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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 2014 Summary

Effectiveness of SECO's Economic Cooperation and Development

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 2014, SECO invested approximately CHF 310 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.

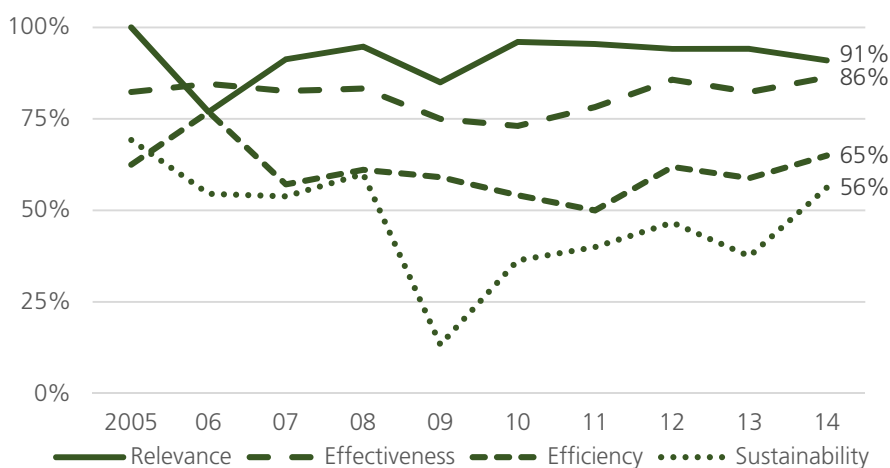
Success rate of SECO projects 2005-2014 pointing upwards

In 2014 22 external evaluations, 17 internal reviews and 2 independent evaluations were conducted, providing a fair picture of the performance of SECO's operations. The results of the period 2005 to 2014, which represent almost 450 evaluations and reviews, were equally taken into consideration.

The 2014 overall success rate is at a high 91%, compared to the average of 78% for the period from 2005 to 2014. An average success rate of 78% over a period of 10 years 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

The criteria 'relevance', which scored the highest with an impressive 91% in 2014, has dropped slightly by 6% since 2010, whereas 'effectiveness' improved from 73% to 86% in the same period. 'Efficiency' was stable at 60-65%, while 'sustainability', at 56%, showed an improvement compared with the 45% average of the 10-year period. However, this positive sign needs to be read with caution, because it is not an ongoing trend yet, and weaknesses and challenges in terms of sustainability have been addressed and still persist.



Evolution of DAC criteria evaluated as satisfactory or higher

Learning from independent evaluations

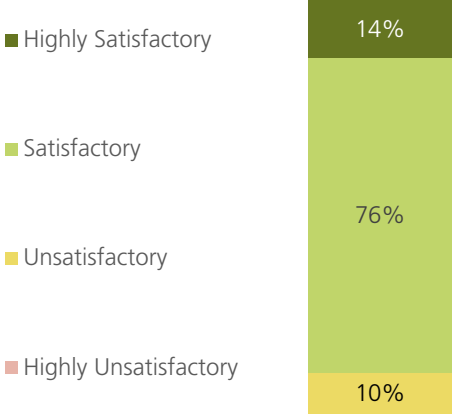
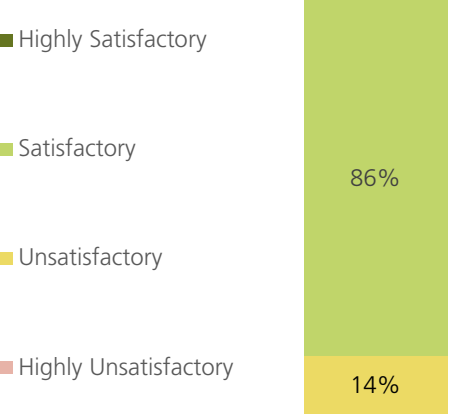
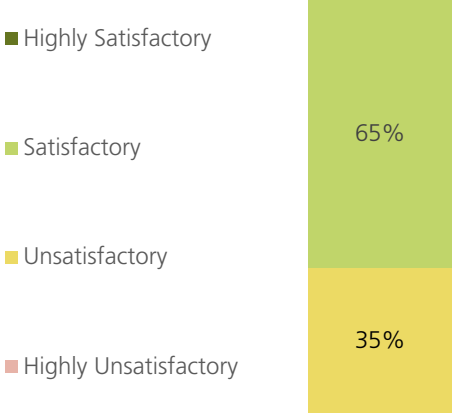
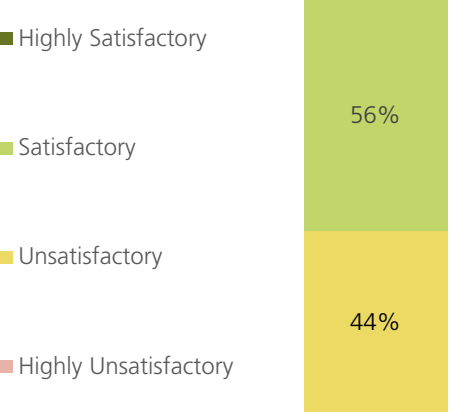
In 2014 2 independent evaluations looked at the approach and the project portfolio of a whole sector or domain. The first evaluation on *Corporate Development of Public Utilities* underlines the relevance and innovative approach of SECO's strategy for the corporate development of public utilities. Due to the complexity of offering technical assistance to

public utilities, launching corporate development measures at an early stage, creating ownership and the commitment of the recipient utilities are essential to sustainability. The second evaluation on *Climate Change* emphasizes the increasing effectiveness of Swiss intervention thanks to increased institutional awareness and more explicit integration of climate change aspects into project designs. Swiss know-how and expertise in specific areas (renewable energy, hydropower, cleaner production, finance, and risk management) is instrumental for the successful transfer of climate-relevant skills to partner countries. To achieve maximum impact, it is essential to even more systematically integrate climate change aspects into development programs.

Main challenges

Relevance, a priority for development projects and a recognized precondition for sustainability, deserves the division management's attention. The slight but continuous upward trend of effectiveness suggests that introduced measures, namely improved project management tools and the scaling-up of successful project designs, show an effect. A further rise of the effectiveness rating of projects will become increasingly difficult, especially when risks should remain within an acceptable range. Efficiency still has room for improvement, although there has been a positive trend since 2011. If the identified measures continue to be implemented and become standard, it can be expected that the efficiency rating will improve. The sustainability challenges persist, which means that the identified measures, namely the field offices' special attention on sustainability aspects must continue.

SECO's overall performance 2014 with regard to four OECD-DAC criteria

<p>Relevance</p>  <p> ■ Highly Satisfactory ■ Satisfactory ■ Unsatisfactory ■ Highly Unsatisfactory </p> <p>Relevance: The majority of projects and programs are highly relevant; nevertheless a slight decrease in relevance can be observed since 2010. Being a recognized precondition for sustainability this criterion and the further development of its rating deserves the division management's attention.</p>	<p>Effectiveness</p>  <p> ■ Highly Satisfactory ■ Satisfactory ■ Unsatisfactory ■ Highly Unsatisfactory </p> <p>Effectiveness: The measurable positive effect on beneficiaries of the projects funded by SECO observed in ex-post evaluations in 2014 is encouraging, as is the demonstrated overall increase of effectiveness from 73% to 86% since 2010. Measures such as capacity development in project management and monitoring for project managers, the introduction of additional instruments (e.g. logical framework) and scaling up successful project designs have certainly contributed to this positive trend.</p>
<p>Efficiency</p>  <p> ■ Highly Satisfactory ■ Satisfactory ■ Unsatisfactory ■ Highly Unsatisfactory </p> <p>Efficiency: With 65% the efficiency rating is above the 2013 level (59%), corresponding more or less to the 60% average in the period 2005–2014. Efficiency has grown since 2011, confirming measures taken to improve management structures and attention laid on monitoring. For efficiency reasons SECO decided not to invest in the measurement of cost-effectiveness, as that would imply high costs compared to the expected return.</p>	<p>Sustainability</p>  <p> ■ Highly Satisfactory ■ Satisfactory ■ Unsatisfactory ■ Highly Unsatisfactory </p> <p>Sustainability: While sustainability remains a challenge, with "only" 56% of the projects evaluated as satisfactory or highly satisfactory in 2014, a positive trend is perceptible since 2009. None of the projects evaluated were rated highly unsatisfactory (3 in 2013). 6 out of the 8 projects evaluated at mid-term were assessed as likely to be sustainable by the end.</p>

Example: Sustainable Coffee and Livelihoods Enhancement Project (Tanzania)



Coffee tasting

The Sustainable Coffee and Livelihoods Enhancement (SCALE) project was implemented between 2005 and 2008 as part of a SECO-financed programme for enhancing export capabilities of rural businesses. The project aimed at improving the quality to meet the demand of high-value markets and to diversify the income opportunities of coffee farmers. While working along the coffee value chain, the activities were closely linked to the non-profit company *Kilicafe*, through which farmers received support and their product is marketed internationally. Key activities were installing 43 Central Pulperies Units (where the flesh of the coffee berries is separated from the coffee bean), training professional *Kilicafe* staff and strengthening the farmers' business groups.

Six years after the project ended, an ex-post evaluation found that the achieved results are still visible and attributed to the SCALE project by key stakeholders. Further evaluation findings:

- **Relevance:** The project remains highly relevant for beneficiaries. In addition, the privatization and the improvement of the commercialization of the coffee are fully in line with official policies.
- **Effectiveness:** The income of small coffee growers with access to Central Pulperies Units were sustainably and substantially increased by up to 10% compared with home processing of coffee beans. The Farmer Business Groups are not strong but still exist, and the Central Pulperies Units are still functional, although not used at their full capacity. While the export volume is back to the starting level after a tremendous increase during the intervention, the exports turnover increased due to the improved coffee beans' quality.
- **Efficiency:** The efficiency of the project is good. With a relatively small budget, the project led to higher farmers' income, substantially saved labour in processing and attracted considerable investments into the sector.
- **Sustainability:** Today, 40% of the coffee beans in Tanzania are processed in pulperies, which is strongly attributed to the project intervention. Improving the primary processing had a significant positive influence on establishing stable supply chains for high quality coffee. More than 10,000 farmers are united in 212 farmers' business groups, many of which still continue doing business together. Overall, the intervention made a valuable and sustainable contribution to the coffee sector in Tanzania.

Key Lessons Learned

- The necessary foundation for a sustainable project design in agricultural value chains is sector strategy (e.g. coffee) that is commonly agreed upon and followed by all stakeholders.
- Changing subsistence agriculture into commercial agriculture does not just mean changing cropping patterns. It is a transformational change of the way farmers understand farming. The mix of food security and financial income at the family level is decisive for a successful change, not the profitability of an individual crop.
- Mobilizing the farming community and organizing them into business groups is an expensive and time-consuming activity. Therefore, low-budget and short-term projects should look for an existing sound institutional partner.



Central Pulperies Unit

Conclusions and Recommendations

SECO continues to evaluate a demonstrative number of projects as an important source for accountability requirements and internal learning. Since sustainability remains the biggest challenge, recommendations on strategic level focus on that matter.

Investments in long-term measures regarding sustainability and efficiency shall be maintained. In particular this includes:

- Capacity Development Training
- Continued efforts in project management and monitoring, including instruments such as risk management, logical framework, both at SECO headquarters and field office level;
- Continued use of evaluations (external and internal) for learning within and among operational sectors and project partners, focusing on sustainability issues.
- Relevance is a key factor for project sustainability, so it is one of the most important factors to consider during project preparation. Therefore, management should pay special attention in the project approval process and make sure that SECO's projects are both highly relevant for the partners, and strike the right balance between innovation, risk-taking and proven approaches.

The four OECD-DAC Criteria

Relevance

The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.

Effectiveness

The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.

Efficiency

A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

Sustainability

The continuation of benefits from a development intervention after major development assistance has been completed; the probability of continued long-term benefits; the resilience to risk of the net benefit flows over time.

At the operational level, recommendations concentrate on:

- Strengthening the role of field offices and intensifying the interaction between headquarters and field offices, especially on sustainability issues;
- The Evaluation Function: it should analyse how the operational sectors manage their learning from internal reviews and external evaluations, towards an institutionalized approach of sharing lessons from evaluations;
- Project partners' ownership is a key success factor for sustainability, so beneficiaries of SECO's projects should be better involved during project preparation and in feedback of lessons learnt from evaluations;
- Keep evaluation top of mind: The Evaluation Function will continue to discuss this report with operational sectors.

Imprint

Federal Department of Economic Affairs, Education and Research EAER

State Secretariat for Economic Affairs SECO

Economic Cooperation and Development

Holzikofenweg 36

CH-3003 Berne

Phone +41 58 464 09 10

info@seco-cooperation.ch

www.seco-cooperation.ch

For the full 2014 Annual Report, please refer to www.seco-cooperation.ch

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