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Federal Department of Economic Affairs,
Education and Research EAER
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2012 Annual Report – Summary

Effectiveness of Switzerland's Economic Cooperation and Development



Quality and Resources Unit (WEQA)

August 2013

For the full 2012 Annual Report, please refer to www.seco-cooperation.admin.ch

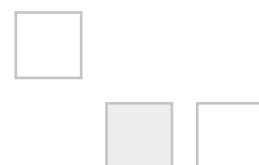
The Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO) is responsible for planning and implementing economic and trade policy measures in developing and transition countries. In 2012, SECO invested approximately CHF 295 million in cooperation with such countries. In order to draw overall lessons and recommendations on how to adjust and improve its development interventions, SECO's evaluation function reviews the results of its evaluation exercises on an annual basis. The report shall also allow for reviewing SECO efforts on aid effectiveness as well as SECO evaluation function from the perspective of current international debate.

77% of SECO projects 2005-2012 considered satisfactory

The 2012 performance results are similar to those of previous years, i.e. the large majority of SECO's operations are considered satisfactory, with a success rate of 76%. However, a sample of 21 projects subject to an external evaluation in 2012 cannot be regarded as sufficiently representative of SECO's overall portfolio; therefore, an aggregation of data over a longer period of time is likely to be more objective. Over the period 2005-2012, 166 external evaluations were used as references, thus providing a sounder basis for the performance rate of SECO's operations. For this entire seven-year period, the success rate lies at 77%.

Taking into account the challenging and changing environments of development cooperation combined with the risks of innovative projects, the donor community considers a success rate of 65-80% as a good and realistic outcome. Other development agencies or Multilateral Organisations have comparable success rates.¹

The project performance results by OECD-DAC criteria for the entire period 2005–2012 are as follows:



¹ For example, the World Bank achieves a success rate of around 59%. Compare "2012 Report on Results and Performance of the World Bank Group" (page 16), which is available on <http://ieg.worldbankgroup.org/evaluations/results-and-performance-world-bank-group-2012>.

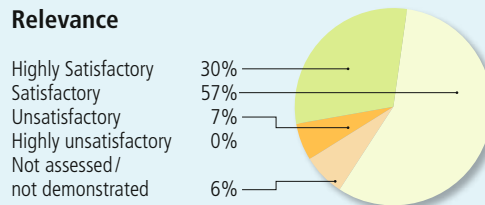


SECO's overall performance 2005-2012 regarding four OECD-DAC Criteria

Graphic 1: SECO's overall performance 2005-2012 regarding four OECD-DAC Criteria² based on project related external evaluations.

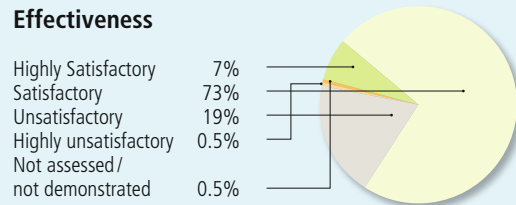
SECO's results reveal areas of success mainly with regard to relevance and effectiveness. At the same time, they also reveal challenges in the fields of efficiency and sustainability.

Relevance



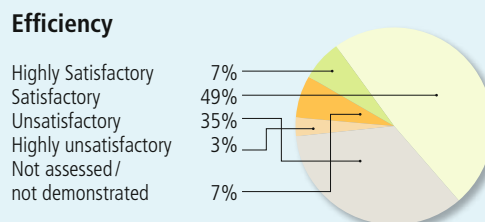
Relevance: In the large majority of projects, SECO/WE's activities are highly relevant: they focus on the right area of support, are well aligned with the beneficiaries' priorities, respond to their needs and make use of SECO/WE's comparative advantages.

Effectiveness



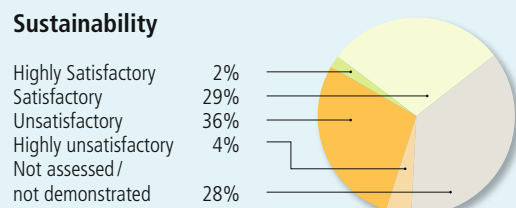
Effectiveness: Concrete results are achieved through the implementation of SECO's projects/programmes. The most common reason for projects not achieving their outcomes is an unrealistic timeframe.

Efficiency



Efficiency: The results for this criterion have improved compared with past years, but still show weaknesses. In general, the way SECO translates financial and human resources into activities is efficient. The reasons for negative ratings were often unrealistic deadlines to achieve set objectives, as well as the lack of project steering to address changing needs or arising risks. The thematic part in the Report's long version identifies concrete recommendations on how to improve efficiency.

Sustainability



Sustainability: Performance regarding this criterion is continuously the poorest. Evaluations find, for example, that supported institutions sometimes show insufficient ownership and have not enough strengthened capacities to continue project activities independently from external support. Furthermore, access to the necessary public or private funding is often restricted. It is important to point out that sustainability is the most challenging criterion in the implementation of development projects, and is also the most difficult criterion to measure. Therefore, SECO has taken several measures to address the specific sustainability challenges in its projects, such as workshops for its project managers. It also ensures that ex-post evaluations³ are conducted on a regular basis in order to identify relevant sustainability success factors.

Note: Deviation from 100% due to rounded figures.

² Compare box 2, the OECD-DAC Criteria.

³ Ex-post evaluations are more suitable to give insights regarding the main aspects of sustainability as they are conducted two to five years after project end.

Example:

Competition and Consumer Protection in Latin America (COMPAL)

The project “Competencia y Protección de Consumidor en América Latina (COMPAL)” is a technical assistance program with a global budget of CHF 5 million (financed entirely by SECO), that was carried out under the lead responsibility of the United Nations Conference on Trade and Development (UNCTAD). It started in 2004, with a focus on Bolivia, Costa Rica, El Salvador,

Nicaragua and Peru, and has since then been extended to 12 countries in Latin America. The overall objective of COMPAL is to ensure sustainability of competition and consumer protection systems in the beneficiary countries. This shall lead to the overall purpose of improved competitiveness of local enterprises (including those in the informal sector) as well as fostering consumer welfare.

The conclusions of the external evaluation, carried out in spring 2012 and based on case studies of COMPAL in Colombia, Nicaragua and Peru, were as follows:

Relevance: COMPAL is based on national demands which were established ‘bottom-up’: the activities carried out were all defined by the partner organizations (governmental agencies) in a dialogue with COMPAL’s management. COMPAL activities consequently focused on the right area of support and were well aligned with the beneficiaries’ priorities.

Effectiveness: COMPAL has delivered a large number of specific activities. Through these interventions, it has been instrumental in setting up competition and con-



sumer protection agencies, creating awareness on the issues and cooperation in the region. The potential longer term impact was not measurable due to a lack of suitable monitoring systems.

Efficiency: COMPAL is efficient in terms of produced results in relation to project costs. However, there are certain opportunities to reduce the administrative complexity of planning and implementation procedures.

Sustainability: Most of the activities undertaken by COMPAL are likely to be sustainable due to the follow-up action by the concerned competition and consumer protection agencies. As these agencies determine the activities to improve the competition and consumer protection systems, they are motivated to use the results and integrate them into their on-going operations. When sustainability is at risk, it is generally due to a shift in orientation by the management because of different priorities, or budget constraints or political reversal in the concerned governments.



21 external evaluations undertaken in 2012

The above-mentioned results of SECO's portfolio performance stem from the annual assessment, which again is based on the results of the external project evaluations conducted during the year reviewed. Projects/programmes are evaluated with regard to the four OECD-DAC criteria – relevance, effectiveness, efficiency and sustainability – and rated on a four-point scale from highly satisfactory to highly unsatisfactory.

The four OECD-DAC Criteria⁴

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.

SECO's evaluation system in the international context

Discussions among development agencies show that evaluations and their recommendations unfortunately still have a minor impact on the future effectiveness of reviewed interventions. One of the key challenges of evaluation functions is therefore to improve the use of evaluations, and to foster evidence-based decision making to strengthen effectiveness sustainably. Over the past eight years, SECO has developed an evaluation system that complies with international standards⁵ and includes several tools to facilitate the capitalisation of evaluation findings. One example is the mandatory management response to the recommendations by external evaluations.

Conclusions

The Economic Cooperation and Development Division strives to continuously improve its learning capacity and development effectiveness. The most far-reaching change in 2012 was the restructuring of the division. As a reaction to persisting challenges identified by previous Annual Reports, the new section "Policy and Quality" was created. Furthermore, each operational unit assigned one of their project managers with the tasks of "Focal Point Controlling", in order to ensure the use of SECO quality standards in project management. Both measures should strengthen the quality and resources management in the long-term.



⁴ Source: Glossary of key terms in evaluation and results-based management, OECD-DAC, Paris 2002.

⁵ An extended internal evaluation function, independent of operations, and an external evaluation committee were created. The external evaluation committee, in place since January 2009, reports directly to SECO's State Secretary.