



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

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

POSITION
PAPER

More and better jobs as a cornerstone of development



Contents

Decent work – a key factor for sustainable development

2

Reliable framework conditions for creating jobs

4

A private sector that creates jobs and innovatively uses the advantages of digitalisation

7

SECO – an important pillar of Swiss international cooperation

12

Projects that have an impact

16





Poverty reduction through jobs

A good job is the most effective means to fight poverty and inequality. Those who have a job in their country and earn a decent income have prospects for the future and less pressure to migrate.

The private sector provides 90 per cent of the world's jobs. Its dynamic and innovative companies foster competition of ideas, goods and services. They pay wages and taxes and enable economic growth and social prosperity.

To thrive, businesses depend on clear and reliable laws and regulations. They need financing solutions to invest and tap into new markets. In addition, they need to be able to recruit highly trained specialists. Companies also have a responsibility towards their employees, society and the environment. In particular, they must comply with international environmental, labour and human rights agreements.

SECO supports responsible and competitive entrepreneurship in its partner countries. This position paper shows where it approaches the issue and how its projects and programmes work.

Decent work – a key factor for sustainable development



More and better jobs reduce poverty.

In the last few decades, humanity has made unprecedented progress in terms of economic development, partly thanks to international cooperation. Nevertheless, one in twelve people still live below the poverty line and the consequences of the Covid-19 pandemic jeopardise the progress achieved in many areas. With the adoption of the 2030 Agenda for Sustainable Development, Switzerland has committed itself to eradicating poverty by 2030. In doing so, it joins forces with the international community and its efforts in this endeavour.



Decent work is a key to sustainable prosperity.

Having a job is good. Having a decent job, i.e. a productive job with adequate pay and entitlement to social benefits, is even more effective in reducing poverty. It also enables the social integration of workers and their families. The creation of decent jobs is thus one of the most important instruments for significantly reducing poverty and migratory pressures in developing countries. Through decent work, broad sections of the population can benefit from economic growth.



The private sector creates 90 per cent of all jobs worldwide.

It is crucial for a healthy economic policy. It is therefore important to support innovative private-sector initiatives that improve people's employment prospects.



Switzerland is committed to creating more and better jobs in line with its international commitments.

Through the adoption of the United Nations' 2030 Agenda for Sustainable Development and the International Labour Organization's (ILO) Centenary Declaration for the Future of Work, Switzerland advocates a people-centred approach to work. It is also committed to realising the potential of technological progress. Switzerland believes that such an approach leads to decent work and helps to address gender inequality in the world of work. Thus the private sector, which plays a central role as an employer, benefits from the increased competitiveness and productivity of its employees and thereby contributes to job creation.



SECO supports a suitable environment for sustainable development.

SECO enables the creation of reliable economic framework conditions necessary for a dynamic business environment. It helps develop clear regulations and build solid basic infrastructures. In addition, SECO promotes international standards, particularly in the employment sector, from which both employees and employers benefit.



Development must not be limited to the economic dimension.

It should also take social and environmental aspects into account and not hinder the prosperity of future generations. Only sustainable and inclusive growth can help reduce poverty as well as the impact of global risks.



SECO supports an innovative private sector.

It promotes access to financial resources for businesses and the provision of skilled labour. At the same time, it supports the integration of companies in international value chains.



The Covid-19 crisis has shown how important international cooperation is.

The unprecedented decline in economic growth caused by the Covid-19 crisis has had devastating consequences for businesses and workers. We live in an interdependent world where value chains are international and complex. Governments' fiscal space is severely limited and corporate liquidity is scarce. To avoid crises along entire value chains, it is important that international cooperation enable the development of an internationally competitive private sector.

Reliable framework conditions for job creation

Reliable framework conditions are essential for the development of local private sectors and the mobilisation of private sector investment. Non-discriminatory standards and efficient management of public institutions create incentives, reduce uncertainties and strengthen the trust of citizens and businesses in these institutions. Individuals, companies and markets can develop and strengthen their adaptability and resilience. The Covid-19 crisis has shown how important reliable frameworks are for both crisis resilience and economic recovery.

Clear and reliable framework conditions for further development

SECO supports its partner countries in drafting and implementing regulations and laws. It helps them to create viable financing solutions and to establish transparent and effective economic regulations. It also promotes the development of modern trading systems. An enabling business climate creates fair conditions for all market players and fosters sustainable economic growth. With a view to environmentally friendly economic growth, SECO also supports integrated urban planning, good governance structures for cities, sustainable mobility and efficient energy supply.

The establishment and development of SMEs requires a clear legal framework, efficient public infrastructures and a well-functioning financial system. Without legal certainty, energy supply and financing options, it is difficult for small entrepreneurs to set up a company and create jobs. Only when public finances and investments are managed responsibly and the financial sector is developed can businesses function well. They also need an environment that promotes dynamic development and private innovation. This requires modernising local financial institutions and capital markets, increasing the efficiency of administrations, and implementing international standards for labour, trade and intellectual property.

Decent work: Good for employers and employees

Projects promoting decent work have a positive impact on the working conditions and productivity of workers. This is particularly true for the most vulnerable among them, and especially for women and people in severe poverty. However, working conditions in developing countries do not always meet international standards.

SECO promotes the implementation of recognised labour standards in its partner countries. Workplaces must meet certain requirements to provide a safe environment. In particular, in cooperation with the International Labour Organisation, SECO offers companies training and advice in the areas of workplace cooperation, quality management, occupational safety, cooperative human resource management and environmentally friendly production methods. Thanks to these, sustainable and inclusive growth can become reality.

Fair working conditions

SECO supports the *Better Work* and *SCORE* projects run by the International Labour Organization (ILO) in cooperation with the International Finance Corporation. These projects strengthen the implementation of ILO conventions in companies. They thus facilitate developing countries' access to sustainable international production chains. The cooperation between SECO and the ILO shows that fair working conditions are also necessary to increase efficiency and profits.



Making a difference with investments

Swiss Investment Fund for Emerging Markets (SIFEM)

SIFEM mobilises private and public investors to provide long-term financial support to promising SMEs in developing countries. *SIFEM* aims to generate an economic return and a broad development impact, namely in the form of decent jobs. Since 2005, *SIFEM* has already created more than 870 600 jobs worldwide.

SECO Start-up Fund

The *SECO Start-up Fund* supports promising start-ups in emerging economies. It offers companies loans at favourable conditions to finance their start-up phase. The *SECO Start-up Fund* has already created more than 16 200 jobs worldwide.



A private sector that creates jobs and innovatively uses the advantages of digitalisation

In developing countries, expertise is often lacking and access to capital and skilled labour is often difficult. In the digital age, the private sector needs to be competitive and innovative to take full advantage of technological change. The pace of change is accelerating and fundamentally transforming the economy.

SECO mobilises private resources and provides market-oriented services so that private enterprises can create decent jobs and improve their competitiveness. To this end, SECO focuses in particular on:

- improving access to finance through the development of local financial markets and investment promotion;
- the integration of economies in international value chains;
- improving the alignment of vocational education and training with the needs of the labour market;
- digital initiatives that promote sustainable economic development.

Investing in sustainable growth

Founding and developing companies requires capital above all. Yet, SMEs in particular often have only limited access to financing, which is why they cannot fully exploit their great growth potential. Companies are therefore dependent on reliable financial partners who provide them with capital at economically viable conditions.

SECO ensures that SMEs have easier access to capital by supporting regulatory reforms that contribute, among other things, to the development of local capital markets. It also strengthens local financial institutions in granting loans and offers advisory services to companies. This enables them to invest, tap into new markets, grow and create jobs.

SECO is committed to the development and use of financial technology (FinTech) and advocates innovative financing mechanisms. These provide individuals and companies with easier access to financial services.

SECO supports not only the development of a sustainable financial sector in its partner countries, but also impact-oriented investments. These involve projects that aim for both a financial return and a positive social impact (impact investing). SECO also invests – directly or indirectly – in SMEs through the *SECO Start-up Fund* or the *Swiss Investment Fund for Emerging Markets (SIFEM)*. External partners professionally manage these financial instruments. They systematically check whether investment projects take into account environmental, social and governance (ESG) criteria and whether the investments have a developmental impact. These lead to the creation of decent jobs. There is evidence that sustainable financial investments in line with ESG criteria are possible even in difficult national environments.

SECO also works with private actors, such as the *Swiss Sustainable Finance (SSF)* association, which is active in the field of sustainable finance. Switzerland manages one third of the world's assets in impact investing and is the market leader in impact investing. In this way, it contributes to achieving the Sustainable Development Goals.

Integration into the world market for more and better jobs

Today, goods pass through complex international value chains until they reach consumers. Companies are exposed to global competition. International trade and competitiveness are therefore central to long-term growth. With increasing digitalisation and automation, productivity-enhancing innovations represent an important competitive advantage. However, developing countries often do not benefit from the most profitable stages of a product's value chain.

SECO promotes value chains that are particularly important for the partner countries and in which Switzerland can contribute due to its expertise and importance in world trade. This applies mainly to tourism, textiles and agricultural and mineral raw materials. These sectors employ a large workforce, including many women and people with low incomes. They are therefore strategically important and particularly relevant for poverty reduction.

In addition, SECO is committed to the credibility and harmonisation of systems of private voluntary sustainability standards. These enable companies and manufacturers to increase the efficiency of their internal processes as well as the international value and supply chains. At the same time, the standards increase companies' productivity, improve their market access and reduce overall environmental and social risks.

Developing professional skills for the future

The mismatch between training supply and labour market needs creates a skills gap that hinders economic development. For a company to function, it needs skilled workers. However, these are often missing. It is essential for manufacturers and SMEs to be able to find skilled labour, because in view of increasing digitalisation, economic processes require expertise that is ever more complex.

Both employees and employers benefit from higher professional skills. Employees improve their career and wage prospects, while employers increase the competitiveness of their companies thanks to the higher productivity of employees.

To close the skills gap, SECO focuses on vocational and higher education (post-secondary and tertiary levels). It promotes an education system that is tailored to the needs of the labour market. To this end, it offers training and helps partner countries develop their own solutions. It uses the "train the trainers" approach and builds sustainable trainings, accreditation and evaluation systems. Thereby, it is guided primarily by Switzerland's dual vocational and education system, which enjoys a very good reputation abroad.

Meeting Indonesian needs

The *Skills for Competitiveness* programme is a response to a request from the Indonesian government. The programme builds an efficient vocational education and training system that is better adapted to the needs of the labour market and works with various technical colleges in selected sectors. The needs of the private sector are a decisive element in the programme's design.



Transparent and traceable

The *Better Gold Initiative* is a joint project of SECO and the Swiss Better Gold Association. The initiative was launched in 2013 and aims to improve environmental, labour and social conditions in the small gold mines of South America. To this end, it establishes a value chain from the mine to the market that ensures that the gold can be traced and the transactions are transparent.



Sustainable tourism in Indonesia

Since 2009, SECO has been promoting sustainable tourism in Indonesia, which contributes to economic development and creates new business opportunities and jobs. The programme supports tourism that respects nature and local culture and integrates the local population. Since the start of the programme, the number of international tourists in the supported destinations has increased by over 65 percent.

Bringing local North African products to market

SECO supports the *PAMPAT* project in Tunisia and Morocco, which improves the production and sales conditions for local products. The project introduces new quality standards, labels and certification systems and creates inter-connected value chains from farmers to export markets. Prickly pears are a good example. In 2013, there were five Tunisian companies producing prickly pears. In 2019, there were already 30 with over 100 different products. This has created 1000 new jobs.

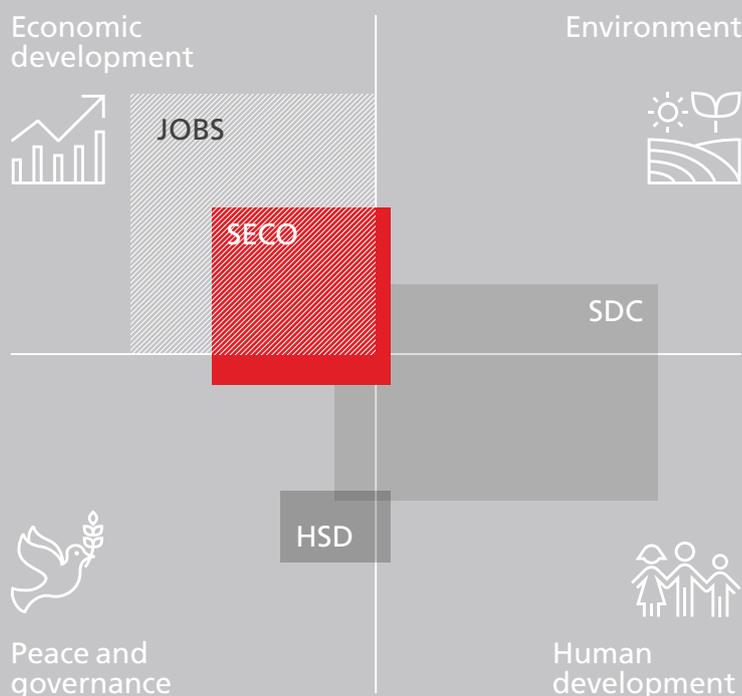


SECO – an important pillar of Swiss international cooperation

With its International Cooperation Strategy 2021–2024, Switzerland aims in particular at contributing to a sustainable and inclusive global development that reduces poverty and global risks.

As Switzerland's centre of expertise for economic and employment issues, SECO is responsible for economic development cooperation. It contributes to creating decent jobs, shaping good working conditions, facilitating companies' access to know-how and investments, and strengthening international standards.

To achieve its goals, SECO works closely with international partners, including the International Monetary Fund, multilateral development banks (notably the World Bank Group) and UN organisations (including the International Labour Organisation). SECO also maintains close cooperation with the private sector and non-governmental organisations, as well as with other Swiss administrative bodies.



Based on the 2030 Agenda for Sustainable Development, Switzerland's international cooperation has set itself four objectives.

Job creation: SECO's strategy

In developing countries, new businesses often disappear far too quickly because they have no access to either technical expertise, capital, skilled labour, or basic services. To remedy this, SECO supports innovative private-sector initiatives .

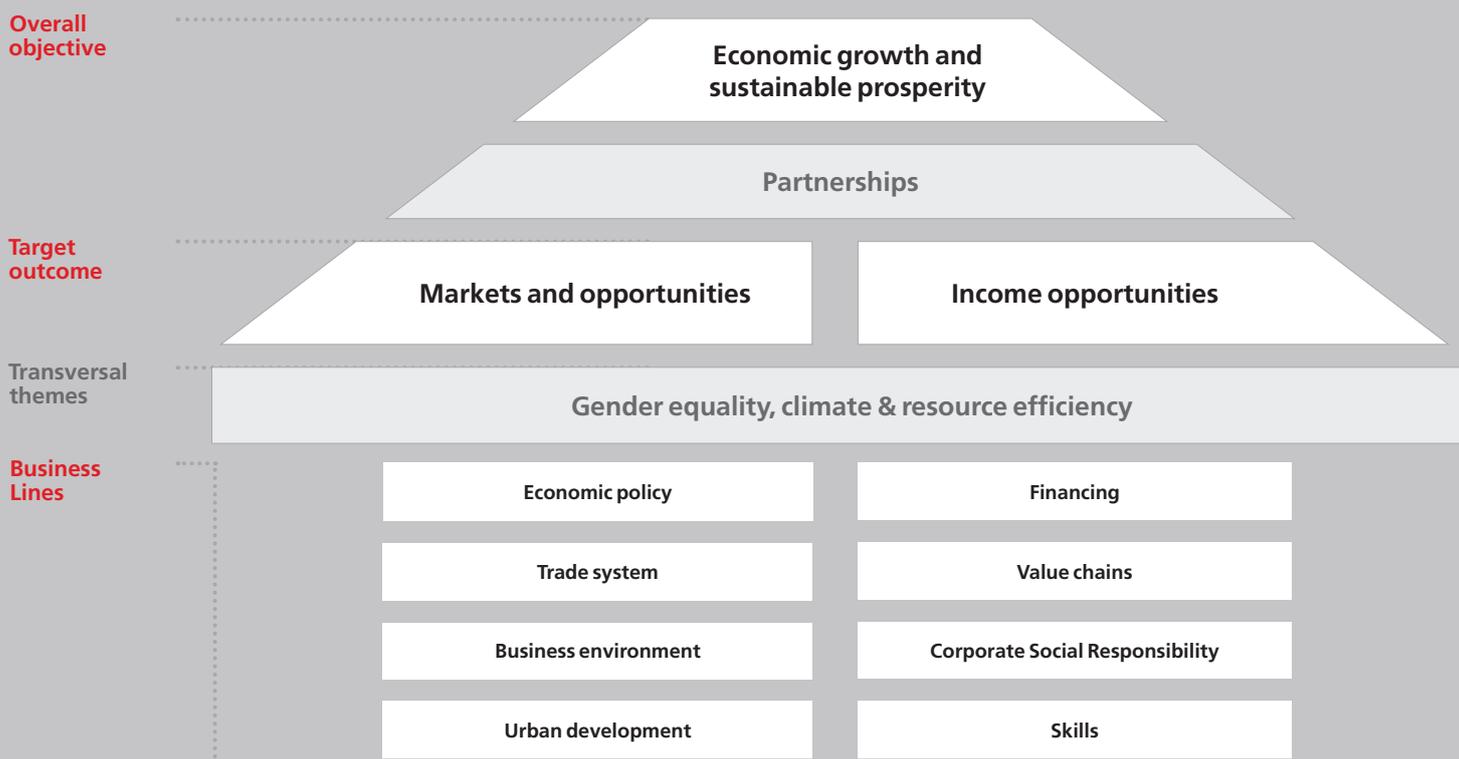
SECO's labour market policy activities aim to improve framework conditions, strengthen institutions, promote a job-creating private sector and provide targeted training for employees to give them better prospects for the future. The improved framework conditions in the partner countries benefit not only the local economy, which can develop further, but also the foreign companies operating there - including Swiss companies.

SECO pursues two target outcomes

Promoting reliable economic framework conditions enables people and companies to have equal access to markets and opportunities, and supports innovative private-sector initiatives. These create decent local income opportunities and contribute to sustainable economic growth.

These measures are integrated into the country strategies in order to best align them with the partner countries' specific needs and priorities. SECO is active worldwide. However, in line with the International Cooperation Strategy 2021-2024, SECO focuses on 13 priority countries.

In order to contribute to reducing poverty and overcoming global challenges, SECO focuses on economic development cooperation. In this area, SECO pursues two target outcomes, which are implemented through eight business lines.



Transversal themes

Wherever possible, SECO takes into account two criteria that are essential for sustainable and inclusive prosperity: Gender equality and climate and resource efficiency.

Gender equality

SECO systematically takes the gender dimension and the specific risks associated with it into account in all its activities. It is committed to combating discrimination. To this end, it promotes access to better jobs, education, markets and public services for women.

Gender equality is an integral part of a smart economic policy. Better working conditions and easier access for women to education and employment also increase the productivity and competitiveness of national economies. SECO therefore supports its partner countries in establishing non-discriminatory laws and regulations.

Climate and resource efficiency

SECO systematically considers climate risks in its activities. On the one hand, it takes measures to mitigate the effects of climate change and on the other, to strengthen the resilience of partner countries to natural disasters and their consequences for the economy. Climate change is one of the greatest challenges in human history. It has devastating and irreversible consequences for people and the environment. Especially developing countries, which have fewer resources to combat these phenomena, can already feel them today.

To reduce the negative impact of humans on the environment in partner countries, SECO promotes the intelligent and efficient use of resources. This requires favourable framework conditions and a system of incentives that promotes environmentally-conscious behaviour and an efficient use of resources.

Cooperation with the World Bank Group

The *Multi-Country Investment Climate Program (MCICP)* supports 20 partner countries in, among other things, simplifying their regulations, streamlining administrative procedures and strengthening cooperation to create an improved investment and innovation climate. The programme also works to improve the competitiveness of companies, reduce costs, increase investment and create additional jobs. This SECO programme is implemented by the International Finance Corporation of the World Bank Group.





Financing women-owned businesses

Women run about a third of the Middle East and North Africa region's over a million small and medium-sized enterprises. Yet, they receive less than ten percent of commercial financing. That is why SECO promotes access to financial services for women entrepreneurs in Egypt, Morocco and Tunisia as part of the *Women Banking Champions* programme together with the International Finance Corporation. For example, the programme has a partnership with Banque Misr, one of the largest banks in Egypt and, among other things, supports the bank to better tailor its financial products and services to the needs of women.



Investing in energy efficiency

In order to expand renewable energies, investments in infrastructure and know-how are needed. However, both often lack in the public sector of developing countries. The *Private Infrastructure Development Group (PIDG)* is a multi-donor fund that mobilises private capital for infrastructure projects with modest public funds. More than half of its projects support the development of renewable energy. *PIDG* checks every year whether its projects are in line with the goals of the Paris Climate Agreement. Switzerland – represented by SECO – has been a member of *PIDG* since 2002.

Projects that have an impact

SECO attaches great importance to the effectiveness of its programmes and projects. Around 90 percent of the projects supported by SECO are successful. This is demonstrated in the analyses by external project evaluations and the independent thematic evaluations 2016–2019.

Clear and measurable goals are set for each project. Continuous monitoring and evaluations are used to check whether the objectives are being achieved, to what extent the projects are effective and whether the available funds are being used efficiently. When SECO assesses the progress of its projects and programmes it uses international standards based on “impact chains”:

- Services provided (SECO and its partners invest money, time, expertise and material in a project);
- Immediate impact (investments are used, for example, to produce studies, prepare projects, conduct training and improve processes, infrastructures and laws);
- Medium-term impact (improvements in the quality of services, products, infrastructures and legal structures);
- Long-term impact (improvements of the quality of life for the population, for example through job creation).

Evaluations and impact reports are based on analyses by internal and external experts. They are of great importance for all projects, as they allow the project leaders to extract lessons and make continuous improvements.

SECO's interventions work

- SECO created 157 000 new jobs and preserved 15 000 existing jobs in its partner countries from 2016–2019;
- SIFEM, the SECO-founded development finance institution of the Swiss Confederation, had created around 870 600 jobs by 2019;
- On average, each US dollar invested by development finance institutions generates around five times the amount of private investment.

Meta-impact evaluation

In 2017, Switzerland conducted a comprehensive meta-impact evaluation on its international cooperation in the area of employment. Its results and observations are integrated into new projects. The main conclusions are summarised in the reports and videos on the SECO website.

www.seco-cooperation.admin.ch

Imprint

Publisher
Federal Department of
Economic Affairs, Education and Research EAER
State Secretariat for Economic Affairs SECO
Holzikofenweg 36, 3003 Bern
Tel. +41 58 464 09 10
www.seco-cooperation.ch
info@seco-cooperation.ch

Editing / Coordination
SECO Cooperation

Graphic design
vollprecht gestaltung, Basel

Photos
SECO (title, pages 2, 3, 4, 5, 9 top, 10, 11, 14, 17)
SIFEM (p. 6), Cesar Nigrinis Name – Minenergia (p. 9 bottom)

This publication is available in English, German and French.
Copies may be downloaded from www.seco-cooperation.ch or ordered
by calling +41(0)584640910.

Berne, 2021