



# Finance and Trade - Strengthening the backbone of the economy

## How SECO addresses the Global Theme *Finance and Trade*

The largest financial contribution of SECO to the [Global Themes](#) occurs in the area of Finance and Trade. SECO's measures in this area aim not only at reducing poverty and fostering resilience against global financial and trade risks but also at enabling partner countries to benefit from globalisation and integration in the global economy.

### SECO-priorities regarding Finance and Trade, 2017 - 2020

- Transparent resource mobilization and reliable public financial management (PFM)
- Stable and deep financial sectors
- Favourable framework conditions for sustainable trade
- Greater international competitiveness of SMEs and facilitated market access

These priorities relate to SECO's target outcomes "Effective Institutions and Services" and "Enhanced Trade and Competitiveness". SECO implements them in its priority countries as well as in other developing countries through bilateral projects as well as global and regional measures.

### Implementation of priorities

#### Effective Institutions

Effective institutions and an efficient state are important prerequisites for stable economic framework conditions, sustainable growth and thus also for significantly reducing poverty. To strengthen institutions and the macroeconomic environment, SECO intervenes at several levels:

#### Transparent resource mobilization and reliable public financial management (PFM)

Strong public finances and a responsible approach to debt are important elements for sound fiscal policies

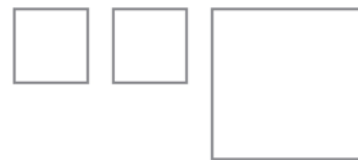
which can address poverty as well as social and geographical disparities. SECO therefore supports its partner countries in a comprehensive fashion. This entails efficient budget management; mobilization of revenues; transparent public procurement; sound bookkeeping and accounting in order to track the use public resources; government accountability through internal and external auditing; autonomous local financial management; responsible debt management including data management and debt strategies for the medium term.

#### Stable and deep financial sector

A well-functioning financial sector allows funds to flow between lenders and borrowers. Payment transactions are easy to make, saving pays off, and bank deposits are used to invest in production. There is also a better distribution of risk. When there is a stable stream of payments between households, firms and the government, the economy can grow. SECO supports countries to develop the necessary institutions. This includes legislation and policies that favour economic activities and are in line with international norms and standards including prudent financial market regulation; reliable monetary policy; strengthening of capital markets; streamlined payments for efficient transactions; and integrity of the financial sector.

#### Enhanced trade and competitiveness

The value chains of products and services have become increasingly global, resulting in a complex chain of production stages. SECO concentrates on improving the framework conditions for trade and finance and on strengthening the competitiveness of businesses all along the value chains with a view to expanding sustainable trade. SECO intervenes at following levels:



### Favourable framework conditions for sustainable trade

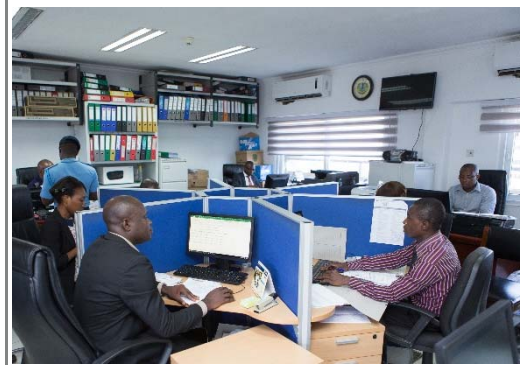
Developing countries need a favourable framework in place if they are to gain from international trade. Therefore, SECO supports partner countries in the negotiation and to implementation of international trade rules as well as to the strengthening of all technical institutions involved in international trade such as the national quality infrastructure (technical trade barriers, sanitary and phytosanitary norms), customs infrastructure and trade facilitation and the system of intellectual property rights.

### Greater international competitiveness of SMEs and facilitated market access

SECO seeks to maximize the number of producers and SMEs in developing countries that gain from globalisation. The measures supported by SECO focus on strengthening the services and instruments that improve the competitiveness of SME and ensure the compliance with international standards addressing quality requirements, customs procedures, certification, market intelligence and access, packaging and product labelling. In many export sectors, standards and labels on environmental and social criteria have become the norm. SECO helps exporters to meet such standards through capacity building and increased transparency about the growing number of sustainability requirements. SECO also improves the regulatory framework for SME throughout to lower the costs of doing business and promotes non-discriminatory access to international markets in order to improve the competitiveness of firms.

#### Project example I: Collaborative Africa Budget Reform Initiative (CABRI)

- **Objectives:** The overall objective is to contribute to better public financial management across Africa through promoting efficient and effective public spending as well as strengthening budget transparency and accountability through the public finance management (PFM) cycle. To achieve this, SECO supports CABRI – the leading international organization for PFM peer-to-peer learning in Africa – in implementing its strategic plan 2015 – 2018.
- **Beneficiaries:** Government authorities from 13 African countries.
- **Project partner:** [CABRI](#)
- **Time period:** 2015 – 2018
- **Budget:** SECO contribution CHF 2 million (total budget USD 8.9 million)



#### Project example II: Colombia + Competitiva

- **Objectives:** “Colombia + Competitiva” supports Colombia’s systemic efforts to improve the competitiveness of its economy with a specific focus on selected sectors (cocoa, cosmetics, natural ingredients, tourism and sustainable construction) at the subnational level, diversification of its exports by strengthening its productive sector and creation of a business-enabling environment for small and mid-size businesses. The program contributes to an improved business environment and value chain development in regions with economic potential and existing institutional structures.
- **Beneficiaries:** Several line ministries and agencies of Colombia’s federal government; Regional Competitiveness Commissions; Chambers of Commerce and their members.
- **Project partner:** Swisscontact
- **Time period:** 2016 – 2019
- **Budget:** CHF 13,400,000

