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



# **Annual Report on Effectiveness 2016**

## Effectiveness of SECO's Economic Cooperation and Development



# Acknowledgments

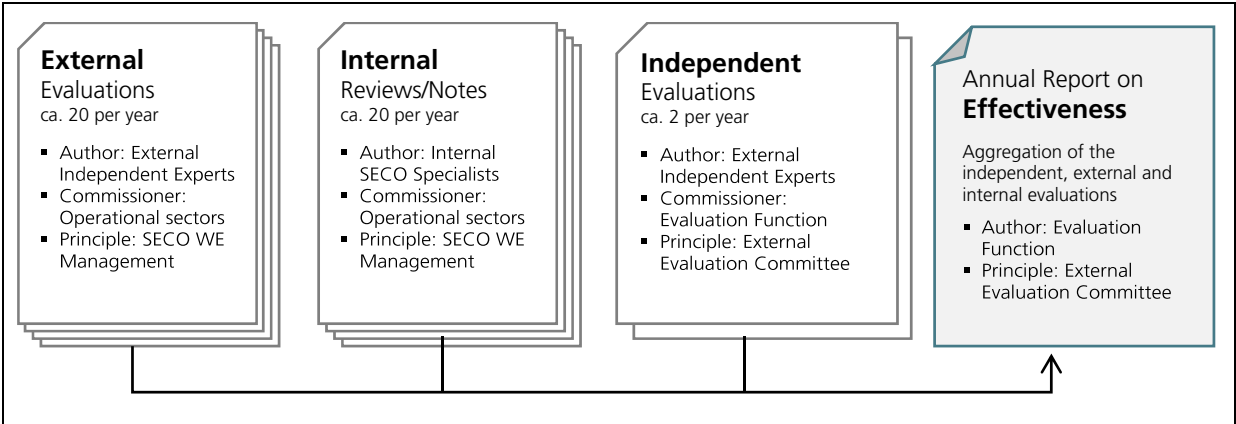
This report was prepared by the Evaluation Function of SECO Economic Cooperation and Development.

Many comments were received from various sectors and offices within the SECO<sup>1</sup> Economic Cooperation and Development division (thereafter “SECO WE”), which were taken into consideration to improve the quality of the report. The Evaluation Function remains fully responsible for the report.

# Foreword

In order to draw lessons, disseminate knowledge and strengthen the effectiveness of its development assistance, the Evaluation Function of the SECO WE produces an annual Report on Effectiveness. It reports the performance of its interventions based on the findings and recommendations of a) *external evaluations*, b) *internal reviews* commissioned by the operational sectors and c) *independent evaluations* approved and supervised by the External Evaluation Committee, a board of independent representatives from academia, parliament, private sector and civil society, which conveys its position on each independent evaluation (see Part IV).

Figure 1 – Categories of Evaluations and Reviews



From a methodological perspective, the conclusions and recommendations of this report are based on a systematic and retrospective assessment of the results of evaluations and reviews of projects conducted between 2005 and 2016. To ensure an impartial and balanced assessment of its portfolio, SECO WE conducts its evaluations based on international standards as defined by the OECD<sup>2</sup> Development Assistance Committee (DAC) as well as the standards of the Swiss Evaluation Society (SEVAL<sup>3</sup>).

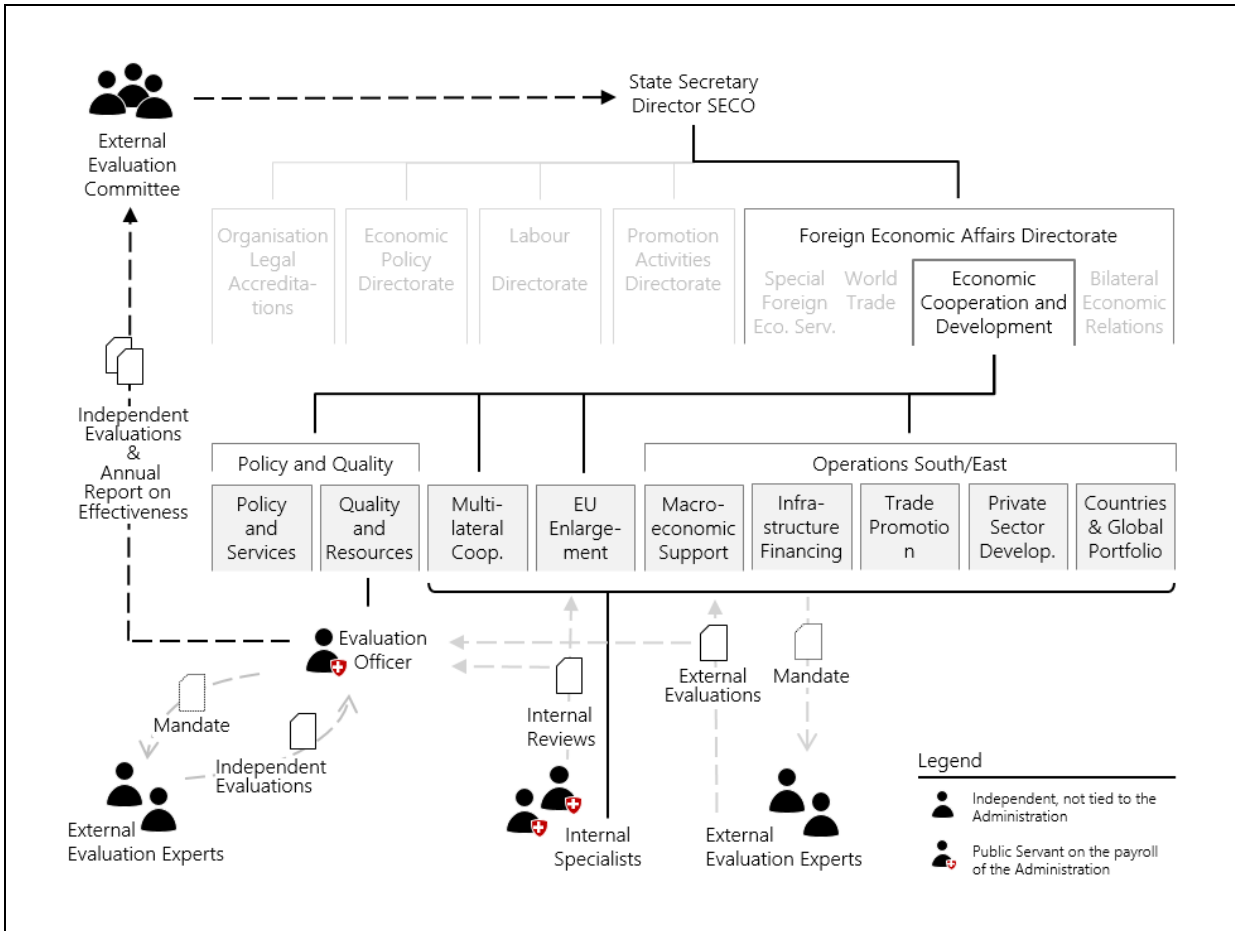
<sup>1</sup> **SECO**: The State Secretariat for Economic Affairs is the competence center of the Swiss administration for all core issues relating to economic policy. ([www.seco.admin.ch](http://www.seco.admin.ch))

<sup>2</sup> **OECD**: The Organisation for Economic Co-operation and Development is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. Switzerland is an active member since 1961. ([www.oecd.org](http://www.oecd.org))

<sup>3</sup> **SEVAL**: The Swiss Evaluation Society is a public organization founded in 1996. Its goal is to foster the exchange of information and experience in the field of evaluation between politics, administration, academia, NGOs and the private sector. ([www.seval.ch](http://www.seval.ch))

The management issues are a response (see Part III) to the conclusions and recommendations of this Report on Effectiveness (see Part II). The report, as well as management’s response, are then presented to and discussed with the External Evaluation Committee.

Figure 2 – Governance of and Responsibilities for Evaluation



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# Annual Report on Effectiveness 2016

## **Part I. Key Points in Brief**

**Quality and Resources Section**

Berne, July 2017

The Economic Cooperation and Development division at the State Secretariat for Economic Affairs (SECO) is responsible for planning and implementing economic and trade policy measures in developing and transition countries. In 2016, SECO invested approximately CHF 314 million in projects. In order to draw lessons, disseminate knowledge and strengthen the effectiveness of its development assistance, the Evaluation Function of the division annually produces a Report on Effectiveness.

## A year with intense evaluation and review activity

The four operational divisions of SECO WE commissioned a total of 28 external evaluations and 16 reviews, providing a fair picture of the performance of SECO's operations. The number of external evaluations exceeded the internal target range of 20-25 evaluations per year. The "Contribution to EU enlargement/Cohesion" section, conducted 5 internal reviews. As the themes of independent evaluations are linked to the impact objectives of the new dispatch 2017–2020, no independent evaluation was accomplished in 2016. An effectiveness report focusing on employment effects was finished by mid-2017.

## Success rate of SECO WE projects remains on a high level

The 2016 overall success rate is at high 86%, compared to the average of 80% for the period from 2005 to 2016. This long-term success rate is based on over 250 external evaluations and stands out in a field where 70-80% is considered an aspired goal. A selective comparison with other development agencies and multilateral organizations underlines this assessment.

## Project performance of the four OECD-DAC criteria mainly good

The criteria 'relevance', ranked highest with 96% in 2016, while 'effectiveness' scored at 75%. With 83%, the rating for 'efficiency' remains high in 2016, equal to the rating in 2015. Sustainability has been and will continue to be an issue of upmost attention for SECO WE. The evaluations conducted in 2016 show with 54% (satisfactory or highly satisfactory) slightly better scores compared to the previous year (42% in 2015) and to the long-term observation period 2005 – 2016 (46%).

## Long-term view on project results are of great value

The lessons emerging from ex-post evaluations are of special interest for the internal learning and the strategic planning of SECO WE. The results of the ex-post evaluation of the "Heavily Indebted Poor Countries – Capacity Building Programme (HIPC-CBP)" for example, will be used for the strategic positioning of SECO WE's engagement during the 2017-2020 Dispatch in the area of debt management. In a capitalization workshop based on the ex-post evaluation of the Projedor water project, learnings regarding sustainability success factors could be confirmed. The great value of the long-term view on projects results is the reason, why more ex-post evaluations are envisaged in the years to come.

## Recommendations addressing 'sustainability'

As in previous years, sustainability was found to be notably weaker than the relevance and effectiveness of projects. Hence, previous efforts addressing sustainability continue to remain relevant. Additionally, more efforts to identify and transfer success factors for sustainability into project design and implementation are needed.

## Management Response

The SECO WE Management is pleased with the critical and constructive analysis of achievements and current challenges in the report. The consistent format and set of indicator over the past years is appreciated, as it allows a good understanding of WE's performance over time. The management generally supports the recommendations of the report, which will help to further foster the impact of SECO WE's work. At the same time, the management has deliberated about the optimal frequency of the present report. Given that findings and recommendations tend to remain relevant for a longer period, and in view of high annual fluctuations of ratings due to the limited number of evaluations, alternative solutions should be considered. One idea could be to publish, at least in the medium-term, the full-fledged Report on Effectiveness of WE's operations on a bi-annual basis, complemented by a shorter annual overview on the performance regarding the DAC criteria.



## Position of the External Evaluation Committee

The committee has positively taken note of the continuously relatively high success rates. Relevance and effectiveness have remained at very high levels while efficiency and sustainability show some commendable improvement over time. Nevertheless, sustainability issues remain challenging and the set of recommendations are welcomed. Particular attention should be given to further capitalize existing in-house and partner's knowledge and experiences to foster sustainability. The Committee agrees with the constructive positions and feedbacks included in the Management Response.

However, a sound degree of caution is advised concerning the interpretations of the results, especially regarding trend statements. While taking note of more carefully wording in the 2016 Report, the committee suggests an even more systematic acknowledgement that annual results are based on a relatively small number of projects, which are selected based on monitoring and learning requirements within SECO WE, rather than with the perspective of selecting a statistically representative sample.

The complexity of the duties faced by the Evaluation Function has grown in line with the rising demands for evaluation expertise on the part of the operational sections. In order to use the available resources and capacities as efficiently as possible, the Committee recommends that the idea to publish future Reports on Effectiveness on a bi- or even on a tri-annual basis should be further developed.



# Annual Report on Effectiveness 2016

## **Part II. Annual Report**

**Quality and Resources Section**

Berne, May 2017

# 1. Portfolio Performance in 2016 and for the period 2005-2016

## 1.1. Evaluation Portfolio 2016

*Introductory notes on the distribution of evaluations conducted in 2016 in type, costs, time and place.*

### Three different types of evaluations at SECO WE

The evaluation of the portfolio of SECO's Economic Cooperation and Development division (SECO WE) is based on three categories of analysis with distinctive purposes and approaches:

- a) **External Evaluations**, which are the backbone of this report, provide independent assessments of a large part of the portfolio. Designed by the operational sectors and the SECO WE's management, they are conducted by independent experts. Frequently these assessments are requested for projects which have results that are questioned. This report focuses on this type of evaluation.
- b) **Internal Reviews** are by nature non-independent since they are conducted internally by experienced specialists of SECO WE. Nevertheless, they provide valuable insights on specific development interventions and lessons learned from the point of view of the respective program manager.
- c) **Independent Evaluations** provide an in-depth analysis on thematic and sometimes transversal topics on a strategic level. They are commissioned by the Evaluation Function on behalf and by request of the External Evaluation Committee, and conducted by independent experts.

The portfolio is evaluated based on the principles of the OECD Development Assistance Committee (DAC). The evaluation framework consists of four criteria assessing the i) relevance, ii) effectiveness, iii) efficiency and iv) sustainability on a four-step scale rating from 1) highly satisfactory, 2) satisfactory, 3) unsatisfactory to 4) highly unsatisfactory (see annex 1 for further details).

### A year with intense evaluation and review activity

The Table 1 shows the evaluation and review activity of SECO WE in 2016. Four divisions of SECO WE commissioned a total of 28 external evaluations and 16 reviews. The "Contribution to EU enlargement/Cohesion" section, conducted 5 internal reviews. The number of external evaluations exceeded the internal target range of 20-25 evaluations per year. Noteworthy as well, that more than half of them were commissioned by the Trade Promotion section. From an accountability perspective, a slightly more balanced evaluation activity is desirable and the operational sections have been made aware of the current evaluation distribution. During the year the evaluation function will inform on the ongoing evaluation activity. But no targets regarding a distribution among sections will be set, as the external evaluations shall be commissioned according to the learning needs of each section.

In 2016 no independent evaluation took place. This is related to the fact that themes of independent evaluations are linked to the impact objectives in the Dispatch on Switzerland's International Cooperation. The new dispatch 2017–2020 was adopted in autumn 2016, therefore no independent evaluation was finished in 2016 since the last Annual Report on Effectiveness. One independent evaluation focusing on employment effects was published by mid-2017.

Table 1 – Evaluations Conducted

<b>Number of Evaluations in 2016</b>	External Evaluations	Internal Reviews/Notes	Independent Evaluations	TOTAL
Operational Sectors				
Macroeconomic Support	7	4		11
Infrastructure Financing	2	2		4
Trade Promotion	15	7		22
Private Sector Development	4	3		7
<b>TOTAL in 2016</b>	<b>28</b>	<b>16</b>	<b>0</b>	<b>44</b>
<b>TOTAL between 2005 and 2016</b>	<b>257</b>	<b>264</b>	<b>11</b>	<b>532</b>

Reviews and evaluations of the “Contribution to EU enlargement/Cohesion” section:

In 2016, the section conducted 5 internal reviews.

### Costs, timing and geographical distribution of the external evaluations

The costs for external evaluators in 2016 were accessible for 21 out of 28 projects<sup>4</sup>. They sum up to CHF 1,1 Mio. This correspond to 0,7% of the total project costs (CHF 166 Mio) and 0,3% of the total disbursement volume on the division in 2016 (CHF 314 Mio). The percentage may increase due to final and/or ex-post evaluations in the further course of the projects.

In 2016, 12 (43 %) out of the 28 evaluations were conducted at the completion of a project, and 14 (50%) at mid-term of the project implementation. Two project were analyzed ex-post in 2016, which is within the internally envisaged range of 1 to 2 ex-post evaluation per year.

The geographical distribution of external evaluations in 2016 meets the expected disbursements under the *Dispatch on International Cooperation (2017–2020)*: Almost half of the evaluations cover the priority countries (12)<sup>5</sup>. Five evaluations covering countries with complementary measures<sup>6</sup>, one third cover global programs (9), and the rest regional programs (2). The geographical distribution of evaluations meet the set internal requirements.

## 1.2. Context 2016

*The chapter highlights contextual issues influencing the work of the evaluation function.*

### Increased budget pressure reinforces the need for a strong evaluation system

Budgetary constraints and international and national policy developments, such as a stronger focus on migration and aid efficiency, **have increased the pressure on donor budgets** for official development assistance (ODA). This is also true for the situation in Switzerland.

It is thus even more important to **provide evidence based data on how effective funding for development projects** is, in addressing global challenges such as poverty or climate change. In this regard, the Quality and Resources section of SECO WE, along with the operational sections, continuously strengthen their efforts to obtain precise monitoring data and results from external evaluations, both for accountability and learning purposes.

<sup>4</sup> For 7 evaluations of multilateral implementers, budgets for evaluators were not separately shown, since they have been included in the overall project budget.

<sup>5</sup> Priority countries of the Message on International Cooperation 2017–2020: Albania, Colombia, Egypt, Ghana, Indonesia, Kirghizstan, Peru, South Africa, Tajikistan, Tunisia, Ukraine and Vietnam.

<sup>6</sup> Countries with complementary measures are: Azerbaijan, Bosnia-Herzegovina, Georgia, Kosovo, Macedonia and Uzbekistan.

The parliament has emphasized the importance of transparent results and integrated learnings out of evaluations during the approval process of the new **Dispatch on Switzerland's International Cooperation 2017–2020**. These requisites are standard in SECO WE's practice since many years (see also [SECO WE's Evaluation Policy](#)).

## Key elements of effective evaluation systems among OECD DAC members

Regarding the importance of the evaluative function, an interesting study<sup>7</sup> on evaluation systems in development co-operation across OECD DAC members describes a number of developments among member countries. The study concludes that an **effective evaluation system depends mainly on the use of evaluation findings and the credibility of findings**. Evaluation use (learning) is critical and some DAC members have begun developing recommendations in collaboration with the management team in order to improve acceptance and ownership. Usage can be further fostered, if evaluations are aligned to the operational needs; program designers have evaluative knowledge and evaluations are publicly available. The study emphasizes that independence is key for the credibility of findings. DAC members have strengthened independence either through a segregation of reporting lines between operations and the evaluation system or through "behavioral independence" to avoid conflicts of interests.

## SECO WE evaluation system meets OECD DAC standard

These latest developments described in the OECD DAC study are in line with policies applied by the evaluation function of SECO WE. Results and recommendations are systematically discussed during workshops with the operational sections. By keeping the evaluative process of external evaluations, which constitute the majority of the evaluation activity, in the responsibility of the operational sections, the evaluations are aligned to their needs and an evaluative culture is established. Accountability is created through publication of independent evaluations and this report and with the external evaluation committee. Therefore the evaluation function of SECO WE concludes that our **evaluation methodology and institutional set-up are up to the standard within the OECD DAC member countries** (for a more in-depth overview, see Annex 1)



### 1.3. Results and Conclusions of the externally evaluated projects

*The chapter analyses the evaluations conducted in 2016. It describes the findings and interpretation of the analysis regarding the portfolio performance and DAC criteria of externally evaluated projects.*

#### Overall Project Performance

**Findings:** In 2016, 86% of the 28 externally evaluated projects were rated either *satisfactory* (no project was rated *highly satisfactory*), exceeding – for the fourth year in a row – the targeted range of 70–80% as defined in the current Dispatch on International Cooperation<sup>8</sup>.

Over the twelve year span from 2005 to 2016, the highly satisfactory and satisfactory projects led to an overall success rate of 80%, which can be considered a good result in the international context. However, in the absence of an international comparable ratings and a related aspired overall project performance target, it is difficult to benchmark our performance against an outside reference.<sup>9</sup> Nevertheless, as a starting point for SECO WE's reflections it is interesting to take note of these following comparison with the Inter-American Development Bank (IDB). In its Development Effectiveness Overview 2015<sup>10</sup>, IDB rates its projects with satisfactory rating on development results at completion with 89%. Since the rating methodologies may differ substantially between the mentioned institutions and SECO WE the figures have to be treated with care.

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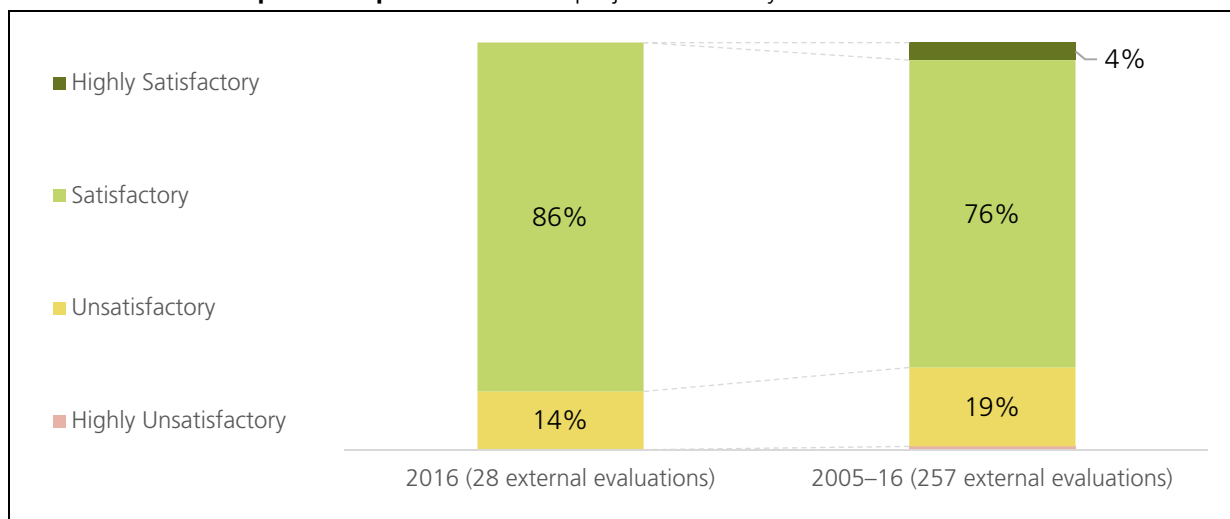
<sup>7</sup> 2016 Review of Evaluation Systems in Development Co-operation (OECD DAC Network on Development Co-operation). This chapter is based on findings on p. 24-26 and p. 207 and the corresponding OECD DAC "News Release" of the study. Online at [www.oecd.org/dac/](http://www.oecd.org/dac/)

<sup>8</sup> Dispatch on International Cooperation 2013 - 16

<sup>9</sup> See Box 2 on p. 16 for more details.

<sup>10</sup> Source: Inter-American Development Bank, Development effectiveness overview 2015, Washington, 2016

Chart 1 – SECO WE’s **portfolio performance** of projects externally evaluated

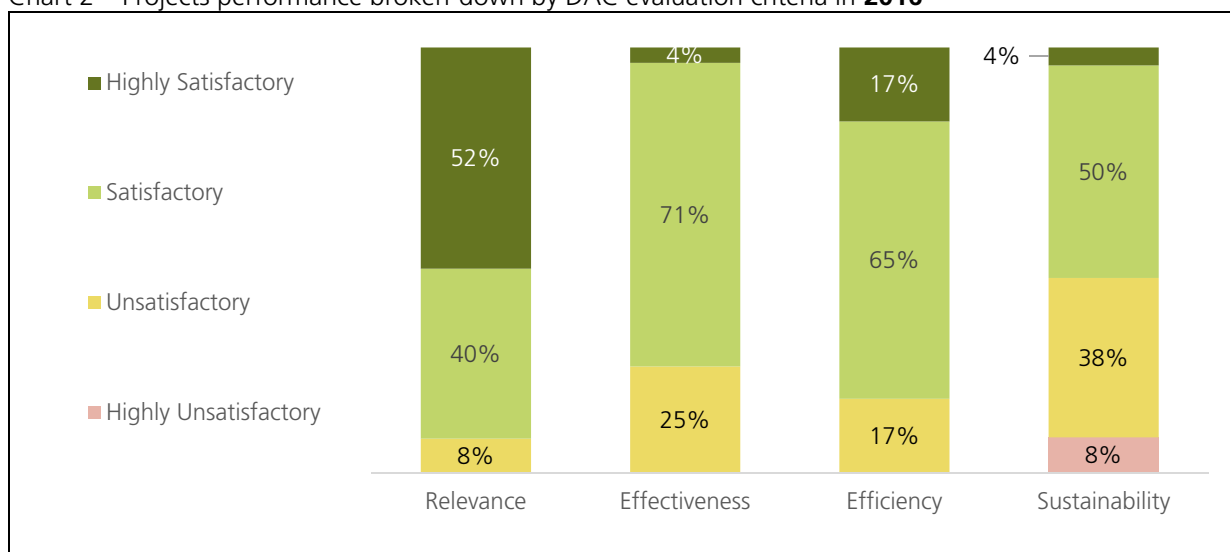


External evaluations serve two main purposes: first, they provide the division with potential courses of action for adjustments to enhance performance, and secondly, they support the learning process within the project and across the organization. Furthermore, evaluations can lay the ground to terminate a project at an early stage; namely, mid-term evaluations allow the operational sections to react early on in the project cycle, or to replicate or scale-up successful projects. Even though the comparatively small size of the evaluated project sample in a reporting year may not represent the performance of the Division’s portfolio entirely, the 2016 results confirm the strengths and weaknesses of past years as following discussion of the four DAC criteria will show.

During the last years the Evaluation Function has observed an increasing interest and commitment from the operational sections towards evaluation. Timely response and the pro-active involvement of the evaluation staff members for the preparation of evaluations (e.g. review of terms of references for evaluations commissioned by operational sections) are signs of the increased awareness towards the value of evaluations. In 2016, requests for individual advice related to evaluations and Result Based Management issues reached with 57 an all-time high (+39 compared to 2015). Over the long run, the close collaboration and constant exchange between the Evaluation Function with operational sections through consultations and moderation (e.g. of meetings), contributed to this excellent result.

### Results of external evaluations according to the DAC evaluation criteria

Chart 2 – Projects performance broken-down by DAC evaluation criteria in **2016**



**Findings Relevance:** The external evaluations confirm the high number of relevant projects in the SECO WE portfolio. The projects were found to be focused on the needs of the beneficiaries thus to address important development needs. In the case of highly relevant projects, SECO WE's projects were also found to be aligned with the priorities of the respective governments and their development policies. In fact, 92% of SECO WE's interventions evaluated in 2016 were considered relevant or highly relevant; only a one project was rated as less relevant (chart 2)<sup>11</sup>. Between 2005 and 2016 the relevance of SECO WE has consistently received good marks (chart 4), but in the last years (2015 and 2016) the percentage of highly relevant projects was above 50%. 52% of the evaluated sample in 2016 (chart 2) was considered highly relevant compared to 35% of all evaluated projects between 2005 and 2016 (chart 4).

**Conclusions Relevance:** The majority of projects and programs remain highly relevant. As relevance is a recognized precondition for sustainability, this criterion and its further development deserves the ongoing attention of the division's management.

**Findings Effectiveness:** 75% of the projects evaluated in 2016 met or exceeded the original set of objectives, demonstrating good results in terms of effectiveness (chart 2). This is close to the 81% effectiveness rating (satisfactory and highly satisfactory) for projects evaluated during the 2005-2016 period (chart 4). It has to be seen in the following years, if the decline 2016 is only just part of the yearly variance (chart 3).

**Conclusions Effectiveness:** The measurable positive effect on beneficiaries of the SECO WE financed projects observed also in the ex-post evaluation in 2016 remains encouraging. Measures taken and sustained by the Division, such as developing project managers' skills in project management and monitoring, the introduction of additional instruments (e.g. logical framework) and scaling up successful project designs, may have contributed to the rise of effectiveness of the Division's project portfolio.

**Box 1: Improvement of efficiency and sustainability between past two dispatch periods:**

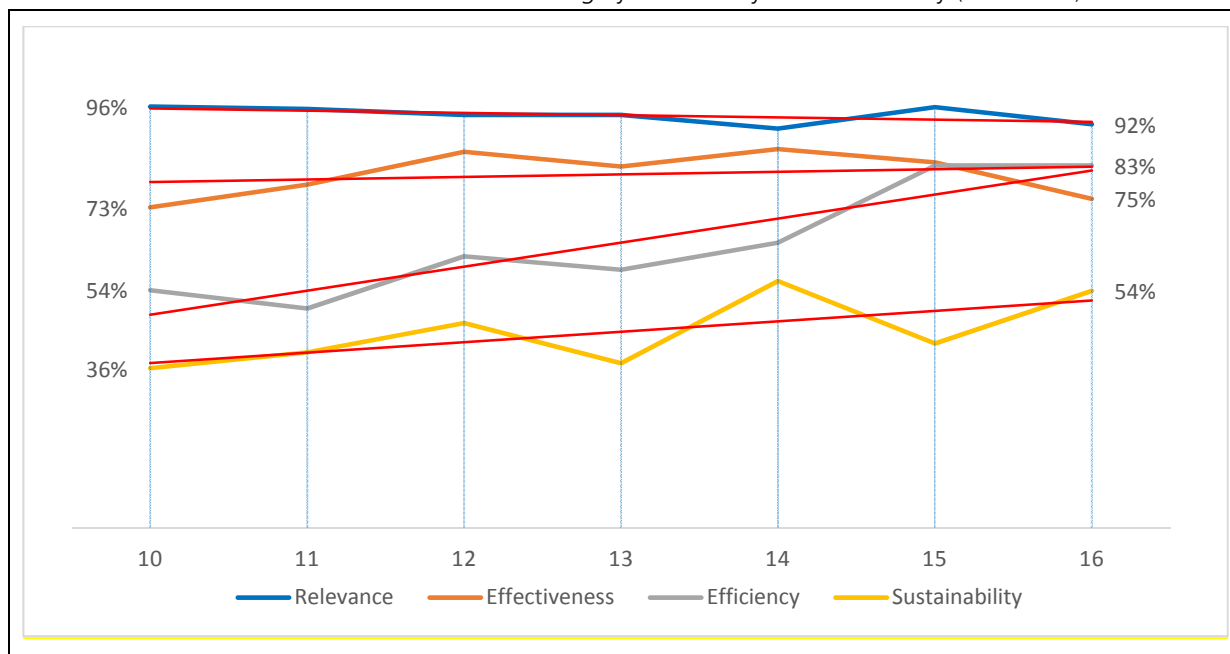
Comparing the project performance of the dispatch period 2009-2012 and 2013 – 2016 efficiency scores show a noticeable increase by 17% and sustainability by 13%. This is a positive development, as investments in project cycle management seem to take root.

	<b>2009 – 2012</b> <i>satisfactory and highly satisfactory ratings</i> <i>(n = 94 projects)</i>	<b>2013 - 2016</b> <i>satisfactory and highly satisfactory ratings</i> <i>(n = 91 projects)</i>
Relevance	93%	93%
Effectiveness	78%	81%
Efficiency	56%	73%
Sustainability	35%	48%

<sup>11</sup> The mid-term evaluation considered the specific support to the "Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" as less relevant, since the initiative does not target the periphery of the tourism industry (e.g. guest-houses, rental homes), where the risk of sexual abuse is higher than in the traditional tourism industry sector.



Chart 3 – Evolution of DAC criteria evaluated as highly satisfactory and satisfactory (combined)



**Findings Efficiency:** A high 83% of SECO WE's interventions evaluated in 2016 had an efficiency rating of satisfactory or highly satisfactory (chart 2), which is, together with last year's score, the highest rating since 2005. This result is aligned with continuously improved efficiency ratings observed since 2010<sup>12</sup> and among other reasons measures to improve the project cycle management seem to have taken effect. It will be important to observe if this trend continues and mirror it with the long term perspective, where 65% of projects evaluated between 2005 and 2016 had an efficiency rating of satisfactory or highly satisfactory (chart 4).

**Conclusions Efficiency:** The growth in efficiency rating since 2010 continuous and exceeds 80% in 2016. In addition to procedural measures taken, such as well-structured project management cycle, organizational steps namely the introduction of "focal points controlling" and a knowledge management function have taken root, leading to this positive effect of the efficiency rating. The average rating (2005 – 2016) also increased and reached now 64%.

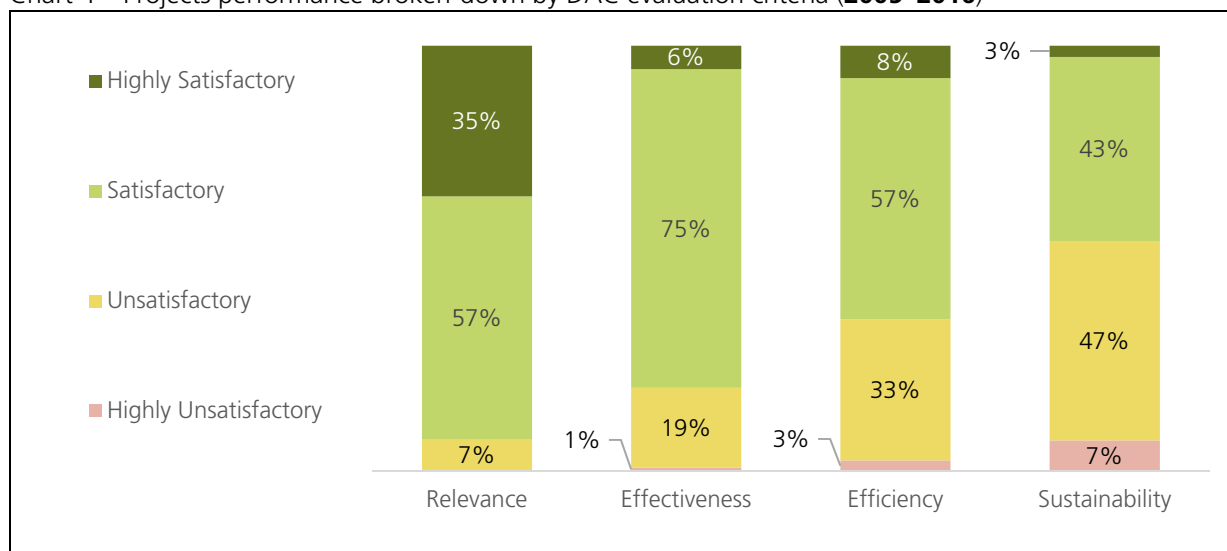
**Findings Sustainability:** The sustainability rating has been and will continue to be an issue of utmost attention for SECO WE. However, the evaluations conducted in 2016 show with 54% (satisfactory or highly satisfactory<sup>13</sup> in chart 2) slightly better scores compared to the previous year (42% in 2015) and to the long-term observation period 2005 – 2016 (46%, chart 4). Looking at the unsatisfactory and highly unsatisfactory figures for 2016 separately and in absolute numbers, there are two highly unsatisfactory projects<sup>14</sup> in the evaluated sample (8%) whereas nine projects were considered unsatisfactory (47%), which is equal to 2015. Noteworthy as well that four out of 28 externally evaluated projects were not assessed regarding sustainability, because it was either not asked for in the terms of reference or it would have been premature to assess the criteria. Not-rated projects are not part of the statistics. One of these four evaluations was commissioned by SECO WE, three of them by multilateral partners (ILO, UNIDO).

<sup>12</sup> See chapter "conclusion" for more information on the development over the last couple of years.

<sup>13</sup> The project rated as highly satisfactory is the "National PFM Strengthening Program – Peru"; End of Project Evaluation

<sup>14</sup> The two projects rated highly unsatisfactory regarding sustainability were evaluated at mid-term and in a rather early stage of implementation. The evaluators made concrete recommendations to improve sustainability in the further course of implementation.

Chart 4 – Projects performance broken-down by DAC evaluation criteria (2005–2016)



**Conclusions Sustainability:** The slightly better results in terms of sustainability in 2016 point in the right direction. With only a bit over 50% projects considered sustainable, the challenges in this domain remain. In the absence of an international comparable ratings (see Box 2 below) and a related aspired sustainability target, it is difficult to benchmark our performance against an outside reference. Sustainability is still the lowest ranking criteria and identified measures need to continue. Learnings from evaluations remain an important source to identify success factors to improve development interventions.

**Box 2: Comparison of other aid agencies' sustainability ratings:** A public comparison of aid agencies' sustainability ratings does not exist. The evaluation function conducted a short research on public available information of 18 different aid agencies.<sup>15</sup> Only five organizations do publish, mainly in their annual reports, statements relating to sustainability of their operations. Three organizations (UNDP, SIDA, KfW) disclose qualitative information, whereas only GIZ and AsDB publish quantitative figures. As their scorecards are not publicly available and the methodological differences between the organizations seem to be significant, **unfortunately it is not possible to compare the published sustainability ratings at this point in time.** Nevertheless, as a starting point for SECO WE's reflections it is interesting to take note of these quantitative figures:

**GIZ:** On a four-point scale<sup>16</sup> the overall sustainability score between 2012 and 2014 was 2.6, which is between good and satisfactory sustainability (4% excellent; 39% good; 55% satisfactory; 3% unsatisfactory).

**AsDB:** On a four-point scale<sup>17</sup> 57% of operations between 2011 and 2013 were rated as successful and likely sustainable and between 2012 and 2014 it amounted to 61% successful operations. Unfortunately they do not publish a numeric distribution of projects on the four-point scale.

In the further course of the efforts to improve SECO WE's sustainability rating, a profound sustainability review may also lead to a better comparability of available sustainability ratings.

## Does evaluation timing affect our sustainability assessment?

In varying degrees the timing of evaluations during a project cycle (mid-/end-term or ex-post) plays an important role for assessing according to the four DAC criteria robustly. Arguably sustainability is the most sensitive criteria of all and is more clearly observable the longer the intended development changes are in effect. The most robust results can be obtained by ex-post evaluations, which are designed to assess the effect on beneficiaries 2–5 years after project completion. Albeit such evaluations are of great value for

<sup>15</sup> The search was limited to the information available on the organizational website of following 18 organizations: GIZ, BMZ, KfW, ADA, DFID, NORAD, SIDA, CIDA, USAID, ILO, WHO, UNIDO, IFC, ITC, UNDP, WB, IDB, AsDB, AfDB.

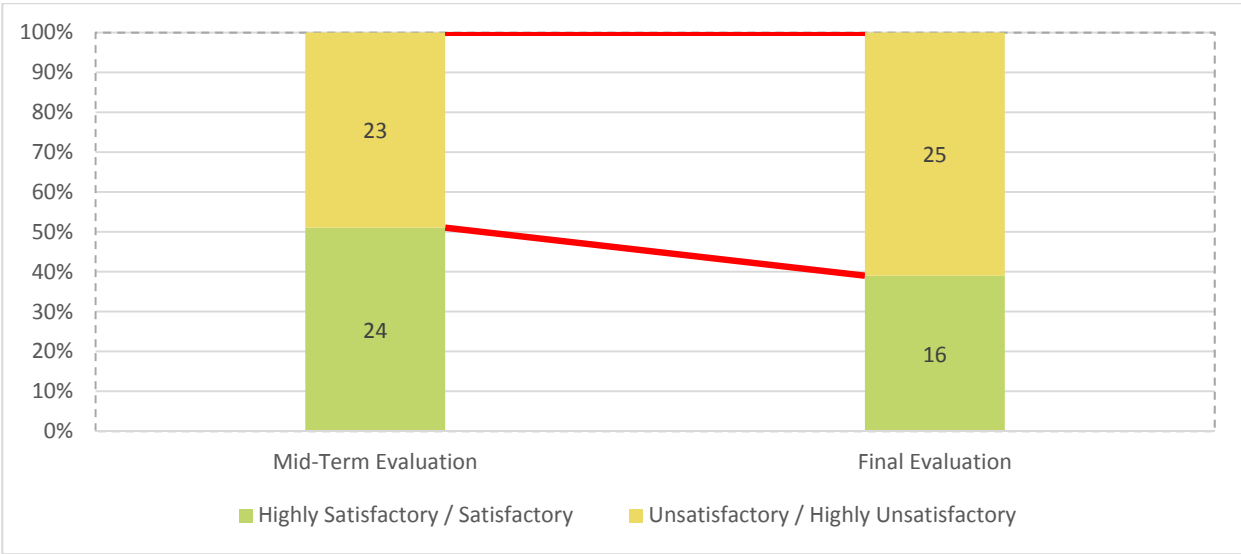
<sup>16</sup> The four categories are: excellent (1), good (2), satisfactory (3), unsatisfactory (4).

<sup>17</sup> The four categories are: unlikely (0), less than likely (1), likely (2), most likely (3).

accountability, they are costly and have a limited “immediate” learning potential as the project design cannot be modified anymore. Due to such considerations SECO WE’s has set a yearly target of 2 ex-post evaluations. The two ex-post studies carried out in 2016 showed a positive, measurable and sustainable development effect.

To look a bit deeper into the sensitivity of our sustainability assessment with respect to evaluation timing, chart 5 shows aggregated results from external project evaluations between 2011 and 2016.<sup>18</sup> Project sustainability in midterm evaluations is generally rated 10% higher than at the end of the project. Empirical evidence<sup>19</sup> suggests that performance assessments at later project stages generally show lower performance ratings. Thus a potential upward bias of mid-term evaluations need to be taken carefully in consideration in future portfolio appraisals. Although our current in-house available data is still limited, we also remark such an upward bias. Thus the evaluation function cannot exclude the hypothesis that SECO WE’s ratings are affected by the timing of evaluations.

Chart 5 – Sustainability rating at different moments of PCM (2011 - 2016)



### Quality of evaluation reports (external evaluations)

The Evaluation Function analyzes not only the results on an annual basis, but also looks into the quality of the evaluations. Assessed are the following elements: Evaluation process, methodology, application of evaluation standards, responses to evaluation questions and criteria and the quality of the final report. The rating also follows a four-point scale, from highly satisfactory to highly unsatisfactory.

Table 2 – Quality of evaluation reports in 2016 and for the period 2005–2016

	Highly Satisfactory		Satisfactory		Unsatisfactory		Highly Unsatisfactory	
	Absolut	Percent	Absolut	Percent	Absolut	Percent	Absolut	Percent
2016	4	14%	21	72%	4	14%	0	0%
2005–2016	53	21%	158	61%	42	16%	5	2%

<sup>18</sup> The sample of this comparison comprises 108 external evaluations (out of 257). Only as of 2011, the time dimension of the evaluation (mid-term, end-term, etc.) was part of the data collection for the Annual Report of Effectiveness. There are 58 Mid-term versus 50 end-term evaluations.

<sup>19</sup> Michaelowa, Bormann (2005): *What Determines Evaluation Outcomes? – Evidence from Bi- and Multilateral Development Cooperation*. HWWA Discussion Paper 310, p. 27ff. Denizer, Kaufmann and Kraay (2011): *Good Countries or Good Projects? Macro and Micro Correlates of World Bank Project Performance*, Policy Research Working Paper 5646, p.14.

The quality of evaluations is considerably determined to the accuracy of terms of reference, the complexity of the evaluation subject and the given timeframe and financial resources. The design of the evaluation by the evaluation principle has therefore a significant influence on the quality of the evaluation.

Over time, the percentage of unsatisfactory quality of evaluations remains in the range of 15%. The Evaluation Function of SECO WE criticized the four projects rated as being of insufficient quality in 2016 mainly due to **methodological shortcomings** (e.g. no reference to log-frame, even if available), **inconsistent content and contradictory statements**, **difficult reading due to unclear structure** and language or missing information (e.g. no or very limited lessons learnt). Yet, the judgment that an evaluation is of unsatisfactory quality is based on the **overall impression of SECO WE's Evaluation Function** while reading the evaluation report.



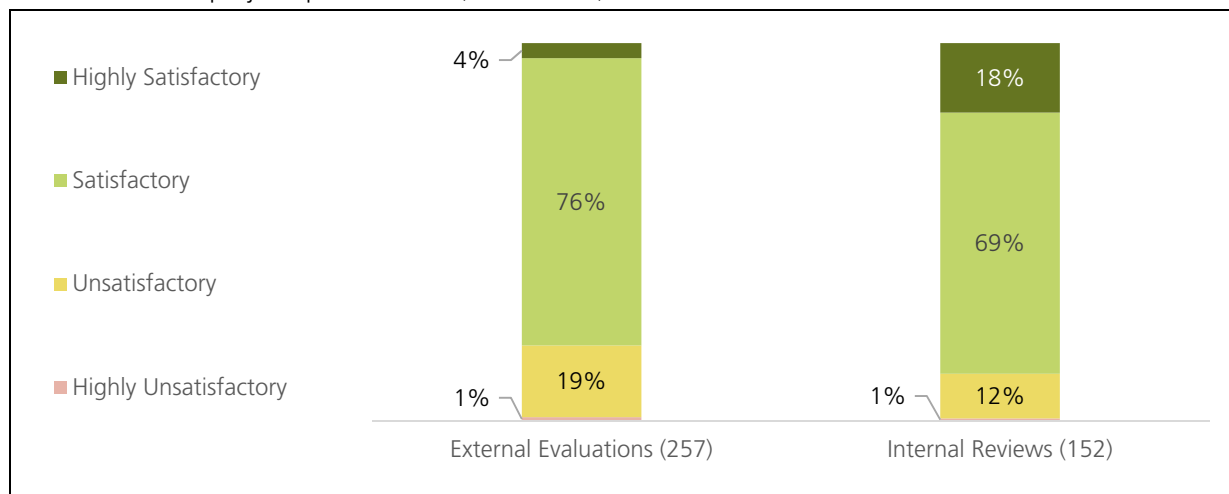
## 1.4. Results of internal reviews

*The chapter bases on a detailed analysis and interpretation of internal evaluations conducted in 2016. It describes the findings of the analysis regarding the portfolio performance and DAC criteria of internal reviews.*

### Findings Internal Reviews

Generally internal reviews paint a considerably better picture than the external evaluations.<sup>20</sup> With an estimated overall success rate of almost 90% (highly satisfactory and satisfactory, chart 6), the assessments out of internal reviews exceed the performance levels (+10%) from external evaluations. As in previous years, there is a shift towards more satisfactory ratings when assessments are conducted internally, which can also be seen from the larger percentage of highly satisfactory rating in internal reviews. Project managers rate their project four to five times more often highly satisfactory than external evaluators.

Chart 6 – Overall projects performance (2005–2016)

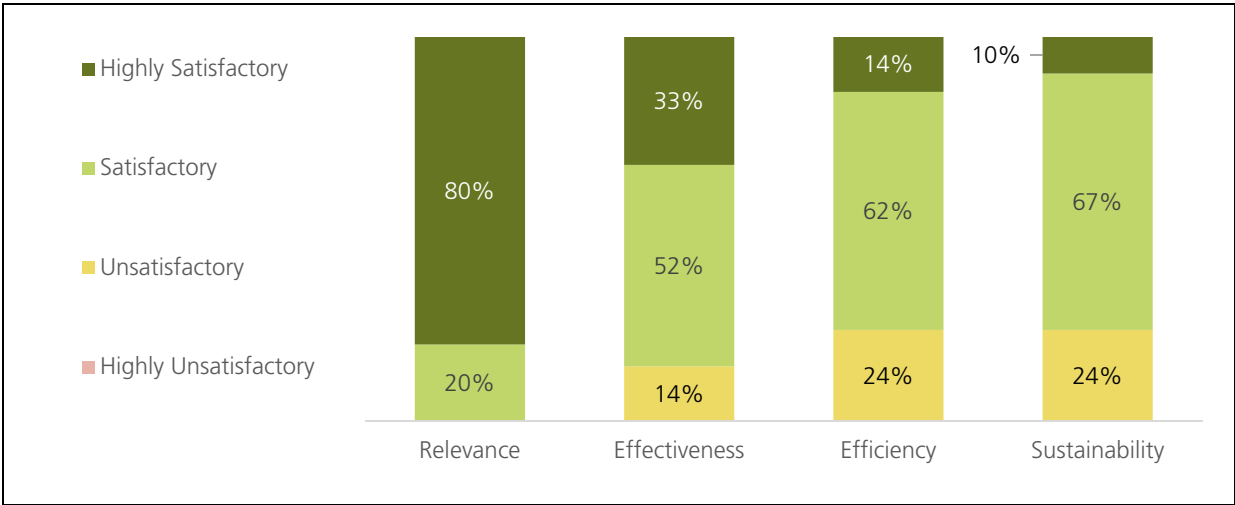


As in previous years, all projects in 2016 (see chart 7) were assessed as relevant, while the effectiveness of three projects was deemed to be non-satisfactory (unsatisfactory). Five projects were considered non-satisfactory regarding their efficiency. The satisfactory and highly satisfactory ratings regarding sustainability increased in 2016 by almost 30% compared to 2015 (50% satisfactory and highly satisfactory). This surge could be related to a number of factors ranging from program managers being less self-critical of their own projects to a selection bias in the distribution of internally reviewed and externally evaluated projects in the last years observation period. The selection bias argument points to the possibility, that program managers might have been more prone to choose an external evaluator, if projects have experienced difficult implementation or difficult targets to achieve. In such cases an external evaluation is a viable option, not only

<sup>20</sup> 21 internal reviews were analyzed in 2016.

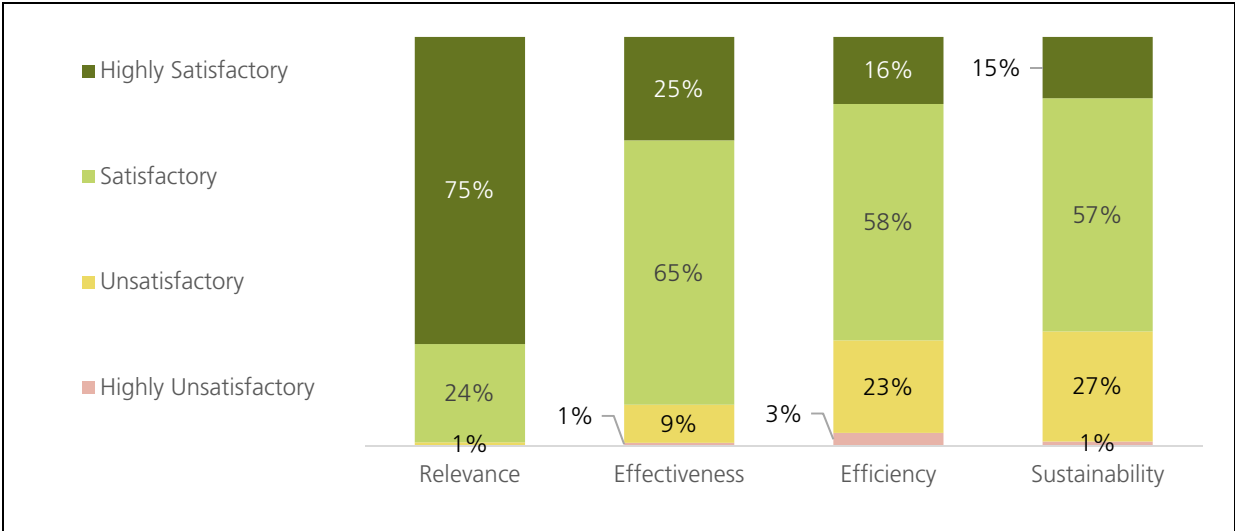
because of the independent outside view, but also due to the fact that more resources for a deeper analysis of the result chain, stakeholder constellation or interplay of contextual factors can be invested.

Chart 7 – Internal Reviews: Projects performance broken-down by DAC evaluation criteria (2016)



In comparison with internal reviews regarding the DAC criteria in 2016 with the period 2005 – 2016 (chart 8), we see a similar pattern to the results from external evaluations. Relevance scores highest, followed by effectiveness, efficiency and sustainability. The percentage of projects considered satisfactory and highly satisfactory is about 10% higher in respect to relevance, effectiveness and efficiency than in external evaluations. This observation does not apply to the sustainability criteria, where external evaluations considered sustainability to be good in a little less than half of the cases whereas internal reviewers thought two third of the projects to be sustainable. Another noticeable difference is the larger number of internal reviews who attest the project to be highly satisfactory. External evaluators were more reluctant to make such a positive judgment of the projects they evaluated.

Chart 8 – Internal Reviews: Projects performance broken-down by DAC evaluation criterion (2005–2016)



### Conclusions Internal Reviews

The ratings of internal reviews is about 10% above the externally evaluated projects. This statement does not apply to the sustainability criteria, where the gap between the internal appreciation and the external evaluation is about 30%, if a project has achieved satisfactory or highly satisfactory levels. But the internal reviews corroborate the pattern regarding the DAC criteria, which was already observed in the external evaluations results: Relevance scores highest, followed by effectiveness, efficiency and lowest is sustainability.

## 1.5. Learning from ex-post evaluations – An example

*An ex-post evaluation demonstrate success factors and challenges to achieve sustainability in SECO WE financed projects.*

### Ex-Post Evaluation - Heavily Indebted Poor Countries – Capacity Building Programme (HIPC-CBP)

**The Program:** The *Heavily Indebted Poor Countries (HIPC) Debt Strategy and Analysis Capacity-Building Programme (CBP)* had the objective of supporting governments of heavily indebted countries to improve their debt strategy formulation and implementation and contribute to poverty reduction through enhanced macroeconomic management. SECO WE has been supporting the HIPC-CBP throughout its four phases, from 1998 to 2009, and the program closure in 2011.

**The Evaluation:** Five years thereafter (in 2016) SECO WE commissioned an ex-post evaluation with the purpose to assess the sustainability of the programme, but also to contribute to SECO WE's internal learning; and to inform SECO WE's strategic engagement on debt management. Given the long time span from the first phase of the Program and this evaluation—in total 19 years—a variety of methodologies were applied, aiming at addressing the challenging data situation.

**The Findings:** The evaluation states that the program was **very relevant** at the time it was designed and implemented; and keeps being highly relevant today. **Results** on output and outcome level were assessed as **satisfactory**. Nevertheless, it was found, that the objectives of the project were partly over-ambitious (e.g. inclusion of debt sustainability). The assessment of the **efficiency** was **very positive**. The decision to work through the Regional Organizations was a major success of the HIPC-CBP. The structure around Regional Organizations brought down transaction costs given their field presence and proximity to countries; this has greatly helped to keep the cost structure at a low level. As three of the four Regional Organizations are still in place and continue providing assistance in the area of debt management this suggests, that there is a **satisfactory degree of sustainability**.

**Our learnings:** The lessons emerging from the report will be used for the strategic positioning of SECO WE's engagement during the 2017-2020 Dispatch in the area of debt management. These include, among others, the **required political support** at the country level; **several project phases**; setting the **level of ambition** regarding outcomes at achievable and realistic levels; and keeping a close **match between upstream and downstream areas of support**.

## 2. Follow-up on recommendations 2015

*Actual status of implementation of recommendations made in 2015.*

In its management response to the annual report on effectiveness 2015, the Division management committed itself to a number of actions, mainly regarding sustainability, in order to follow-up on recommendations. Many of them have been implemented or are in the process of being implemented, and some are already completed.

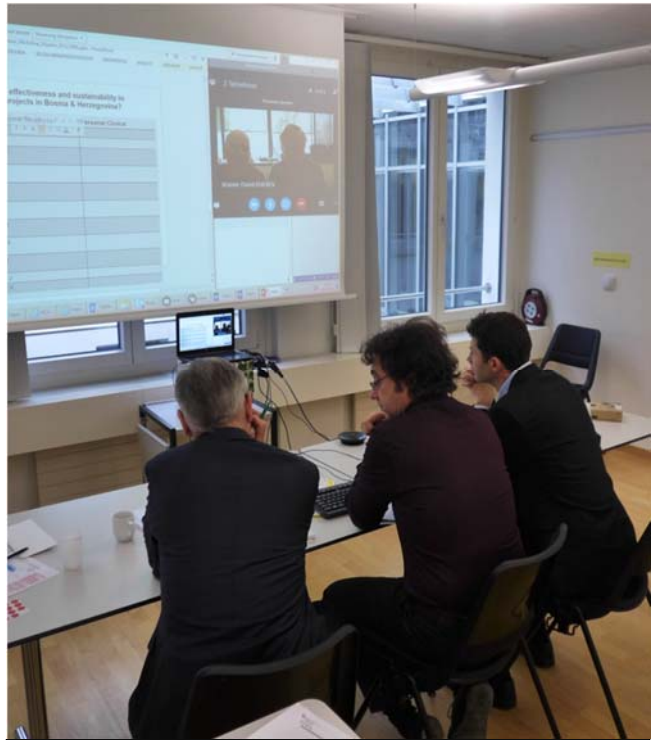
Examples of actions related to sustainability<sup>21</sup>:

- **Training on capacity development:** After a first training in 2015, a second three-days training of the division's program managers (especially the sections Private Sector Development and Trade Promotion) took place in January 2017.

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<sup>21</sup> The implementation status of all recommendations is tracked in detail on an annual basis.

- **Learnings from evaluation:** Two learning events (capitalization workshops) and discussions with all the sections linked to independent and external evaluations were conducted. The Evaluation Function supported the operational sections during the capitalization workshops (e.g. moderation).
- The results of the two ex-post evaluations conducted in 2016 were discussed following the “**Governmental learning Spiral**”<sup>22</sup> methodology. The structured procedure of this methodology, allowed to review the evaluation findings from different angles and to draw new conclusions.



During the capitalization workshop for ex-post evaluation Projedor, Dec. 2016

Example of other actions:

- The **tracking system** for evaluations has been implemented and made operational. This was very well received by the operational divisions and maintained in a good quality and in time. The system allow the forward-looking steering and management of the evaluation program.
- **Sustainability review:** The Evaluation Function included a sustainability review in the long-term planning of independent evaluations and review. This may lead to a better understanding of hands-on success factors for sustainability.
- **Keep evaluation on top of mind:** Along with the head of operations, the Evaluation Function discussed the findings and recommendations of annual report 2015 with all the sections. This was appreciated and contributed to the deeper understanding of project success factors and the value of evaluations in general.

For more details, see part III – Management Response, section 2 of this report.

### 3. Recommendations

*These recommendations towards SECO WE Management base on finding of the report. They focus mainly on sustainability.*

Recommendations proposed and implemented in previous years remain valid as it is demonstrated by the improvement of DAC criteria ratings or in other fields in recent years. The proposed recommendations are therefore completing the previous measures and foster approaches which have been proven to be of special importance (e.g. capacity development).

<sup>22</sup> Further Reading: [https://en.wikipedia.org/wiki/Governmental\\_Learning\\_Spiral](https://en.wikipedia.org/wiki/Governmental_Learning_Spiral); <http://www.blindenbacherborerconsulting.ch/main>

### 3.1. Recommendations regarding DAC Criteria

As the results for the DAC Criteria **relevance** and **effectiveness** remain, and **efficiency** reached a good level, maintaining the current efforts is sufficient and thus no recommendations are proposed for these three DAC criteria.

#### Continue to strengthen the sustainability of projects

As in previous years, sustainability was found to be notably weaker than other DAC criteria. Hence, further improvement of this aspect should remain at the core of the attention.

- **Continue efforts towards sustainability:** Specific efforts by the division's management aiming at improving the sustainability of projects, have a long track record and lead the basis for observed improvements in DAC criteria rating. We recommend that these efforts continue and conclude that recommendations of previous years are still relevant (see list of previous recommendations since 2008 in **Annex 2**).
- **Make available existing knowledge and experiences to foster sustainability:** For many years SECO WE has committed itself to address sustainability concerns. We recommend to invest or direct resources into the collection of knowledge and experiences of successful measures, make it available in a user-friendly and systematic way at SECO WE headquarters and in the field offices. This shall also include the identification of sustainability success factors for specific business lines.
- **Invest in project design:** Sustainability starts with project design. Thus we recommend that operational divisions put special attention on success factors during identification (e.g. required political support at the country level), the conceptual phase (e.g. establish together with the project partner a solid theory of change) and operational committee discussions. The questions of a realistic level of ambition and, if the implementation period is adequate to achieve sustainable results, should also receive special emphasis.
- **Compare SECO WE's sustainability ratings with other aid agencies':** In the absence of wide public information on sustainability rating methodology and targets of other donors, the Evaluation Function is grateful for any relevant material collected during WE's interaction with other international donors throughout the year. We therefore encourage operational sections to address the question of sustainability targets and methodology in dialogues with other aid agencies and with international project partners, preferably through the *DAC EvalNet*.

### 3.2. Other recommendations

- **Intensify consultation services regarding RBM within the division:** Specific, personal consultations with project managers regarding log-frame, TOR's for evaluations, commenting draft evaluation reports and many more, has proven to be an efficient way to improve the quality of project and evaluation design and thus contributing to the performance targets of SECO WE's projects. The Quality and Resources section has experienced an increase in demand for such consultation services and is happy to maintain the current level. But it also encourages project managers to seek advice from experienced staff or the focal points on controlling in each section and that especially new program managers have a mentor for specific questions.
- **Maintain efforts regarding ex-post evaluations:** Two ex-post evaluations were conducted in 2016 which is within the range of the set objective of two ex-post evaluations per year. In order to learn more from past experiences the operational sections shall maintain the number of ex-post evaluations at two annually.
- **Continue to discuss findings from evaluation with operational sections:** The Evaluation Function shall continue to discuss this report with the sections in order to increase the awareness for findings and recommendations of this report (e.g. general performance of the division along DAC criteria and possible actions for further improvement). The discussions shall also be used to underline the importance of a well-balanced evaluation portfolio between the operational sections.



## 4. Outlook – Evaluation Program 2017

In 2017, the operational sectors envision to conduct 36 external evaluations and 11 internal reviews. However, since the engagement plan depends on different factors (such as a changing political environment at local level, resources' availability, etc.) the evaluation agenda can vary. It is regularly updated and posted online.<sup>23</sup>

Table 3 – Evaluation planned (as of mid-2017)

<b>Number of Evaluations planned 2017</b>				
Operational Sectors	External Evaluations	Internal Reviews/Notes	Independent Evaluations	TOTAL
Macroeconomic Support	13	3		16
Infrastructure Financing	6	3	1	10
Trade Promotion	13	7	1	21
Private Sector Development	4	1		5
<b>TOTAL in 2017</b>	<b>36</b>	<b>14</b>	<b>2</b>	<b>52</b>

Reviews and evaluations of the “Contribution to EU enlargement/Cohesion” section:

For 2017, the section plans to conduct 20 internal reviews.

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<sup>23</sup> [www.seco-cooperation.admin.ch](http://www.seco-cooperation.admin.ch) → Results → Evaluation → Evaluation programme

## Annex 1 – Methodology to measure project success

Projects/programs are reviewed by an external and independent evaluator with respect to the four OECD DAC criteria (relevance, effectiveness, efficiency and sustainability) on a four-point scale from highly satisfactory to highly unsatisfactory. To ensure objectivity and reliability, these ratings are validated by a further external consultant and a member of the Evaluation Officer’s team (see chapter “Evaluation set-up”). Upon reaching a final agreement, all four criteria scores are consolidated into a performance rating for each program and an overall success rate (for details see table 1 below).

The number of external evaluations in a particular year is not representative of the division’s overall portfolio, though the sample provides a good indication of the quality of the division’s interventions at a given time. The analysis of a particular year is mirrored against the aggregated results since 2005 and a long-term success rate is calculated. This gives a more robust overall picture of SECO’s portfolio performance. Both success rates (overall and the long-term) are published in the report.

Table 4: The four OECD DAC Criteria<sup>24</sup> and our rating methodology

<p><b>1) Relevance</b> The extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, a country’s needs, global priorities and partners’ and donors’ policies.</p>	<p><b>2) Effectiveness</b> The extent to which the development intervention’s objectives were achieved, or are expected to be achieved, taking into account their relative importance.</p>
<p><b>3) Efficiency</b> A measure of how resources/inputs (funds, expertise, time, etc.) are converted to results.</p>	<p><b>4) Sustainability</b> The extent to which benefits from a development intervention made after major development assistance persists continue. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.</p>
<p><i>Rating scale: (1) highly unsatisfactory (2) unsatisfactory (3) satisfactory (4) highly satisfactory</i></p>	
<p><b>Program performance rate:</b> A project is rated “satisfactory” if it scores the top two ratings in at least three of four criteria. For projects with only two of four rated at least “satisfactory” a qualitative judgment is made according to criteria importance in relation to the project goals. A project with three or more criteria scoring the bottom two ratings is considered “unsatisfactory”.</p>	
<p><b>Overall success rate:</b> Percentage of satisfactory projects compared to all externally evaluated projects in the year under review.</p>	
<p><b>Long-term success rate:</b> Average of the overall success rates since 2005.</p>	

### Evaluation set-up within SECO ensuring independence and organizational learning

An independent evaluation committee provides oversight of the evaluation function and reports to the SECO Director. Members, outside to the Swiss administration, include evaluation experts, development specialists with operational experiences, civil society and parliamentarian representatives. The committee approves the program of independent evaluations, takes position on the corresponding reports and reviews the Annual Report on Effectiveness. The committee also provides advice to the evaluation function and recommends additional budget resources to SECO WE management to strengthen the evaluation function, if needed.

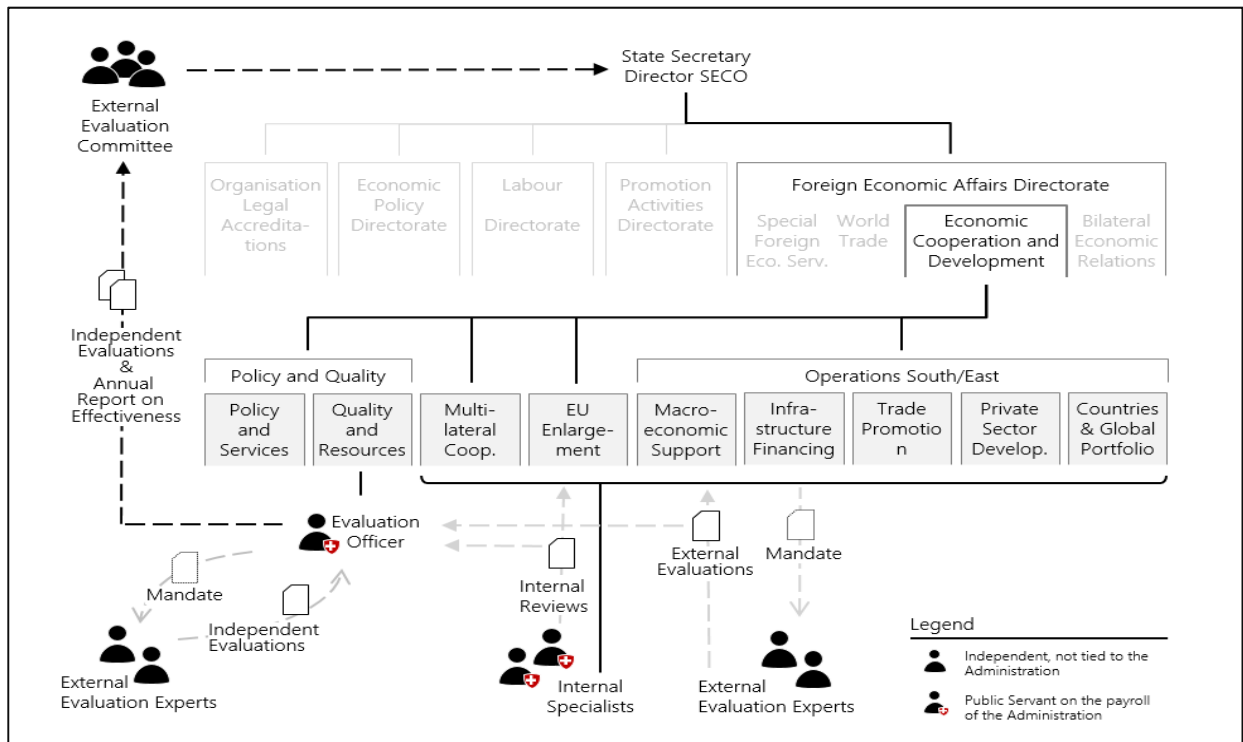
The evaluation function of SECO is institutionalized through an evaluation officer integrated in a division with no operational activities. He reports results of independent evaluations directly to the committee and summarizes the results of all external evaluations and internal reports in the Annual Report on Effectiveness according to the methodology described earlier. To ensure a high degree of institutional learning on program

<sup>24</sup> Source: Glossary of key terms in evaluation and results-based management, OECD-DAC, Edition 2002, Reprint 2010

execution level, the external evaluations are commissioned by the operational divisions and done by external consultants. Internal reviews are decided and executed by the operational divisions as well.

The Annual Report on Effectiveness reinforces SECO-WE's institutional learning on organizational level. The report analyses results from all three sources (independent evaluations, external evaluations and internal reviews) and draws general recommendations on how to improve performance regarding the DAC criteria. The evaluation officer and his team discuss these recommendations with all concerned operational sectors. Furthermore, SECO-WE management formulates a response taking note of these recommendation and results including the evaluation committee's response. Management comments each recommendation, formulates actions with clear responsibilities and deadlines. The next year's annual report then follows-up on implementation status of these actions. To ensure accountability of SECO-WE, the follow-up is submitted to the Evaluation Committee as well. Furthermore, both the Annual Report on Effectiveness and all independent evaluations are published for the wider public.

Figure 3 – Governance of and Responsibilities for Evaluation



### lection requirements for external evaluators

Guidelines support the operational sectors in drafting terms of references for an external evaluation. Evaluation staff members are consulted during this process. The selection criteria for mandating external evaluators are as follows:

- The evaluation team should generally consist of at least two persons having different professional qualifications complementing each other.
- In addition to international evaluators, national experts or experts from the respective region of the destination country should be integrated into the evaluation team.
- The independence of the evaluator team is indispensable: In terms of an evaluator's credibility, the latter has to be independent from the organization implementing the project/program as well as from possible local partners. To no extent may evaluators have been involved in the planning process of the respective project or program or in the monitoring of the latter.
- Commissioning evaluations in SECO-WE underlie Swiss procurement law. In general, external and independent evaluations are commissioned after having evaluated offers from multiple market players in a bidding process, which is open to all or upon invitation. Swiss procurement law clearly defines the procedural requirements. If the bidding volume is close to the law's financial threshold, SECO-WE will opt for a procurement with stricter requirements. Independent evaluations are never commissioned without having consulted multiple market players. External evaluations can be commissioned directly, if they do not exceed the financial threshold set by law.

## Annex 2 – Previous recommendations to improve sustainability in SECO WE Projects

<b>Sustainability Success Factor (key word)</b>	<b>Recommendation regarding sustainability (latest version)</b>	<b>Year recommended</b>
<b>Relevance</b>	Relevance is also key to project sustainability and is therefore one of the most important factors to be considered at project preparation. Management shall pay special attention to the project approval process and make sure that SECO WE projects are highly relevant for partners, and strike the right balance between innovation, risk taking and proven approaches.	2014, 2011
<b>Ownership</b>	As <b>ownership</b> of project partners is a key success factor for sustainability, the beneficiaries of SECO WE projects should be further involved during project preparation and in lessons learnt from evaluations. This is in line with a recommendation by the External Evaluation Committee. The closer involvement of beneficiaries can be achieved through a capitalization workshop in the field, conducted by the project managers from headquarters during their field visits. The planned training in “capacity development” at headquarters level will contribute to the quality of such interventions; the Evaluation Function recommends therefore to conduct these trainings during 2015, at least on a pilot basis with one operational section.	2014, 2013, 2011
<b>Organizational &amp; institutional development</b>	Given the critical role played by the field offices, the high degree of involvement and productive communication with headquarters should continue. This will be particularly important with regard to sustainability issues. It is suggested that capacity development measures focusing on organizational and institutional development shall be included in the training of national program officers (to take place in early 2017).	2015, 2014
<b>Capacity development</b>	We recommend to further strengthen the “soft-factors” in projects and programs, as they have proven to be paramount for the sustainability of operations. [...] This requires additional in-house know-how. Trainings can include themes such as capacity development of partner organizations, the use of evaluations (external and internal) for learnings, as well as organizational and institutional development. This shall enable the project managers to take action with regard to the measures outlined above.	2015, 2014, 2013, 2010, 2009
<b>Sustainability success factors</b>	Based on the example of the efforts of the Infrastructure Financing section (see page 33), we recommend that the operational sections identify where possible and meaningful success factors for their specific business lines, aiming at improving the sustainability of their programs and projects. The Infrastructure Financing section should organize an appropriate event to share its know-how and experience with the other operational sections.	2015

<b>Sustainability Success Factor (key word)</b>	<b>Recommendation regarding sustainability (latest version)</b>	<b>Year recommended</b>
<b>Exit-Strategy</b>	Achieved project results will only remain sustainable in the longer run, if sustainability is carefully looked at and planned for from the project planning phase on. SECO WE needs to strengthen this awareness and give the discussion of the so called project exit strategy special attention during the project approval process. The exit strategy needs to cover all aspects of projects sustainability i.e. financial, institutional and personal sustainability.	2013, 2010, 2009
<b>Long-term engagement</b>	In order to foster sustainability, investments in long-term measures shall be maintained. In particular this includes: <ul style="list-style-type: none"> <li>- Training on capacity development</li> <li>- Continuous efforts in project management and monitoring, including instruments such as risk management, logical framework, both at SECO WE headquarters and at field office level;</li> <li>- Continuous use of evaluations (external and internal) for learnings within and among operational sectors and project partners, focusing on sustainability issues.</li> </ul>	2014, 2009
<b>Project Design</b>	In order to further reinforce the concern for sustainability, the following measures should be strengthened: <ul style="list-style-type: none"> <li>- Integration of a concept for sustainability into the design (logframe) and implementation of projects. The most important aspect of such a concept is the definition of an exit strategy for each project at the outset, which includes realistic assumptions that are monitored in the course of project implementation.</li> </ul>	2010, 2009



# Annual Report on Effectiveness 2016

## **Part III. Management Response**

**Head Operations South/East**

Berne, June 2017



## WE Management response to the 2016 Annual Report on Effectiveness of Switzerland's Economic Cooperation and Development

WE Management would like to commend WE Evaluation function for a high quality report, which is rich in content, well-structured and operationally relevant. The constructive yet self-critical approach is a reflection of WE's learning culture and our dedication to learn from past mistakes, identify best practices and factors for success. With an increasing wealth of information and data based on the many internal, external and independent evaluations, the analysis presented in the report has become better rooted in systematically generated evidence and recommendations have therefore become more and more solid. This is the result of a joint effort between all divisions, operational and non-operational. WE Management would like to thank all colleagues involved in this work for their efforts and dedication.

We are very pleased with the 2016 outcome of 86% of the externally evaluated projects rated at least *satisfactory*, thereby exceeding – for the fourth year in a row – the target range of 70-80%. This positive result is substantiated by the long-term outturn of 80% of all WE projects evaluated between 2005 and 2016 rated *highly satisfactory* and *satisfactory*. We would like to put particular emphasis on the authors' observation that an increasing interest, ownership and commitment from the operational sections towards evaluation and close collaboration and constant exchange between the Evaluation Function and operational sections have contributed to this positive result. This is proof that the organizational changes implemented over the past years have become solidly embedded in WE's structure and culture.

Yet, there is no room for complacency. As aid budgets are under pressure internationally and nationally, the efficiency of aid has become under increased scrutiny. The authors rightly point to an ever-increased importance of providing evidence-based data in order to show that money is indeed well spent and projects achieve the desired results. In this context, it would be interesting in future reports to have a more in-depth look into which forms of aid – be it country-specific, regional or global, or bilateral vs. multi-bi – tend to perform best across the different DAC criteria. It is also important that the evaluation program fits well with WE's operational portfolio and risk exposure. While the 2017 evaluation program is a positive step forward, this needs to be managed on a continuous basis, taking into account the number of projects as well as project budgets. WE has set up adequate procedures in this regard, as the evaluation plan of each project is discussed at the Operations Committee and tracked by the Evaluation Function.

Turning to the detailed results according to the DAC evaluation criteria, the report confirms the overall positive trend across all dimensions. On *relevance*, one could conclude that the 92% figure of relevant or highly relevant projects is a satisfactory result, especially since priorities (e.g. of partner governments) can shift over time and can therefore affect the relevance rating at end-project. However, WE Management would like to better understand the reasons for the 8% less-than-satisfactory outturn, analyze the evidence and identify measures in order to bring this rating closer to 100%. On the positive side, the comparison between the 52% of *highly* relevant projects in 2016 compared to the long-term trend (35% highly relevant projects between 2005 and 2016) is a good indication of an increased alignment ("strategic fit") with WE's new storyline based on strategic outcomes.



On *effectiveness*, we positively note that the overall positive trend of WE's portfolio effectiveness performance since 2010 continues. The right measures with regard to developing project managers' skills for instance on PCM seem to have been taken, while other efforts, such as the trainings on capacity building, continue. The same can be said about the *efficiency* rating, which grew continuously over the past years and now exceeds 80%. Again, measures implemented and skills strengthened across WE – even if resource intensive – have had a positive effect on these ratings. The discussion on potential trade-offs between ratings (for instance, between efficiency and sustainability), which the Independent Evaluation Committee has stimulated last year, will nevertheless continue and efforts are being undertaken to scrutinize main WE-internal processes in view of potential efficiency gains.

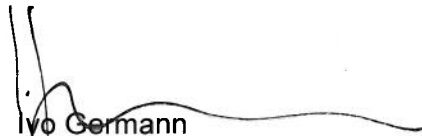
On *sustainability*, while there are notable improvements in 2016 (54% of projects rated satisfactory or better compared to 42% in 2015 and 46% 2005-16), WE management concurs with the authors' view that challenges remain. Therefore, identified measures need to continue, especially taking into account the time lag until (in particular ex-post-) Evaluations reflect the implemented changes. Evidence from the report shall be used to further improve the sustainability dimension along the PCM cycle. This could be done, for instance, by systematically including the requirement of sustainability-related recommendations in ToRs of mid-term evaluations. Furthermore, WE management perceives ex-post evaluations as key for the assessment of the sustainability dimension. It therefore requests that two ex-post evaluations shall be conducted per year. In addition, it should be clarified whether the data sample could be enlarged through ex-post monitoring inputs from field offices.

WE management generally supports the recommendations of the report, which are a welcome contribution to further fostering the effectiveness of our work. For a detailed response on the report's recommendations and WE management's position, please refer to the table in the annex. At the same time, WE Management has deliberated about the optimal frequency of such a report. Given that findings and recommendations tend to remain relevant for a longer period, and in view of high annual fluctuations of ratings due to the limited number of evaluations, alternative solutions should be considered. One idea could be to publish, at least in the medium-term, the full-fledged Report on Effectiveness of WE's operations on a bi-annual basis, complemented by a concise numerical annual update.

Bern, May 2017



Raymund Furrer  
Head of Economic Cooperation and  
Development, SECO



Ivo Germann  
Head of Operations  
Economic Cooperation and  
Development, SECO

## 1. Table summarizing recommendations from the 2016 report

Recommendations	Position and actions from management	Deadline	Responsibility
A - Recommendations regarding DAC Criteria			
<b>Continue to strengthen the sustainability of projects</b>			
<ul style="list-style-type: none"> <li>• <b>Continue efforts towards sustainability:</b> Specific efforts by the division's management aiming at improving the sustainability of projects, have a long track record and lead the basis for observed improvements in DAC criteria rating. We recommend that these efforts continue and conclude that recommendations of previous years are still relevant (see list of previous recommendations since 2008 in <b>Annex 2</b>).</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with the recommendation.</b> For actual status of implementation, see list of previous recommendations in Annex 2.</li> </ul>	See Annex 2	MG-WE; RL (all WE)
<ul style="list-style-type: none"> <li>• <b>Make available existing knowledge and experiences to foster sustainability:</b> For many years SECO WE has committed itself to address sustainability concerns. We recommend to invest or direct resources into the collection of knowledge and experiences of successful measures, make it available in a user-friendly and systematic way at SECO WE headquarters and in the field offices. This shall also include the identification of sustainability success factors for specific business lines.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with this recommendation.</b> A proper sequencing is important in order to make best use of the evaluation cycle to identify success factors.</li> <li>- WEIN and WEMU have systematically collected learnings and success factors, which can be a valuable source for inspiration, further analysis und action.</li> </ul>	Q2/ Q4 2017 (mid-term and annual planning workshops of sections)	WEQA in collaboration with operational sections
<ul style="list-style-type: none"> <li>• <b>Invest in project design:</b> Sustainability starts with project design. Thus we recommend that operational divisions put special attention on success factors during identification (e.g. required political support at the country level), the conceptual phase (e.g. establish together with the project partner a solid theory of change) and operational committee discussions. The questions of a realistic level of ambition and, if the implementation period is adequate to achieve sustainable results, should also receive special emphasis.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with this recommendation.</b> Further evidence could be gathered in the context of the forthcoming "Report on Effectiveness of the Swiss international cooperation in the field of employment" that setting realistic targets with regard to the sustainability dimension – in terms of level of ambition as well as timeframe – is indeed a challenge. Important role to play for OpK.</li> <li>- Through an ongoing shift towards more programmatic, holistic operations often spanning across several divisions, the process of putting more emphasis on market and context analysis has already started, which takes into account design elements linked to sustainability aspects. This process needs to continue.</li> </ul>	throughout	L WEOP in collaboration with operational sections
<ul style="list-style-type: none"> <li>• <b>Compare SECO WE's sustainability ratings with other aid agencies':</b> In the absence of wide public information on sustainability rating methodology and targets of other donors, the Evaluation Function is grateful for any relevant material on sustainability targets and methodology collected during WE's interaction with other international donors throughout the year.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with this recommendation.</b> The Evaluation Function shall address the question of sustainability targets at DAC EvalNet and in the informal DACH group (evaluations units of governmental aid agencies of Germany, Austria, the Netherlands, Luxembourg and Switzerland).</li> </ul>	Q4 2017	WEQA

Recommendations	Position and actions from management	Deadline	Responsibility
B - Other recommendations			
<b>Other areas for improvement</b>			
<ul style="list-style-type: none"> <li>• <b>Intensify consultation services regarding RBM within the division:</b> Specific, personal consultations with project managers regarding log-frame, TOR's for evaluations, commenting draft evaluation reports and many more, has proven to be an efficient way to improve the quality of project and evaluation design und thus contributing to the performance targets of SECO WE's projects. The Quality and Resources section has experienced an increase in demand for such consultation services and is happy to maintain the current level. But it also encourages project managers to seek advice from experienced staff or the focal points on controlling in each section.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management partially agrees with this recommendation.</b> Marked improvements have been observed over the past few years and the established structures seem to work well. WEQA's readiness to keep its support function at the current – higher – level is welcome. Anecdotal evidence suggests that PMs seek advice from experienced staff and focal points, but that increased specialization requires specific expertise and know-how which often cannot be provided by those functions at a sufficient level.</li> </ul>	throughout	operational sections (PMs) in collaboration with WEQA
<ul style="list-style-type: none"> <li>• <b>Maintain efforts regarding ex-post evaluations:</b> Two ex-post evaluations were conducted in 2016 which is within the range of the set objective of one to two ex-post evaluations per year. The operational sections shall maintain that the number of ex-post evaluations at two ex-post evaluations annually.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with this recommendation.</b> Ex-post analysis is key for a better understanding of WE's portfolio sustainability. As a consequence, WE management expects that <u>two ex-post evaluations shall be conducted annually</u>. Lighter versions of ex-post analysis, such as ex-post monitoring through NPOs, shall be considered as well. WEKO can share its experience in this this regard.</li> </ul>	Q4/2017	WEQA / operational sections
<ul style="list-style-type: none"> <li>- <b>Continue to discuss findings from evaluation with operational sections:</b> The Evaluation Function shall continue to discuss this report with the sections in order to increase the awareness for findings and recommendations of this report (e.g. general performance of the division along DAC criteria and possible actions for further improvement). The discussions shall also be used to underline the importance of a well-balanced evaluation portfolio between the operational sections</li> </ul>	<ul style="list-style-type: none"> <li>- <b>WE Management agrees with this recommendation.</b> The Evaluation Function shall also discuss the root causes of the significant difference between the sustainability rating of internal reviews and external evaluations. The need for a well-balanced evaluation portfolio will be taken up with operational sections.</li> </ul>	throughout	WEQA, with assistance of L WEOP

## 2. Status of implementation of the 2015 recommendations

Recommendations	Position and actions from management	Deadline/ Responsibility	Status
A - Recommendations regarding DAC Criteria			
<b><i>Continue to strengthen the sustainability of projects</i></b>			
<p><b>We recommend to further strengthen the “soft-factors” in projects and programs, as they have proven to be paramount for the sustainability of operations.</b></p> <p>“Softer” aspects include: strengthening the ownership of project partners, fostering cultural change in the management of partner organizations, strengthening of the middle management, initiating organizational and institutional development of partner organizations.</p>	<p>The Management of the Economic Cooperation and Development Division (WEMG) agrees with this recommendation. As it was shown in the last independent evaluation on corporate development, the systematic analysis of “success factors” helps improving project design and clarifying entry conditions for our engagement, thereby contributing to superior sustainability outcomes.</p>	<p>Throughout / WEOP operational sections</p>	<p>“Soft factors” are consistently being discussed at the Operations Committee and during the whole project approval process. WE staff abroad and National Program Officers in Cooperation Offices are being sensitized about this issue. Regarding “success factors”, see comment below.</p>
<p>This requires <b>additional in-house know-how</b>. Trainings can include themes such as <b>capacity development</b> of partner organizations, the <b>use of evaluations</b> (external and internal) for learnings, as well as <b>organizational and institutional development</b>. This shall enable the project managers to take action with regard to the measures outlined above.</p>	<p>WEMG agrees with this recommendation. Trainings for WE staff on capacity development and institutional development have already started and will be rolled out across WE sections in the year ahead.</p>	<p>already started / Q4 2016 / WEPO operational sections</p>	<p>Two rounds of 3-day workshops on capacity development for WEIF and WEHU Program Managers have been conducted with an external trainer in 2016/17. Currently the adequate follow-up / application of (modular) learning tools is being discussed between WEPO and WEOP.</p>
<p>Based on the example of the efforts of the Infrastructure Financing section (see page 33), we recommend that <b>operational sections identify where possible and meaningful success factors</b> for their specific business lines, aiming at improving the sustainability of their programs and projects. The Infrastructure Financing section should organize an appropriate event to share its know-how and experience with the other operational sections.</p>	<p>WEMG agrees with this recommendation. It recommends making best use of external and, in particular, independent evaluations to address this issue in a systematic way. WEMG is ready to engage actively in events on sharing related know-how and experience.</p>	<p>Q4 2016 / WEQA operational sections</p>	<p>The independent evaluation on “Energy Efficient Cities” (completion expectation in 2018) aims at identifying success factors for “Energy Efficient Cities Projects”. In addition, external evaluations are frequently used to identify success factors for sustainability. L WEOP, together with WEQA, continue to identify further opportunities (i.e., upcoming independent evaluations) where a success factor mapping can be done.</p>

Recommendations	Position and actions from management	Deadline/ Responsibility	Status
Given the critical role played by the <b>field offices</b> , the high degree of involvement and productive communication with headquarters should continue. This will be particularly important with regard to sustainability issues. It is suggested that <b>capacity development</b> measures focusing on <b>organizational and institutional development</b> shall be included in the training of national program officers (to take place in early 2017).	- WEMG agrees with this recommendation. Implementation has already started and will be continued in 2016/17.	throughout / early 2017 / WELG WEPO	Done in the context of the NPO training (Mai 2017).
<b>Maintain Efforts regarding the efficiency of projects</b>			
Measures in <b>project management</b> introduced earlier (e.g. procedures and structures for project planning, approval, monitoring including logical framework and reporting guidelines) need to be maintained and implemented at the current level as they are also contributing to the improvement of sustainability and efficiency ratings.	- WEMG agrees with this recommendation. The Operations Committee chaired by the L WEOP has a particularly important role to play in this regard in terms of quality assurance.	throughout / WEOP WEQA	Done.
To implement the proposed measures, i.e. trainings and active support of the operational sections by the Quality and Resources section, the currently allocated <b>resources shall be maintained</b> .	- WEMG partly agrees with this recommendation. While fully supporting the statement based on WE's current resource endowment, this would need to be looked in a holistic manner across WE sections in case of a reduction of WE headcounts.	Q1 2017 / WEMG	The currently allocated resources of the Evaluation Functions have been maintained.
B - Other recommendations			
<b>Tracking system for evaluations:</b> The tracking system for evaluations should be made operational, with evaluations planned ex-ante dating back to 2013. This will allow the forward- looking steering and management of the evaluation program.	- WEMG agrees with this recommendation.	WEQA	Implemented, fully operational and well received by the operational units.
<b>More ex-post evaluations:</b> One ex-post evaluation was conducted in 2015, which is below the set minimum of two ex-post evaluations per year. The operational divisions shall therefore ensure that the number of ex-post evaluations increases to at least two ex-post evaluations annually.	- WEMG supports this recommendation and is engaging with operational sections in order to achieve the target. For 2016, two ex-post evaluation have been identified.	Q2 2016 / L WEOP WEQA	Management has confirmed the target at two ex-post evaluations annually. 2017, two ex-post evaluation have been identified, now the second year in succession.
<b>Use also internal reviews for learnings:</b> As internal reviews proved to be an additional source of learnings and recommendations, they shall be used more systematically for internal knowledge sharing (e.g. discussion of results with implementing partners).	- WEMG agrees with this recommendation	throughout / operational sections	Done. With the more systematic use of strategic partners, the use of internal reviews – for instance in the form of internal mid-term project reviews, has been and will be increasingly used for learning purposes.

Recommendations	Position and actions from management	Deadline/ Responsibility	Status
<p><b>Keep evaluation on top of mind:</b> The Evaluation Function shall continue to discuss this report with the sections in order to increase the awareness for findings and recommendations of this report:</p> <ul style="list-style-type: none"> <li>• General performance of the division along DAC criteria;</li> <li>• Evaluations of concerned sectors conducted in 2015; results, lessons and best practices (especially regarding sustainability);</li> <li>• Quality of evaluation reports of concerned sectors in 2015.</li> </ul>	<p>- WEMG agrees with this recommendation and welcomes the efforts undertaken by WEQA to assure a close follow-up with operational sections.</p>	<p>throughout / WEQA</p>	<p>WEMG (L WEOP) along with the Evaluation Function discussed the findings of the report with the operational units. The Evaluation Function discussed the report also with WELG, WEMF and WEKO.</p>
<p><b>Optimization of processes:</b> Operational sections and the Evaluation Function shall continue to identify and eliminate administrative hurdles and over-engineered processes where possible and sensible. This topic shall be discussed during the bi-annual meeting between the Evaluation Function and the head of operational sections and linked to the ongoing broader optimization of WE's processes.</p>	<p>- WEMG agrees with this recommendation and supports the general thrust of reducing and eliminating administrative hurdles wherever possible.</p>	<p>Q3 2016 / WEQA operational sections</p>	<p>Operational units proposed a number of changes for document templates and processes. WEQA started to assess the possibility of their implementation. Results expected 2017.</p>

# Annual Report on Effectiveness 2016

## Part IV. Position of the External Evaluation Committee

on the report (Part II) and the management response (Part III)

Berne, August 2017



**Thelesklaf, Daniel** (Chair, 2015/2016)  
Director of the Financial Intelligence Unit,  
Principality of Liechtenstein



**Moser, Tiana Angelina** Member of the  
National Council,  
Swiss Parliament  
Environmental and Political Scientist



**Meyer, Thomas**  
Senior Manager, SGS Group (inspection,  
verification, testing and certification  
company)



**Michaelowa, Katharina**  
Prof. Dr. rer. pol. University of Zurich



**Stöckli, Bruno**  
Senior Project Manager, Bread for all  
(development service of the protestant  
churches in Switzerland)

**Position of the External Committee on Evaluation**  
**on the Annual Report on Effectiveness 2016:**  
**Effectiveness of SECO's Economic Cooperation and Development, and**  
**SECO/WE Management Response**

1. Members of the External Committee on Evaluation (the Committee) discussed on June 6, 2017 in Bern the 'Annual Report on Effectiveness 2016: Effectiveness of SECO's Economic Cooperation and Development' (the 2016 Report) as well as the accompanying response by SECO-WE Management (the Management) to its main findings and recommendations. The 2016 Report is the 12th annual report on Effectiveness of the SECO Economic Cooperation and Development (SECO-WE) and was prepared by its Evaluation Function.
2. The committee has positively taken note of the continuously relatively high success rates. Comparing evaluations during the 5-year periods before and after the end of 2012, relevance and effectiveness have remained at very high levels while efficiency and sustainability show some commendable improvement over time. With respect to sustainability, this may reflect SECO-WE's efforts to identify and implement appropriate measures and to systematically include sustainability-related aspects into evaluations as well as project design. Nevertheless, sustainability issues remain challenging; sustainability is by far still the lowest ranking DAC criteria. Therefore, the Committee strongly welcomes the Evaluation Function's set of recommendations aiming at further strengthening and deepening SECO-WE efforts towards sustainability. According to the Committee, particular attention should be given to further capitalize existing knowledge and experiences to foster sustainability. The idea is not first and foremost to heavily expand the database but to build on already available in-house experiences as well as on partner's knowledge that tell insightful stories of success and failures.
3. Despite the fact, that in 2016 no independent evaluation took place, the reporting year was comparably intense in evaluation and review: Five divisions of SECO-WE commissioned a total of 28 external evaluations and 21 reviews. The sample of evaluations and reviews of the 2016 Report covers a representative selection of SECO-WE activities. However, a sound degree of caution is advised concerning the interpretations of the results, especially regarding trend statements. While taking note of more carefully wording in the 2016 Report, the committee suggests an even more systematic acknowledgement that annual results are based on a relatively small number of projects, which are selected based on monitoring and learning requirements within SECO WE, rather than with the perspective of selecting a statistically representative sample.
4. The systematic assessment of the results of the SECO-WE portfolio serves two main purposes: The Reports (i) serve as control and steering instruments for SECO WE Management and (ii) promote communication and learning within and between the different divisions. Despite the fact that the Reports are available on SECO's website, the Parliament and the general public are not the major addressees; the Government's intrinsic accountability tools are the mid- and end-term reports during the four-year period of a framework credit. This may explain the relatively technical nature of the Reports on effectiveness. Nevertheless, the Committee invites the authors to do everything possible to lower the level of abstraction in order to increase the readability. But this should by no means affect the analytical contents of the Reports for internal purposes, particularly since the Committee notes with satisfaction that the commitment of the SECO-WE operational sections towards evaluation and organizational learning has increased considerably in the last few years.



5. In the light of tightening aid budget constraints as well as growing global challenges development organizations are confronted with, sound management and evaluation are gaining in significance. Development is not only about 'doing the right thing' but - more and more - also about 'doing the things right'. For this reason, the Committee strongly welcomes SECO-WE initiative to revise its reporting format. The complexity of the duties facing the Evaluation Function has grown in line with the rising demands for evaluation expertise on the part of the operational sections. In order to use the available resources and capacities as efficiently as possible, the Committee recommends that the idea to publish future Reports on Effectiveness on a bi- or even on a tri-annual basis should be further developed. The following recommendations and suggestions are intended to encourage and foster the internal reflections process:
  - (a) The continuity and consistency of the methodology and reporting format (unchanged since 2005) should be retained;
  - (b) The possible extension of the reporting frequency should not result in expanding the Report's scope and number of pages; rather short and succinct than extensive and detailed;
  - (c) The Report's recognition effect by rigorously applying a uniform outline should be maintained. Any additional analyses and comments relating to specific topics or periods of time are preferably to be listed in the annexes;
  - (d) The multiannual basis or the reports should be completed by an annual update of the key results and made publicly accessible.
6. The Committee draws attention to the importance of the independent functioning of SECO-WE Evaluation Function. Although a close collaboration with the Management is essential, independence in data interpretation and formulation of recommendation must be ensured. The Evaluation Function should pay attention mainly to objectives to be achieved and to options for further viable solutions ("the desirable"), and less to what is achievable and feasible ("the doable"). The latter is primarily the Management's task.
7. The Committee agrees with the constructive positions and feedbacks included in the Management Response. In particular, it welcomes that the Management continues to tackle the sustainability issues systematically based on concrete measures of implementation.
8. In conclusion, the Committee recommends the disclosure of the Annual Effectiveness Report 2016 as well as the SECO/WE Management Response and the present Position of the Committee on SECO internet website.

The Committee members:

Thomas Meyer

Katharina Michaelowa

Tiana Angelina Moser

Bruno Stöckli

Daniel Thelesklaf

### **Imprint**

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