

The DAC's main findings and recommendations

1

Towards a comprehensive Swiss development effort



Indicator: The member has a broad, strategic approach to development and financing for development beyond aid. This is reflected in overall policies, co-ordination within its government system, and operations

Main Findings

Switzerland is well positioned to contribute to global development through a diverse range of channels, including its growing official development assistance. The Federal Council and the Swiss parliament made achieving sustainable global development, poverty reduction and mitigating global risks a central and unified strategic goal of Switzerland's international co-operation for 2013-16. This is a major achievement, and a good step towards ensuring a comprehensive and coherent Swiss approach to development.

To achieve this strategic goal, Switzerland capitalises on comparative advantages such as its neutrality, a strong humanitarian tradition and a good track record in development, as well as being a major banking, financial and international trading centre. It adds value through targeted interventions. For example, Switzerland is an active supporter of the World Bank's Stolen Asset Recovery initiative (StAR) while also putting in place strong national laws to combat capital inflows from illegal activities and corruption. Switzerland's global programmes on migration, food security, climate change, finance and trade, and water are designed to enable it to have greater policy influence in international processes addressing global public risks. These programmes are an innovative, multi-layered approach to influencing the policy dialogue on global risks, building on extensive field experience and facilitating knowledge transfer.

Since the 2009 DAC peer review, Switzerland has significantly strengthened its commitment, and increased its efforts, to implement development-friendly and coherent policies. It is focusing on seven priority policy issues for coherence and has set out a credible, clear, time-bound action plan to address them. The structure and decision-making processes of the federal government, which are based on achieving consensus, enable development concerns to be taken into account, but this needs to be tempered by political realism: as the final arbitrator on policy decisions, the Federal Council decides which political considerations (development or other) take precedence. Systematic inter-ministerial policy consultations are an important channel for raising development issues; however, SDC and SECO need to have sufficient capacity to continue to engage meaningfully in these processes. Furthermore, increased communication is needed to ensure the new approach to making policies coherent with development, as mandated

by the *International Co-operation Strategy for 2013-2016*¹, is fully understood across government.

Switzerland does not monitor systematically the impact of its policies on developing countries or report on a regular basis how it is advancing with its objectives, as recommended in 2009. To achieve this, it could build on recent good practice in consulting with embassies and co-operation offices for the Federal Council's report on the Swiss commodities trading sector.

Switzerland has enhanced its whole-of-government approach, particularly in several fragile contexts thus implementing the corresponding 2009 recommendation. This is a welcome achievement, which enables Switzerland to have one voice and to develop greater synergies. However, the peer review team noted that while SDC and SECO were well co-ordinated in Kyrgyzstan, for example, there was less co-ordination with other ministries active there. This suggests there is scope for Switzerland to expand the whole-of-government approach to more partner countries. To build on its good progress thus far, Switzerland could also consider bringing all relevant government departments under the overall strategy for international co-operation.

In light of the high levels of private flows from Switzerland to developing countries, it is well placed to play a leadership role internationally to maximise private investment for sustainable development and to encourage private sector practices that maximise development outcomes. In addition, instruments such as the Swiss Investment Fund for Emerging Markets and SECO's Start-up Fund use official aid effectively to leverage other flows for development. SDC and SECO should work together to identify ways for ODA to attract other forms of finance for development in low- and middle-income countries while also tracking and assessing the catalytic effect.

Recommendations

1.1 Switzerland should undertake systematic monitoring and analysis of its national policies, and the international policies, that affect developing countries.

1.2 Switzerland should build on the progress made with whole-of-government approaches and expand them to other partner countries.

¹ The *International Co-operation Strategy 2013-16* is part of the Dispatch on *International Co-operation 2013-16*. This Dispatch also defines the framework credits for the four pillars of Swiss international co-operation.

2

Switzerland's vision and policies for development co-operation



Indicator: Clear political directives, policies and strategies shape the member's development co-operation and are in line with international commitments and guidance

Main Findings

In 2012 Switzerland formulated for the first time a single, comprehensive strategy for development co-operation managed and implemented by SDC and SECO (about 70% of official development assistance), implementing the corresponding DAC peer review recommendation. This unified *International Co-operation Strategy for 2013-16*, which is included in the *Dispatch for Swiss International Co-operation*, provides strategic orientation to the various credit lines; has wide government ownership; ensures that SDC and SECO work towards a shared vision; and provides a multi-annual financial outlook. The adoption by Parliament of the target of providing 0.5% of gross national income as ODA by 2015 has been very important to secure the support for the Dispatch 2013-16. The new strategy enables better oversight and accountability of Swiss aid.

The Dispatch 2013-16 is in line with Switzerland's international commitments on poverty reduction, the Millennium Development Goals and aid effectiveness. By making poverty reduction an explicit overarching goal of Swiss co-operation, Switzerland has implemented the corresponding 2009 DAC recommendation. In addition, the Dispatch prioritises least developed countries and fragile states as key partner countries for SDC.

Switzerland's policy focuses on five strategic goals for its development co-operation, with a stronger emphasis on mitigating global risks, anticipating and responding to crises, conflicts and natural disasters as well as on working with the private sector and civil society. Significant efforts have also been made to establish a two-way bridge between its humanitarian and development strategies with links to climate change. In Haiti and Myanmar, for example, post-disaster programmes were initially financed through the humanitarian budget before being handed over to development colleagues as the recovery context evolved.

The Dispatch 2013-16 is ambitious in scope, containing a large number of goals, themes and geographical priorities. For example, the Dispatch appears to have decreased the number of priority countries/regions to 37 (down from 41 in 2009), yet this is still high, especially when compared to other similar sized donors. In addition, Haiti and the Horn of Africa have been added as a priority country/region and five new countries are clustered under other regional programmes. According to the Dispatch, Switzerland wants to decrease aid fragmentation by reducing its number of

partner countries and focusing on fewer sectors in those countries. However, it needs to balance these objectives with the ambition expressed in its foreign policy to work in different countries and on different themes.

Switzerland continues to have a clear vision for investing in the multilateral organisations where it can add the most value and to take advantage of synergies between its bilateral and multilateral programmes. It is also positive that Switzerland sets its own strategic goals for shaping the direction of multilateral partners and monitors its performance against these goals. UN partners consulted for this peer review praised Switzerland's efforts to improve the co-ordination, coherence and effectiveness of the UN development system. For the past ten years it has facilitated the quadrennial comprehensive policy review (QCPR), the normative instrument for reforming the UN system.

SDC has made clear progress in integrating gender equality into its programming, in line with the 2009 peer review recommendation. However, programming staff in the field would benefit from stronger advisory support from headquarters on gender mainstreaming. The Dispatch 2013-16 made gender equality a cross-cutting issue also for SECO. SECO now needs to provide staff with guidance for integrating gender equality. SECO and SDC could consider developing shared guidance on gender equality.

While the environment is not a cross-cutting issue for Swiss development co-operation, guidance and policies for taking account of it in programming are in place. SDC and SECO should, nevertheless, continue to ensure that projects and programmes are screened for environmental impact.

Recommendation

2.1 Switzerland should set out a clear rationale for selecting new partner countries, engaging in regional programmes, and exiting other countries and regions.

3

Allocating Switzerland's official development assistance



Indicator: The member's international and national commitments drive aid volume and allocations

Main Findings

Swiss ODA has been increasing steadily since 2010, in line with its commendable commitment to allocate 0.5% of Swiss gross national income (GNI) as official development assistance (ODA) by 2015. In 2012 Switzerland, a medium-sized donor, provided USD 3 billion in ODA, representing 0.45% of its gross national income. It is in a strong position, and on track, to meet its aid target by 2015 with a four-year envelope, approved by parliament, which sets out yearly aid increases of 9.2% up to 2015. Switzerland's serious effort to invest more public resources in reducing global poverty is welcome. Once it has met its 2015 target, it should start working towards achieving the UN aid target of 0.7%.

Swiss bilateral aid increased as a share of total aid from 75% in 2007 to 81% in 2012 (based on provisional data). This increased bilateralisation of development assistance is mainly explained by high levels of spending on refugees in Switzerland: the share of aid spent on refugees rose from 12% in 2007 to 22% in 2011, following growth in the number of asylum seekers after the "Arab Spring". Swiss refugee costs are high when compared to the DAC average of 3%. They also help explain why, despite increasing ODA, the share of Switzerland's country programmable aid fell from 39% of the bilateral envelope in 2007 to 33% in 2011.

In 2011 Switzerland allocated USD 1.12 billion in ODA through the multilateral channel (core and non-core contributions); the equivalent of 37% of total ODA. Swiss core funding for multilateral organisations (USD 702 million in 2011) is highly concentrated, with 75% going to 13 priority multilateral organisations in 2011. The Committee was informed that Switzerland now makes multi-year core commitments to all its priority organisations. This makes Switzerland a more predictable multilateral donor, serving also as an excellent example for other DAC members.

Switzerland's aid allocations tend to reflect its strategic orientation. Africa continues to receive the largest share of aid that is distributed by region (41%), followed by Asia, Europe and America. While aid allocations to least developed countries (LDCs) increased from USD 412 million in 2007 to USD 517 million in 2011, the share of bilateral aid to LDCs actually fell (23.2% in 2007 to 21.5% in 2011). It is thus positive that SDC was mandated in the Dispatch to deliver 45% of its budget for technical co-operation and financial assistance to Africa. Switzerland should monitor the share of aid going to LDCs to ensure that it does not decrease any further.

Sector allocations generally reflect Switzerland's strategic priorities with 28% of bilateral aid going to social infrastructure and services in 2010-11. According to DAC data the level of spending in SDC's priority themes of education and health in 2010-11 is low (3% of total bilateral aid respectively). However, Swiss data for 2012 indicate that aid flows to these sectors are higher and vary by region: 15% of SDC allocations to sub-Saharan Africa focused on health, while 5% of its aid to Asia went to education.

The weak concentration of Swiss bilateral aid continues to be a problem: aid is spread thinly across a large number of countries and regions and across several sectors in partner countries. In 2010-11 just 25% of Swiss bilateral aid went to its top 20 aid recipients, compared to 31% on average in 2005-09 and the DAC average of 55% in 2010-11. In addition, DAC data show that Switzerland was on average working in six sectors per country in 2011, despite its objective to focus on three to four sectors per country. While Switzerland states that it wants to reduce fragmentation and has put in place some financial targets aimed at concentrating resources, it needs to go further. For example, SDC has already met its target to deliver CHF 20 million on average across its 20 priority countries/regions without any noticeable decrease in fragmentation.

Recommendation

3.1 As recommended in 2009, Switzerland should:

- > Increase the concentration of its geographical allocations to increase economies of scale in priority countries.
- > Continue to build on progress with increasing thematic focus in partner countries, taking into consideration the needs of partner countries and division of labour with other donors.

4

Managing Switzerland's development co-operation



Indicator: The member's approach to how it organises and manages its development co-operation is fit for purpose

Main Findings

The strategic and timely organisational restructuring at SDC between 2008 and 2012 and at SECO in 2012-13 have enhanced Switzerland's ability to deliver a more unified, consistent and quality development programme. The two organisations have strengthened their strategic direction, as well as their quality and corporate control procedures. SDC has monitored the impact of its reorganisation, as recommended in 2009, and this is good practice.

Switzerland has made progress in strengthening institutional co-ordination and clarifying complementarities between SDC and SECO. In line with the 2009 recommendation, SDC and SECO use common approaches in "shared priority countries" in Eastern Europe and Central Asia. Complementary support measures enable SECO to provide its expertise and support in some of SDC's priority countries, which, as seen with its budget support programme in Burkina Faso, strengthens Switzerland's programme. There is still potential for greater joining-up between SDC and SECO, so that partners can fully capitalise on the range of Swiss competencies in development.

SDC and SECO have brought Switzerland's programming closer to partner countries since the last peer review. SECO, for example, created a new "countries and global portfolios" division and has increased its field presence in priority countries. However, it has not decentralised programming authority, as recommended in the last peer review. It was evident in Kyrgyzstan, for example, that efficiencies would be gained if staff working for SDC and SECO had similar responsibilities for programmes and projects.

SDC has decentralised its aid management further as part of its restructuring and in line with the Busan commitment and the 2009 peer review recommendation. Clearer, streamlined and standardised corporate and business processes guide field offices. Corporate instruments, such as the office management report, increase field-level accountability. These reports are increasingly feeding information into strategic planning, although the management responses to these reports could provide more strategic direction to field offices. To consolidate its reform, SDC needs to address two challenges: (i) the new roles and responsibilities of staff in headquarters following the reorganisation are not always well understood; and (ii) the purpose and nature of some of the guidelines in the field handbook need

to set clear priorities on what staff are accountable for delivering.

Innovation is encouraged in Swiss development co-operation, as illustrated by the global programmes which have as an objective "promoting innovative, concerted solutions and achieving a scaling-up effect." SDC and SECO stress the importance of replicating successful innovative projects. Yet to institutionalise innovation and scale-up and replicate successful projects, programming staff require clear signals from senior management and practical guidance to operationalise the objective.

Managing human resources effectively remains a challenge, especially at SDC. The integration of SDC's human resources into the central services provided by the Federal Department of Foreign Affairs has not yielded the projected efficiency gains that were used to justify the move. In addition, the Department has yet to deliver a human resource policy and medium-term plan for staff management, succession planning, and building up and retaining development expertise as recommended in 2009.

Recommendations

4.1 To consolidate appropriate institutional reform:

- > SDC should ensure that changes in the roles and responsibilities of staff are well understood throughout the organisation, and provide appropriate training for new functions.
- > SECO should decentralise more programming responsibilities to country offices.

4.2 The Federal Department of Foreign Affairs should finalise and implement, as a matter of priority, a human resources policy that takes into account the staffing needs and competencies that are specific to delivering an effective aid programme.

4.3 SDC and SECO should set clear priorities, and provide guidance, for scaling-up and replicating innovative projects for greater impact and to reduce administrative costs.

5 Switzerland's development co-operation delivery and partnerships



Indicator: The member's approach to how it delivers its programme leads to quality assistance in partner countries, maximising the impact of its support, as defined in Busan

Main Findings

Switzerland is a good, strategic development partner. Its approach to broad-based democratic ownership and its use of local expertise to build capacity is particularly strong, as seen in Burkina Faso. Moreover, through its role as co-chair with Tanzania of the Working Party on Aid Effectiveness's cluster on ownership and accountability, Switzerland showed its willingness to [co-]lead international efforts to promote mutual accountability and the concept of democratic ownership.

Switzerland's budgeting and programming processes generally support quality aid as defined in Busan. Over 90% of Swiss aid is untied and more systematic and comprehensive risk analysis informs programming. While aligning to partner country development priorities, programming choices tend to focus on the poorest people and regions within partner countries and are evidence-based, thanks to Switzerland's deep knowledge of country contexts.

Partners value Switzerland's broad and inclusive consultation with line ministries, local governments, civil society and other donor partners when preparing country strategies. Switzerland also actively supports the creation of aid management mechanisms, as seen in Kyrgyzstan. According to partners in Burkina Faso, it could, however, engage in more strategic dialogue and mutual accountability exercises with the national government regardless of the aid modalities it uses.

CSOs are major partners for Swiss development co-operation. In 2011, Switzerland channelled 25% of its bilateral ODA (USD 596 million) to and through CSOs. It is positive, therefore, that SDC has developed, in close consultation with the organisations, a more strategic, transparent and standardised approach to partnering with Swiss NGOs, as recommended in 2009. Going forward, SDC could monitor the impact of its new partnership approach with Swiss NGOs. SDC and SECO should also translate the Dispatch's vision for engaging with civil society into operational and results-oriented priorities that take Busan commitments into account.

SDC and SECO can draw on their experience in working with the private sector to develop more strategic partnerships with the private sector, in line with the priority given to this objective in the Dispatch. They need to develop the right tools and instruments for effective partnerships with the private sector.

Switzerland is well positioned to increase its focus on fragile states, given its new cross-government strategic approach, tools and risk tolerance. Success will depend upon concentrating on a limited number of fragile partners and scaling up in areas of comparative advantage.

There are three areas where Switzerland can build on the progress it has made in delivering quality aid:

- i. Predictable and flexible multi-year budgeting supports Switzerland's commitments to long-term projects. However, Switzerland is not systematically communicating its forward-looking financial information on a rolling basis to partner countries.
- ii. The general strategic direction and guidance for bilateral programming and SDC's quantitative targets for increasing project sizes are not sufficient to decrease the fragmentation of the aid portfolio and to scale up to larger programme-based approaches, as recommended in the 2009 peer review.
- iii. Switzerland outlines a sensible approach to using country systems and has appropriate expertise, tools and experience to manage the risks of using these systems. It is also a strong international supporter of the public expenditure and financial accountability programme. However, about 50% of bilateral aid is delivered as project-type interventions which do not use country systems.

Recommendations

5.1 The 2009 peer review recommendation remains valid: Switzerland should use country systems more and ensure that the mix of instruments and modalities it uses translates into more sector-wide and programme-based approaches.

5.2 Switzerland should meet its international commitments to provide comprehensive and rolling forward-looking data on its aid flows to partner countries.

6 Results and accountability of Switzerland's development co-operation



Indicator: The member plans and manages for results, learning, transparency and accountability

Main Findings

Switzerland is making good progress with institutionalising results-based management. Standardised results planning and monitoring tools such as country level results frameworks, annual country results reports, and management responses to these reports have been rolled out in SDC and SECO. Independent assessments, such as the SDC-commissioned quality assessment of the annual reports and management responses in 2012, demonstrate Switzerland's commitment to have a solid and effective system for results-based management.

Switzerland has also taken a significant step towards demonstrating its contribution to development at the level of the Dispatch's overarching goals. Thirteen overall strategic results for Swiss development co-operation were identified in the Dispatch 2013-16, and SDC and SECO will jointly report on them by 2016. SDC and SECO are actively working on fulfilling this mandate, which is challenging.

SDC and SECO have clear plans for further strengthening the results culture, which is positive. In addition, two important aspects can be strengthened: (i) the quality of indicators and baselines; and (ii) monitoring, and reporting on how results from individual projects contribute to expected results at country level.

Switzerland's evaluation system is in line with DAC evaluation principles. Strategic and thematic evaluations are fully independent from the delivery of development assistance. Four-year, flexible evaluation planning at SDC is good practice. In addition, SDC and SECO use evaluations as management tools and effective incentives ensure that recommendations and management responses are acted upon. There could be more investment in promoting learning from evaluation and building the capacity of programme staff on evaluation standards to improve the evidence base of Swiss development co-operation, as well as the quality and rigour of internal evaluations. Evaluation findings could also be better disseminated.

SDC's dynamic knowledge management system strives to foster competencies and innovation capacity. The system relies mostly on thematic networks and focal points for organisational learning. However, networks are not equally resourced or promoted by senior management and there is a risk that the system of learning relies too much on the focal points and networks. The planned 2014 evaluation of the networks should provide useful direction. Meanwhile,

SDC could address challenges that were identified in the last peer review and a previous evaluation. SECO is starting to develop a knowledge management system and may draw useful insights from SDC's experience.

Steps have been taken to improve the transparency of how Switzerland is working and what it is achieving. However, more needs to be done to fulfill the Busan commitment on transparency. A broader range of programme and project documents and performance related reports should be made public. In addition, to help open their organisational cultures to greater transparency SDC and SECO could communicate the rationale, vision and strategy for transparency.

SDC's capacity to communicate about development co-operation with Swiss taxpayers and opinion leaders in a rapid, flexible and innovative way has been weakened since 2009. This is linked to the integration of SDC's communication unit into the FDFA's central public communication division. Effective communication about results and risks is crucial to sustain public and political support for the increasing aid budget at a time when the global architecture of development co-operation is evolving, and preparing for the new post-2015 goals.

Recommendations

6.1 Building on solid progress so far, Switzerland should continue to institutionalise the results culture and systems, ensuring that they serve both learning and accountability with rigour and credibility.

6.2 Switzerland should, as a matter of priority, invest in and deliver a targeted medium-term strategy for communicating about development and raising public awareness of development results and challenges.

7

Switzerland's humanitarian assistance



Indicator: The member contributes to minimising the impact of shocks and crises; and saves lives, alleviates suffering and maintains human dignity in crisis and disaster settings

Main Findings

Switzerland has a strong humanitarian tradition. It plays a key role in the international community, as the depository state for the Geneva Conventions and host to major UN and NGO humanitarian organisations and the Red Cross and Red Crescent movement.

The Dispatch 2013-16 places humanitarian and development assistance strategies under a joint framework for the first time. There have also been some useful efforts to link humanitarian and development programmes in practice.

The Swiss approach to disaster risk reduction – and efforts to join up with climate change adaptation programmes – is progressive. Switzerland's tools could usefully be shared with other DAC donors.

As a donor, Switzerland is predictable and flexible. The humanitarian budget is substantial at 13% of bilateral ODA in 2011, and locked in until 2016. For these reasons it is also a valued and strategic partner to NGOs and multilateral agencies. Switzerland's flexible humanitarian funding remains its most useful tool for supporting partners' recovery efforts.

Switzerland has a highly respected and rapidly deployable toolbox for sudden-onset and escalating emergency situations. The duty officer system ensures that early warnings are followed up.

Switzerland's extensive field presence – unusual for a donor of its size – and its use of cash-based programming help support beneficiary participation in the programme cycle and increase the power of choice.

Although no safeguards are in place, there seems little risk that military assets will be used inappropriately.

There are some areas where Switzerland could build on its reputation. More could be done to exploit its key role in the humanitarian community, especially with regard to policy issues aligned to its core values such as humanitarian principles and humanitarian space. Switzerland is encouraged to act on these important issues as it proceeds with its plans (in the current Dispatch) to increase its influence on the international stage.

Switzerland measures partner progress and results using a system of mutual accountability for core multilateral partners. It also leverages its extensive field presence to help

monitor the quality of other partners' work. Monitoring the results of the wider humanitarian programme will be challenging, however, as Switzerland's current targets and indicators do not focus clearly on outcomes and impact.

There are also some risks and challenges. Firstly, the principled nature of Swiss humanitarian aid needs to be safeguarded and criteria clearly documented to ensure that humanitarian interventions target the highest risk to life and livelihood and consistently add value to the international response.

Secondly, Switzerland has a distinctive hands-on delivery model for humanitarian aid, demanding high staffing levels and related costs. There has not yet been a clear determination of Swiss comparative advantage in humanitarian assistance, or a review of the cost-effectiveness of the different Swiss tools and mechanisms.

Recommendations

7.1 Switzerland should clearly communicate its criteria for its humanitarian interventions and funding, and should demonstrate how these have been applied to decisions on who, what and where to fund.

7.2 Switzerland should review its bilateral interventions and its wide range of response mechanisms, and focus on areas where it has a clear comparative advantage.



From:
**OECD Development Co-operation Peer Reviews:
Switzerland 2013**

Access the complete publication at:
<https://doi.org/10.1787/9789264196322-en>

Please cite this chapter as:

OECD (2014), "The DAC's main findings and recommendations", in *OECD Development Co-operation Peer Reviews: Switzerland 2013*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264196322-4-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.