



2011 Annual Report – Summary

Effectiveness of Switzerland's Economic Cooperation and Development

Evaluation and Controlling Section (WECO)
May 2012



Why a report like this one?

The Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO) is responsible for the planning and implementation of economic and trade policy measures with developing and transition countries; SECO invests approximately CHF 250 million a year in cooperation with these countries.

Annually, SECO's Evaluation function reviews the results of its evaluation exercises and draws lessons and recommendations on how to adjust and improve its development interventions.

SECO's evaluation system in the international context

Internationally, as the economic slowdown and the sovereign debt crisis persist, donor countries' budgets for development cooperation are coming under tighter scrutiny. Naturally, this is resulting in increased political pressure to adopt an efficiency and results-oriented approach to development cooperation.

SECO has developed an evaluation system over the past seven years in order to contribute to better results in development cooperation and improved accountability. This system complies with international standards, providing for an Evaluation Policy, an extended Evaluation function independent of operations, and the creation of an External Evaluation Committee.¹

The four OECD-DAC criteria²

- **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.

23 external evaluations undertaken in 2011

SECO's portfolio performance is assessed annually on the basis of the results of external evaluations of projects conducted during the year under review. Projects/programmes are evaluated with respect to the four OECD-DAC criteria – relevance, effectiveness, efficiency and sustainability – on a four-point scale from highly satisfactory to highly unsatisfactory.

The ratings for the four criteria are consolidated in an overall rating, which is aggregated into a percentage of satisfactory projects (the top two ratings) and unsatisfactory projects (the bottom two ratings). In case one of these criteria has not been or could not be assessed in the evaluation because, for instance, it is not specified in the terms of reference, it is not addressed by the evaluators or it is too early to be assessed, the scoring «not assessed/not demonstrated» is applied.



¹ The External Evaluation Committee, in place since January 2009 and reporting directly to SECO's State Secretary, publishes evaluation results to ensure that the evaluation process contributes to the increased effectiveness of SECO's development operations. It is composed of Pietro Veglio (Chair), Felix Gutzwiller, Susanne Grossmann, Gilles Carbonnier and Christoph Stükelberger.

² Source: Glossary of key terms in evaluation and results-based management, OECD-DAC

77% of SECO's operations for the period 2005–2011 considered satisfactory

The 2011 performance results are very similar to those for previous years, i.e. the large majority of SECO's operations are considered satisfactory, with a success rate of 78%. However, a sample of 23 projects subject to an external evaluation in 2011 cannot be regarded as sufficiently representative of SECO's overall portfolio; therefore, an aggregation of data over a longer period is probably more objective. Over the period 2005–2011, 145 external evaluations were used as references, thus producing a sounder basis for the performance rate of SECO's operations. For this entire seven-year period, the **success rate is at 77%.**

In the development community, it is generally accepted that a success rate of around 65–80% is a good, realistic target, taking into account the complex environment in which development activities are carried out. High risks in terms of country development, political environment, governance situation, natural disasters, etc. jeopardise the proper implementation and effective results of development interventions. For example, the World Bank is achieving a success rate of around 85%.¹

Below are the project performance results by OECD-DAC criteria for the entire period 2005–2011:



Example: Strengthening the Vietnamese Competition Authority

This project, which ran from April 2008 to May 2011, was carried out under the lead responsibility of the Swiss Competition Commission (COMCO). With a global budget of CHF 900,000, financed entirely by SECO, it sought to strengthen the Vietnam Competition Authority (VCA) newly established by the Vietnamese government. Specifically, the project's objectives were (1) to improve the VCA's institutional capacity and internal work processes and (2) to enhance the national and international visibility of the VCA and raise awareness of the policy on competition and consumer protection within Vietnam's civil society.

The conclusions of the external evaluation, carried out in autumn 2011, were as follows:

- **Relevance:** All actions of the project were relevant to both the Vietnamese market and the VCA. The pre-project needs analysis was comprehensive and was monitored throughout the project lifetime.
- **Effectiveness:** The actions planned within the context of improving the VCA's institutional capacity as well as those serving to promote competition were implemented.
- **Efficiency:** COMCO's specialised experience was acknowledged, and certain specific actions it conducted, e.g. market research, were highly efficient overall. However, there is potential to expand COMCO's experience in executing technical assistance projects, so as to optimise project management as well as management costs.

■ **Sustainability:** The three market research studies carried out as part of the project had a significant and sustainable impact on the markets for kerosene and pharmaceutical products. The different control lists and tools developed in the context of the VCA project, with the support of COMCO's experts, are still used and appreciated today.

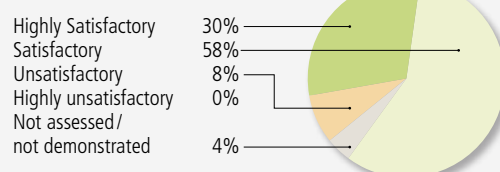
Source: Final Evaluation of Strengthening the Vietnamese Competition Authorities, Quarto Consulting GmbH, December 2011



¹ World Bank report available on <http://ieg.worldbankgroup.org/content/ieg/en/home/reports/rap2011.html>

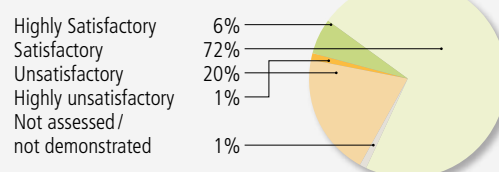
SECO's results reveal areas of success, mainly with respect to relevance and effectiveness. Considering the difficult environment in which development cooperation sometimes takes place and compared to the performance achieved by other donors and multilateral institutions, SECO achieves good results.

Relevance



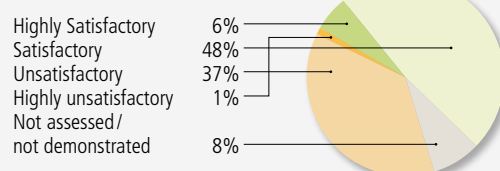
Relevance: For the large majority of projects, SECO's activities are highly relevant, focusing on the right area of support, well aligned with the beneficiaries' priorities and responsive to their needs, as well as keeping with SECO's comparative advantages.

Effectiveness



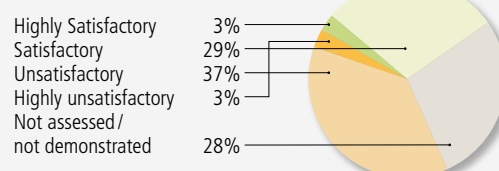
Effectiveness: SECO is achieving concrete results in the implementation of its projects / programmes. For projects that did not achieve their outcomes, the most common reason is over-ambitious targets to be achieved in an unrealistic time-frame.

Efficiency



Efficiency: The results for this criterion are more mixed. There are four separate aspects to this criterion: cost effectiveness of the project, approach, management mechanisms during the project, and project monitoring. Any weaknesses in one of these four aspects will lower the overall evaluation for this criterion. In general, the way SECO translates financial and human resources into activities is considered efficient. Weaknesses are often revealed in monitoring, however, even though this is applied more systematically throughout the projects' lifetime, with more rigorous logframes at project conception. The same applies for project management in certain cases, which is sometimes assessed as too complicated in structure and inefficient.

Sustainability



Sustainability: The results for this criterion show some weaknesses. It is important to point out that sustainability is the most challenging criterion in the implementation of development projects and it is also the most difficult criterion to measure. Several ex-post evaluations undertaken recently indicate that sustainability seems satisfactory in the long term by providing continued benefits after completion of project financing by SECO. Based on recommendations from the previous year's report, SECO conducted a workshop in February 2011 to address the specific sustainability challenges in development projects.

Note: Possible slight deviations to 100% are due to rounded figures.

As every year, the long version of this Annual Report makes specific recommendations in project management and improving their evaluations, based on the results outlined above.