growth and sustainable prosperity

Partnerships (multilateral organisations, private sector, SIFEM, academy, NGO)

Access to markets and opportunities due to reliable framework conditions

Income opportunities due to innovative private-sector initiatives

Gender equality, climate and resource efficiency



Geographic orientation: SECO focuses its activities in **13 priority countries**. It engages in areas where its proven instruments can address the **demands** of its partner countries and bring a significant **added value**. These countries play an important role in terms of the economic development and political stability of their regions, and are relevant for Switzerland's foreign policy. In order to **address global challenges** related to finance, commerce, climate, environment, migration and water, SECO's implements bilateral, regional and global programmes.

SECO also implements **complementary measures** based on its thematic competences **outside** of its **priority countries**. The objective is to be able to respond selectively and flexibly to specific challenges in different domains.

Economic Development Cooperation South

Egypt | Ghana | Indonesia | **Colombia** | Peru | South Africa | Tunisia | Vietnam

Transition Cooperation East

Albania | Kyrgyzstan | Serbia | Tajikistan | Ukraine

Abbreviations

AFOLU	Agriculture, forestry, and other land use
EFTA	European Free Trade Association
ESG	Environmental, Social and Governance
FTA	Free trade agreement
IFC	International Finance Corporation
ITC	International Trade Centre
NDC	Nationally determined contribution
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PDET	Development Programmes with Territorial Focus
PHRD	Peace and Human Rights Division
SDC	Swiss Agency for Development and Cooperation
SDC/GC	Swiss Agency for Development and Cooperation/Global Cooperation
SDC/HA	Swiss Agency for Development and Cooperation/Humanitarian Aid
SECO	State Secretariat for Economic Affairs
SIFEM	Swiss Investment Fund for Emerging Markets
SME	Small- and medium-sized enterprises
UN	United Nations
UNIDO	United Nations Industrial Development Organization
WEF	World Economic Forum

Imprint

Publisher

Federal Department of Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO
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Editing/Coordination

SECO Economic Cooperation and Development Division

Design and layout

Publications section, SECO

Print

Suter & Gerteis AG

Photos

SECO Cooperation Colombia: 12
Corpoema: 1, 10
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Sources

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