

SWITZERLAND

Development challenges as investment and business opportunities: Switzerland's policy and practices

Switzerland gives high priority to private sector development and engagement. The objective is to promote the private sector in its partner countries through better framework conditions, a better enabling environment for investment and improved access to finance.

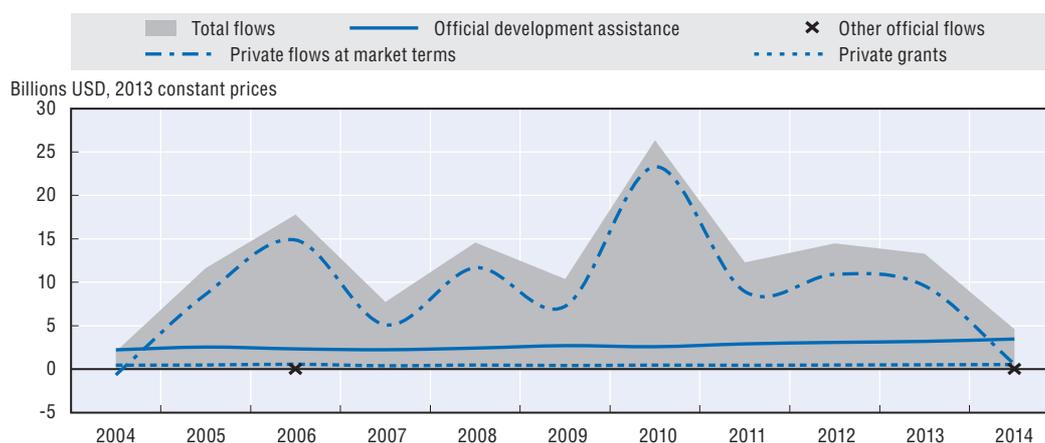
Institutionally, the development and co-operation division of the State Secretariat for Economic Affairs (SECO-WE) has a long-standing experience with working with the private sector, while the Swiss Agency for Development Co-operation (SDC) is also developing more strategic partnerships with the private sector. The aims of SECO's Strategy for Partnering with the Private Sector include knowledge sharing, influencing the behaviour of enterprises, leveraging financial resources and know-how, sharing investment costs and business models.

Switzerland works with a range of instruments including through its development finance institution "SIFEM AG – Swiss Investment Fund for Emerging Markets", the SECO Start-up Fund (an SME credit line) and platforms such as Swiss Sustainable Finance. The World Bank's International Finance Corporation is one of its most important implementing partners for private sector promotion programmes.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Switzerland mobilised USD 83 million from the private sector through syndicated loans and shares in collective investment vehicles in 2012-14.

Financial flows from Switzerland to developing countries

Figure 35.1. Net resource flows to developing countries, 2004-14, Switzerland



Note: Data on other official flows are only available for 2006 and 2014.

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Switzerland uses ODA to mobilise other resources for sustainable development

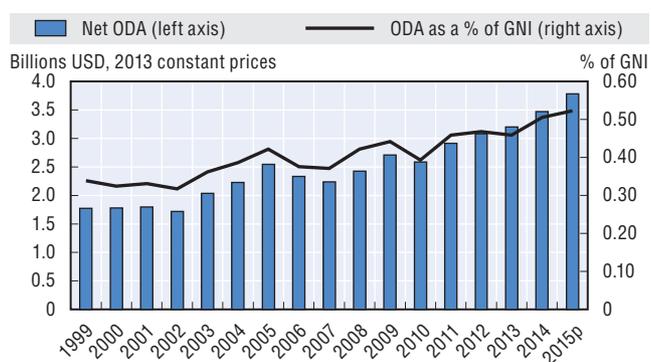
- **Switzerland contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that Switzerland committed USD 2.2 million of its official development assistance (ODA) to tax-related activities in partner countries. It is likely that this amount understates the efforts undertaken by Switzerland. Its activities go beyond strict tax-related support and support to tax administrations is often embedded in wider public finance management programmes.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 429.3 million (16.3% of its bilateral allocable ODA) to trade-related activities in 2014, a 16.4% decrease in real terms from 2013. The trend has been fluctuating during the past few years.
- **Switzerland has pledged USD 100 million to the Green Climate Fund for 2015-17.** This fund plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels. Switzerland will also provide USD 6 million (CHF 6.25 million) to the Least Developed Countries Fund between 2015 and 2018. This fund addresses urgent and immediate adaptation needs and supports national adaptation planning processes to reduce medium and long-term vulnerability to the impacts of climate change.

Switzerland's official development assistance

In 2015, Switzerland provided USD 3.5 billion in net ODA (preliminary data), which represented 0.52% of gross national income (GNI) and a 6.7% increase in real terms from 2014. Switzerland is the 8th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 11th by volume. Switzerland's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 93.9% in 2014 (down from 94.6% in 2013), above the DAC average of 80.6%. The grant element of total ODA was 100% in 2014.

Switzerland reported USD 483.5 million of its in-donor refugee costs as ODA in 2014. These costs represented 13.7% of its total net ODA.

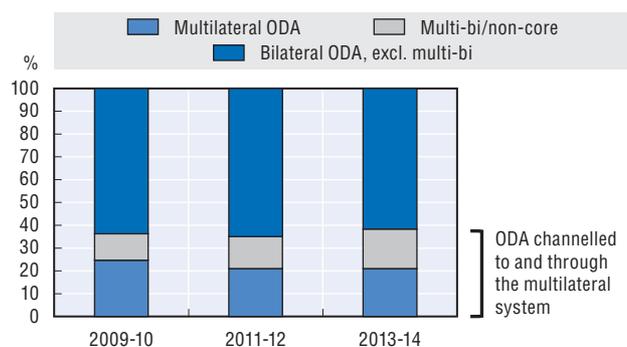
Figure 35.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Switzerland



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In 2014, 79.4% of ODA was provided bilaterally. Switzerland allocated 20.6% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 22.4% of its bilateral ODA to specific projects implemented by multilateral organisations (multi-bi/non-core contributions).

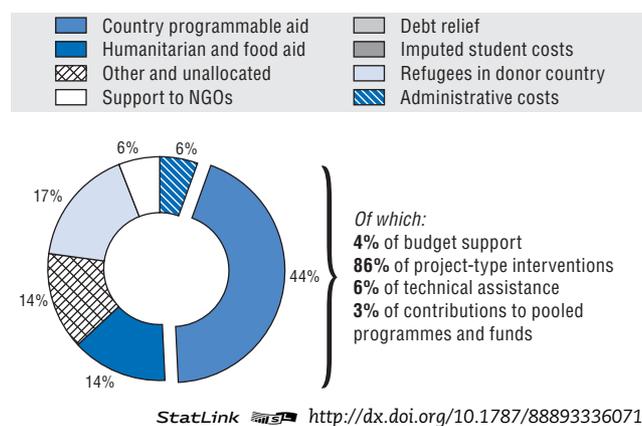
Figure 35.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Switzerland



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In 2014, 43.7% of bilateral ODA was programmed at partner country level. The share of country programmable aid (CPA) was lower than the DAC country average (52.9%). Project-type interventions made up 86% of CPA.

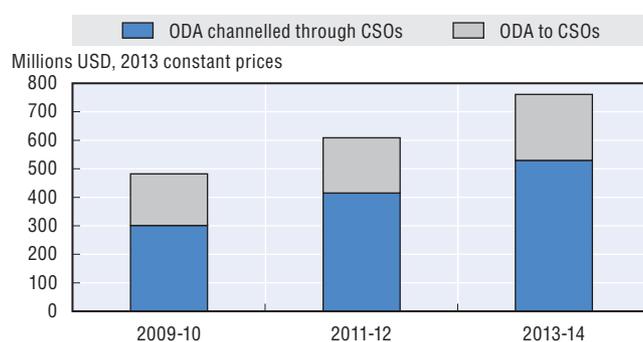
Figure 35.4. Composition of bilateral ODA, 2014, gross disbursements, Switzerland



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In 2014, USD 817 million of bilateral ODA was channelled to and through civil society organisations (CSOs). ODA channelled to and through CSOs increased between 2013 and 2014 in terms of volume (+12.4%) and remained stable as a share of bilateral aid (at 28.6% in 2014). The share in 2014 was higher than the DAC country average of 17.4%.

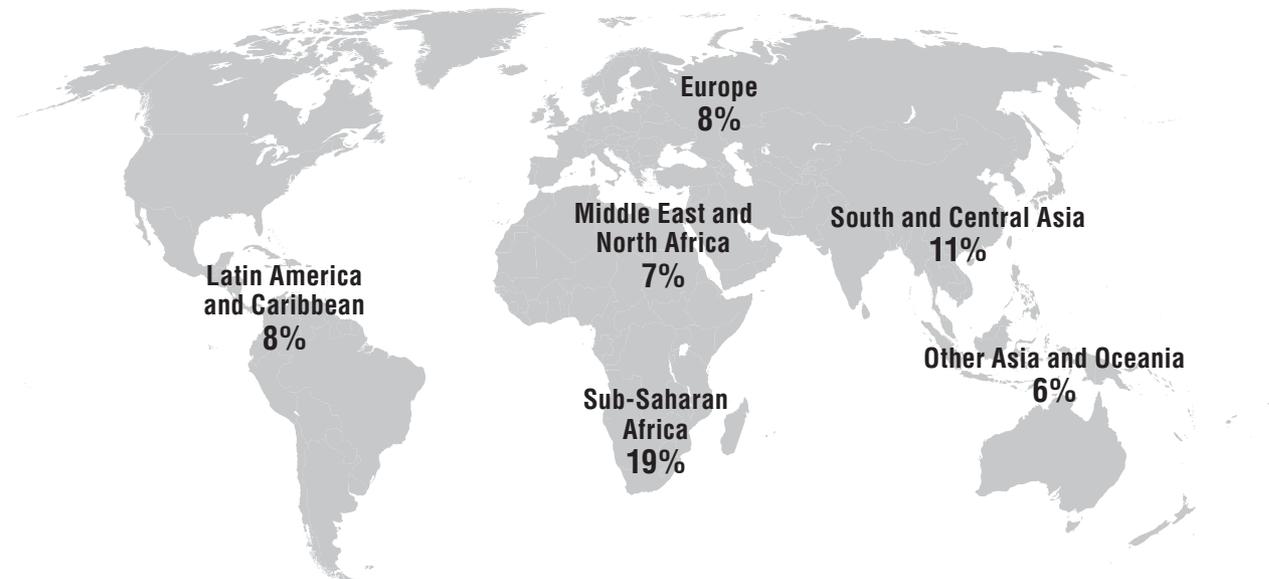
Figure 35.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Switzerland



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Bilateral ODA primarily focused on sub-Saharan Africa. In 2014, USD 555.6 million was allocated to sub-Saharan Africa, USD 313.9 million to south and central Asia, and USD 239.9 million to Eastern Europe.

Figure 35.6. **Share of bilateral ODA by region, 2013-14 average, gross disbursements, Switzerland**



Notes: 40% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map. Switzerland’s regional programmes and contributions are not captured in bilateral allocations on the map.

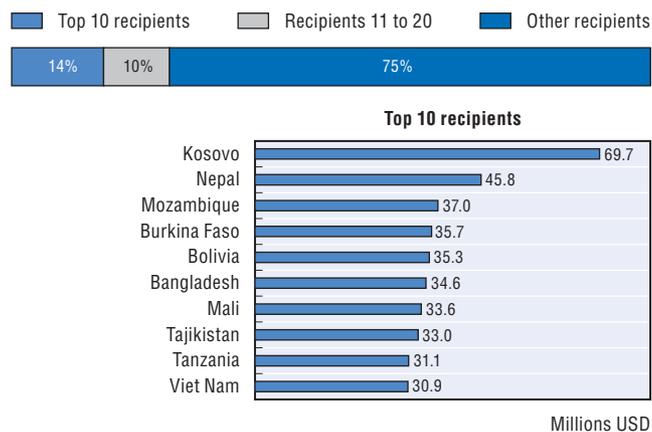
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In 2014, 14.1% of bilateral ODA went to Switzerland’s top 10 recipients. In 2014, Switzerland had 34 priority partner countries, and all countries on the list of top 10 recipients were priority partners for Switzerland. However, from December 2014, Switzerland started to reduce the number of bilateral partner countries and regions. Swiss support to fragile states reached USD 714.9 million in 2014 (25% of gross bilateral ODA).

In 2014, 20.8% of bilateral ODA was allocated to LDCs, amounting to USD 595.2 million. This share has remained relatively stable in recent years, but at a lower level compared to the DAC average (25.6% in 2014). LDCs received the highest share of bilateral ODA in 2014, noting that 49.6% was unallocated by income group.

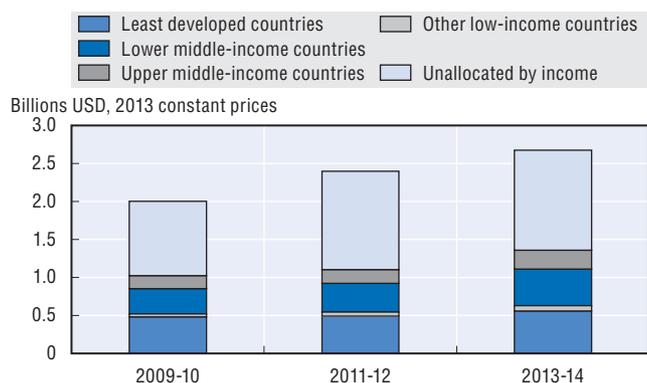
At 0.12% of its GNI in 2014, total ODA to LDCs was lower than the UN target of 0.15% of GNI.

Figure 35.7. **Bilateral ODA to top recipients, 2013-14, gross disbursements, Switzerland**



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Figure 35.8. **Bilateral ODA by income group, two year averages, gross disbursements, Switzerland**



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In 2014, 32.2% of bilateral ODA (USD 1. billion) was allocated to social infrastructure and services, with a strong focus on support to government and civil society (USD 424.5 million) and water and sanitation (USD 260.7 million). Humanitarian aid amounted to USD 381.1 million.

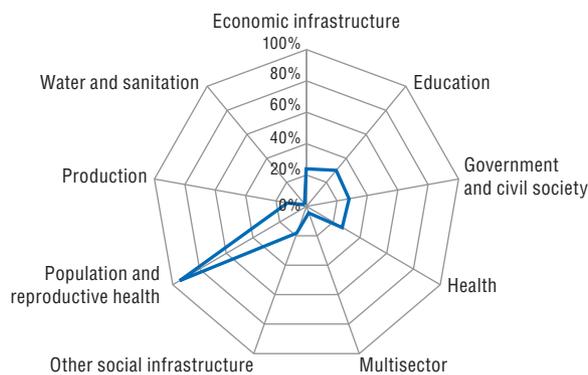
Figure 35.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Switzerland



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USD 340.6 million of bilateral ODA supported gender equality in 2014. Switzerland is working towards improving integration of gender equality into its projects and programmes (OECD, 2014), with priority areas including conflict and fragile contexts, rural economies and local governance. In 2014, 13% of Swiss aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is down from 2013 (16.7%). Switzerland's aid to population and reproductive health focuses on gender.

Figure 35.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Switzerland



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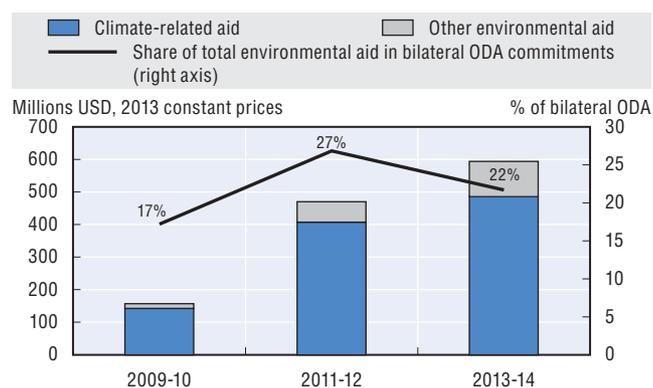
Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".

Reference

OECD (2014), *OECD Development Co-operation Peer Reviews: Switzerland 2013*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264196322-en>.

USD 550.5 million of bilateral ODA supported the environment in 2014. Switzerland is committed to integrating the environment into its programming and projects. In 2014, 21% of its bilateral allocable aid supported the environment, compared with the DAC country average of 32.2%. This share has strongly increased in recent years. In 2014, 17.8% (USD 466.5 million) of Swiss bilateral allocable aid focused specifically on climate change, compared with the DAC country average of 23.9%.

Figure 35.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Switzerland



Notes: The high increase in the share and amount of bilateral ODA in support of environment objectives between 2009-10 and 2011-12 is due to improvements in data reporting for Switzerland.

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