OECD Development Co-operation Peer Reviews

SWITZERLAND

The Development Assistance Committee: Enabling effective development

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Conducting the peer review

The OECD's Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every four or five years. Five members are examined annually. The OECD's Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and NGO representatives of the donor country to obtain a first hand insight into current issues surrounding the development co operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions formulated by the Secretariat in association with the examiners.

This review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Korea and New Zealand for the Peer Review of Switzerland on 4 December 2013.

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Abbreviations and acronyms

AfDF	African Development Fund
AsDF	Asian Development Fund
CCM	Core Contributions Management
CGIAR	Consultative Group on International Agricultural Research
CIS	Commonwealth of Independent States
CEDRIG	Climate, Environment and Disaster Risk Reduction Integration Guidance
CERF	Central Emergency Response Fund
CGIAR	Consultative Group on International Agricultural Research
CIS	Commonwealth of Independent States
CPA	Country programmable aid
CSO	Civil society organisation
CSPM	Conflict sensitive programme management
DAC	Development Assistance Committee
DRR	Disaster Risk Reduction
EFTA	European Free Trade Association
EITI	Extractive Industries Transparency Initiative
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDEA	Federal Department of Economic Affairs
FDFA	Federal Department of Foreign Affairs
FDRF	Foreign Disaster Relief Fund
FOEN	Federal Office for the Environment
FOM	Federal Office for Migration
GDP	Gross domestic product
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GFDRR	Global Facility for Disaster Reduction and Recovery
GHD	Good Humanitarian Donorship
GNI	Gross national income
IADBA	Inter-American Development Bank
ICDC	Inter-Departmental Committee on Development and Co-operation
ICRC	International Committee of the Red Cross
IDA	International Development Association

IFAD	International Fund for Agricultural Development
IOM	International Organization for Migration
LDC	Least developed country
MCDA	Military and Civil Defence Assets
MDG	Millennium Development Goal
MERV	Monitoring System for Development-Relevant Changes
MIC	Middle-income country
MOPAN	Multilateral Organisations Performance Assessment Network
NGO	Non-governmental organisation
OCHA	Office for the Coordination of Humanitarian Affairs (United Nations)
ODA	Official development assistance
OSCE	Organization for Security and Co operation in Europe
PCD	Policy coherence for development
PIU	Parallel implementation unit
PPDP	Public-private development partnership
SDC	Swiss Agency for Development and Co operation
SECO	State Secretariat for Economic Affairs
SHA	Swiss Humanitarian Aid Unit
SIFEM	Swiss Investment Fund for Emerging Markets
SMEs	Small and medium-sized enterprises
SSF	SECO's Start-up Fund
StAR	Stolen Asset Recovery Initiative (World Bank)
UNAIDS	United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNISDR	United Nations Office for Disaster Reduction
UNODC	United Nations Office on Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

WHO	World Health Organization
WFP	World Food Programme

Signs used:

CHF	**Swiss francs**
EUR	**Euros**
USD	**United States dollars**
( )	**Secretariat estimate in whole or part**
	(Nil)
0.0	**Negligible**
..	**Not available**
...	**Not available separately, but included in total**
n.a.	**Not applicable**

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = CHF

2007	2008	2009	2010	2011	2012
1.1998	1.0966	1.0839	1.0427	0.8872	0.9375

Switzerland's aid at a glance

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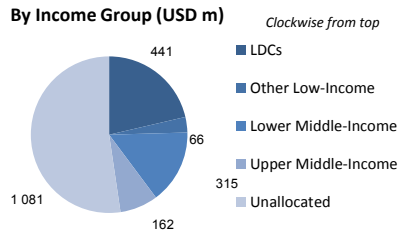
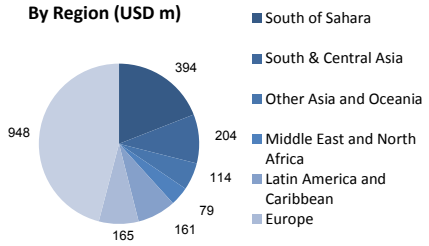
Gross Bilateral ODA, 2010-11 average, unless otherwise shown

Net ODA	2010	2011	2012 p	Change 2011/12
Current (USD m)	2 300	3 051	3 022	-0.9%
Constant (2011 USD m)	2 710	3 051	3 188	4.5%
In Swiss Francs (million)	2 398	2 707	2 833	4.7%
ODA/GNI	0.39%	0.45%	0.45%	
Bilateral share	74%	78%	81%	

P. Preliminary data.

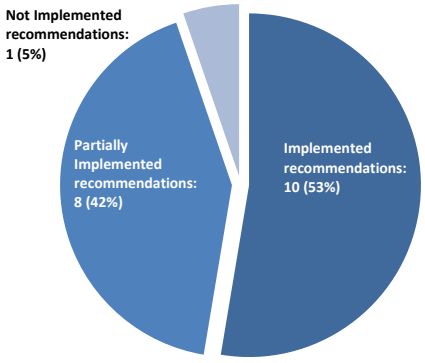
Top Ten Recipients of Gross ODA (USD million)	
1 Kosovo	56
2 Togo	39
3 Nepal	34
4 Mozambique	30
5 Burkina Faso	29
6 Bangladesh	27
7 Bolivia	26
8 Tanzania	24
9 West Bank & Gaza Strip	24
10 Vietnam	24
Memo: Share of gross bilateral ODA	
Top 5 recipients	9%
Top 10 recipients	15%
Top 20 recipients	25%





Source: OECD - DAC ; www.oecd.org/dac/stats

Switzerland's implementation of 2009 peer review recommendations



Context of Switzerland's Peer Review

Economic and political context

The Swiss Confederation is a federal republic with a population of 8 million. It is a consensus driven society, and its political system is characterised by decentralisation and direct democracy. There is strong pressure on federal departments, including those engaged in development policy, to justify policy choices to citizens. Referendums are mandatory for amendments to the federal constitution and for joining international organisations, for example. Referendums can also be called by citizens wishing to challenge laws passed by parliament if they gather 50 000 signatures within 100 days. Swiss NGOs successfully used the petition system with their 2007 campaign for Switzerland to adopt the target of spending 0.7% of gross national income (GNI) on official development assistance (ODA): over 200 000 people signed the petition and in 2011 a majority in parliament approved a target ODA/GNI ratio of 0.5% by 2015.

Switzerland performs very well in terms of overall well-being, as shown by its ranking among the top countries for a large number of topics in the OECD's Better Life Index. Its average household income is USD 30 060 a year (net-adjusted disposable), which is above the OECD average of USD 23 047 a year. Its economy is doing well even if growth has been dampened by the financial crisis in the euro zone. According to the OECD, "Swiss economic growth seems set to increase moderately as demand from emerging markets rises and consumer spending remains solid. The euro situation will limit Swiss growth to 1.4% in 2013, but the pick-up in world activity is projected to raise it to 2% in 2014. On the downside, a persistently high Swiss franc may delay the recovery, and low interest rates may keep fuelling house price appreciation, creating potential instability further down the road, especially as interest rates rise from historic lows".[1]

In addition to its development co-operation, which is the focus of this peer review, Switzerland's international relations revolve around issues such as:

- Relations with the European Union: Switzerland participates in the single market without being a member of the EU, and the relationship between EU and Switzerland is governed by a series of bilateral treaties which are approved by referendum.
- Immigration: with over 27% of Switzerland's total population foreign born, it is one of the OECD countries most open to immigration. While 70% of the 142 500 new residency permits granted in 2011 were to EU/European Free Trade Area nationals, there was also a steep rise in the number of applications for asylum in Switzerland, up from 15 600 in 2010 to 22 600 in 2011. This was the highest annual number since 2002, mainly due to the Arab Spring.[2]
- Free trade agreements: Switzerland has been active in expanding the number of its free trade agreements with key markets. It does this bilaterally with economic partners such as China, with which it signed a free trade agreement in 2013, and through the European Free Trade Association. Negotiations are under way with several countries, among others India, Indonesia, Vietnam, Belarus, Kazakhstan and Russia.
- International negotiations on the exchange of information to enhance co-operation in tax matters.

Swiss development co-operation has been reorganised since the 2009 peer review

The two federal ministries involved in making Swiss development policy and implementing it – the Swiss Agency for Development and Co-operation (SDC), which is a federal office within the Department of Foreign Affairs, and the Economic Co-operation and Development Domain of the State Secretariat for Economic Affairs (SECO), which is a federal office within the Department of Economic Affairs, Education and Research – have undergone significant institutional reform since the 2009 DAC Peer Review.

SDC's four-year reorganisation process had started at the time of the last peer review and was completed in 2012. The two-stage process of SDC's reform gave time to overhaul the organisational structure at headquarters and to delegate more authority to the field while simultaneously improving working methods, as recommended by the DAC.

The Economic Co-operation and Development Domain of SECO introduced a new organisational set-up in 2013, based on an organisational review conducted in 2012. This reorganisation focused on ensuring that the Economic Co-operation and Development Domain's structure and management processes matched its strategic objectives and the increasing financial resources it must deliver effectively and efficiently.

This peer review takes place as SDC and SECO consolidate their organisational reforms, and as they start to implement Switzerland's 2013-16 Dispatch for International Co-operation.

Notes

1. OECD (2013a), *OECD Economic Outlook*, May 2013, OECD Publishing, Paris.
2. OECD (2013b), *International Migration Outlook 2013*, OECD Publishing, Paris

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.

Report

Chapter 1: Towards a comprehensive Swiss development effort

Global development issues

Switzerland contributes strategically to global development issues. It engages in areas which reflect Swiss development priorities, and where it can make a valuable contribution. Switzerland's *International Co-operation Strategy for 2013-16* places greater emphasis than in the past on the need for Swiss engagement at the global level to address global risks. One of the ways Switzerland is working to achieve this is through its global programmes. These programmes have the potential to leverage the knowledge Switzerland gains from its development programmes to influence international policy debates.

Switzerland engages in global development strategically, with a strong focus on global public risks

Switzerland is an active player at the international level on development issues and is host to many multilateral development organisations in "International Geneva". Switzerland targets its interventions on policy areas which reflect Swiss development priorities, and where it can use its expertise and programme knowledge to add value. It also engages on development issues at the global level which it is working on simultaneously at the domestic level. For example, at the global level Switzerland is an active supporter of the World Bank's Stolen Asset Recovery Initiative (StAR) and the United Nations Office on Drugs and Crime (UNODC). It has also put in place strong national laws to combat capital inflows from illegal activities and corruption in Switzerland.

Other examples of Swiss engagement in global development issues include:

- Leading negotiations on the Principles for Responsible Agricultural Investment, and chairing the United Nations Food and Agricultural Organization's (FAO) multi-stakeholder open-ended working group on this topic;
- Engaging in the United Nations' Post-2015 Development Agenda discussions by supporting, along with the Government of Bangladesh, the Global Thematic Consultation on Population Dynamics and co-hosting the Consultation on Water, along with other UN member states;
- Board member of the Extractive Industries Transparency Initiative, 2013-2015/16;
- Active supporter of the United Nations Framework Convention on Climate Change;
- Active supporter of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas;

There is a growing awareness in Switzerland that its independence, security and prosperity[1] are dependent upon the protection of global public goods. Supporting global public goods is a key objective of Switzerland's foreign policy strategy for 2012-15 (FDFA, 2012). Development co-operation is an integral part of Swiss foreign policy, as well as of Swiss foreign economic policy. Switzerland's development

assistance strategy, the International Co-operation Strategy for 2013-16, which is included in the Dispatch for Swiss International Co-operation, aims to achieve sustainable global development by reducing poverty and mitigating global risks (Swiss Confederation, 2012a). And its global programmes, which have been given greater prominence and increased resources, are an important channel through which Switzerland is engaging internationally. These programmes focus on addressing global risks such as migration, food security, climate change, finance and trade, and water. The main objective of these programmes is to enable Switzerland to have greater influence on policy making at the global level by better leveraging the knowledge it has gained from its co-operation programmes at the local, national and regional level. The Global Programme for Migration and Development, for example, has already helped Switzerland to become a key stakeholder in the global debate on migration: it chaired the 7th Global Forum on Migration and Development in 2011.

Policy coherence for development

Indicator: Domestic polices support or do not harm developing countries

Since the 2009 DAC peer review, Switzerland has significantly increased its efforts to make Swiss policies more development-friendly. It has renewed its political commitment to this objective; deepened its approach by identifying priority issues; and strengthened its existing institutional mechanisms. As a result, development concerns have been better heard across the Swiss government, with SDC and SECO more actively engaged with other federal departments around key policy issues. However, Switzerland does not systematically monitor the impact of its policies on developing countries or report on a regular basis on the progress it has made in making Swiss policies more development-friendly. Switzerland has not fully implemented the 2009 peer review recommendation in this regard.

Strengthened political commitment to making Swiss policies more development-friendly

Switzerland is committed to coherent foreign, security and international economic and environmental policies which are development-friendly.[2] Through the 2013-16 Dispatch, it has renewed its long-standing political commitment to make Swiss policies more development-friendly.[3] It has defined a more precise approach, identifying seven priority areas where there is the potential for Swiss policies to be incoherent.[4] SDC has a clear, time-bound action plan to address these priority areas and has been active in raising public awareness about policy coherence for development within both civil society and the general public.

Switzerland's new level of ambition is, however, tempered with political realism. The 2013-16 Dispatch is clear that Switzerland cannot guarantee that all its policies will actively support development, especially when there is a conflict with national interest, stating that it is "impossible to achieve perfect development coherence and politically negotiated compromises must be made" (Swiss Confederation, 2012a).

Like many other countries, there is scope for Switzerland to make its domestic and international policies more development-friendly in the future. Switzerland ranked only 18th out of 27 countries in the Centre for Global Development's Commitment to Development Index (CGD, 2012). Its low position was based on, among other things, poor progress in reducing greenhouse gas emissions,[5] high tariffs on agricultural products and textiles, and high agricultural subsidies. These subsidies were more than twice as high as the OECD average in 2011 and are increasing (OECD, 2013a).

Switzerland is the home of a large number of multinational companies, many of which also operate in the developing world, and a sizable offshore private banking industry.[6] It has the opportunity to build on its existing efforts[7] to ensure fair taxation of individuals and companies, and to ensure that multilateral corporations uphold high environmental standards and respect human rights when working abroad (Box 1.1). Switzerland is committed, for example, to meeting the international standards on transparency and exchange of information for tax purposes. However, a Global Forum on Transparency and Exchange of Information for Tax Purposes peer review in 2011 identified some deficiencies in terms of the legal foundations for transparency, particularly with respect to the effective exchange of information (OECD, 2011a). Switzerland is taking steps to address the recommendations made in this peer review report. It is also very positive that Switzerland signed, in October 2013, the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, signalling its support for greater international tax co-operation.

Pragmatic approach to strengthening institutional mechanisms to promote more development-friendly policies

Since the last DAC peer review, Switzerland's Inter-Departmental Committee on Development and Co-operation (ICDC) has been strengthened and entrusted with the task of identifying potential conflicts of interest between Swiss international co-operation and the sectoral policies of individual federal departments (Swiss Confederation, 2012a), therefore implementing the 2009 peer review recommendation (Annex A). The committee has established an agenda for action and the necessary *ad hoc* arrangements for delivering on this. The ICDC is valued by members, as it provides an opportunity for informal discussion of issues before they reach the Federal Council, which remains, under the Swiss system, the final arbitrator on policy decisions (SDC/SECO,2013).

The structure and decision-making processes of the Swiss federal government, which are based on achieving consensus, enable development concerns to be taken into account even if these processes do not always ensure that development considerations take precedence. Inter-ministerial policy consultations are systematic, and SDC and SECO are actively involved in responding to proposals from other departments ahead of major policy decisions, as part of the Swiss "consultation of the offices" process. SDC reports that it was consulted 354 times in 2012, an increase on previous years, and an indicator of growing demand by other Federal Departments for SDC input on key policies. SDC and SECO also participate in numerous interdepartmental thematic committees and working groups which explore key policy issues in more depth.[8] The number of interdepartmental

bodies is also increasing; to date, 33 cover policy areas which have an impact on developing countries (SDC, 2012). Given the growing number of consultation processes and limited resources, SDC and SECO need to pay attention to prioritising their interventions on where the greatest results can be yielded.

No systematic monitoring of the impact of Swiss policies on developing countries

Switzerland does not systematically monitor the impact of its policies on developing countries, and thus has not implemented the 2009 peer review recommendation in this regard (Annex A). Nevertheless, when it has collected evidence from country offices, it has raised important development issues and stimulated debate. This is evidenced by the recent consultation with Swiss embassies and co-operation offices as part of the Federal Council's background report on the Swiss commodities trading sector, which raised concerns about the impact of this sector on developing countries (Box 1.1). This experience shows the benefits of Switzerland's field offices providing feedback on the development impact of Swiss policies in partner countries. Switzerland should consider how its field offices could more regularly provide this feedback to headquarters.

In addition, Switzerland does not report on a regular basis on the development impact of its domestic and foreign policies and the progress it has made with improving the development coherence of its policies, as recommended in 2009 (Annex A). As a first step, Switzerland should consider including this information in its annual foreign policy report to the Federal Council and parliament. Switzerland could also consider putting the agenda and minutes of the Inter-Departmental Committee on Development and Co-operation on to SDC's website to further enhance transparency on this issue.

Development concerns better heard across government on key issues

Since the last peer review, SDC and SECO have developed and contributed to position papers on several issues, one of which is the Federal Council's report on the Swiss commodities trading sector. This report has been published. The other position papers[9] are internal papers that have been used by SDC and SECO to engage more actively with other federal departments on relevant policy areas. As a result, development concerns are being better heard across the Swiss government even if this has not always led to more development-friendly policies. The active engagement of SDC and SECO with the Swiss government's inter-departmental report on the Swiss commodities industry, for example, has resulted in the government initiating several further reviews to explore, amongst other things, how it can make its policies more development-friendly in the future (Box 1.1).

Box 1.1 Efforts towards greater policy coherence for development in the Swiss commodities sector

SDC and SECO have successfully engaged in the Federal Council's recent work towards a background report on the Swiss commodities industry. As a result, concerns about the impact of this sector in Switzerland (as well as in developing countries) have been acknowledged by the Federal Council and work is under way to look at how, among other things, Swiss policies can be made more development-friendly.

Switzerland is one of the world's most important centres of international commodities trading, with this sector accounting for 3.5% of Swiss GDP. In 2012 the Swiss government set up an inter-departmental platform involving three Swiss federal departments (Economic Affairs, Education and Research, Finance and Foreign Affairs). The platform is mandated to explore how Switzerland can continue to support the growth of this sector and to look at the sector's human rights and environmental impacts, in response to civil society reports revealing abuses and a campaign to strengthen Swiss rules in this area.*

SDC and SECO have participated in the inter-governmental task force, using research commissioned on the development impact of the commodities sector as evidence for their interventions. They have also ensured that Swiss embassies and co-operation offices were consulted about the impact of the sector in partner countries. The consultation revealed concerns about human rights violations in the Democratic Republic of Congo with regard to the mining industry; human rights concerns in Nigeria with regard to the oil sector; and tax avoidance in Zambia connected to a commodity company domiciled in Switzerland. The platform issued a report in 2013 (Swiss Confederation, 2013a) containing a clear set of recommendations which, among other things, called for Switzerland to explore how it can ensure that its policies are more development-friendly, including setting up a multi-stakeholder working group to prepare proposals for corporate social responsibility standards for the commodity merchanting industry. The report was adopted by the Federal Council, and a timetable for delivering on all of its recommendations has been set.

Source: Swiss Confederation (2013), *Background Report: Commodities. Report of the interdepartmental platform on commodities to the Federal Council*, Bern.

Notes: * Swiss NGOs have produced a number of reports on this subject, including the Berne Declarations' *Commodities – Switzerland's most dangerous business* (2012) and the *Bread for All/Catholic Lenten Fund's Glencore in the Democratic Republic of the Congo: Profit before Human Rights and the Environment* (2012). In 2012, the Federal Council received a petition with 135 000 signatures from the Swiss Campaign for Corporate Justice, involving 50 Swiss NGOs, which called for legally binding rules for multinationals and a mix of voluntary and binding measures.

Engaging in partner countries: co-ordinated government approach at country level

Indicator: Strategic framework, institutional structures and mechanisms facilitate coherent action

Switzerland has strengthened its whole-of-government approach, particularly in fragile contexts and in Eastern Europe and Central Asia, thus implementing the 2009 peer review recommendation. The enhanced approach in fragile contexts is an important achievement which has enabled Switzerland to act with one voice and to develop greater synergies among its different activities in the field. Nevertheless, it is still a work in progress and has not been without costs in terms of time and effort. Learning from current experience, Switzerland should simplify its instruments and processes to reduce these costs. In the future, and building on its good progress thus far, Switzerland should consider further expanding its whole-of-government approach to other priority partner countries and bringing all relevant government departments involved in development under the overall strategic framework for international co-operation.

Build on the progress made with whole-of-government approaches by expanding them to other partner countries

Since the last peer review, Switzerland has strengthened its whole-of-government approach. In addition to approving its first unified overall strategy for international co-operation for all ODA managed by SDC and SECO (Chapter 2), Switzerland has introduced, in many of its priority fragile regions, joint strategies and reporting frameworks that cover a wide range of Swiss federal actors working beyond development co-operation (diplomacy, migration). It has thus implemented the 2009 peer review recommendation (Annex A). Common cross-government goals, underpinned by a joint risk and scenario analysis and reporting frameworks, are in place in four of Switzerland's ten priority fragile regions. In nearly all the remaining fragile regions (or fragile countries) SDC strategies recognise the role of other Swiss federal actors, and these actors contribute results to SDC's annual country reports. In addition, SDC and SECO have made good progress in streamlining their programming, funding and reporting procedures in their "shared" priority countries (Chapter 4). Looking to the future, Switzerland might want to consider making its strategic framework for international co-operation more whole-of-government to further exploit synergies across its policy communities.

There is also scope for Switzerland to find pragmatic ways of pursuing whole-of-government approaches in other partner countries where Swiss federal departments other than Foreign Affairs and Economic Affairs (SECO) are present. While these departments may not be directly engaged in development co-operation, they could still be contributing to development through other channels. In Kyrgyzstan, for example, the Federal Office of the Environment was

working on an environmental project in the country, but embassy staff working on development co-operation had little interaction with the Federal Office. More co-ordination in-country, whether formal or informal, could reinforce the effectiveness of the respective actors through greater information sharing and provide opportunities to explore synergies.

A range of mechanisms exist for co-ordinating whole-of-government approaches

Switzerland uses a number of different mechanisms to co-ordinate its policies across different departments. In the North Africa region, Switzerland's strongest example of a whole-of-government approach, a formal interdepartmental working group in Bern facilitates policy co-ordination across all departments working in the region. Joint co-operation offices in Cairo and Tunis also have representatives of various federal departments. These offices are responsible for the entire operational framework.

Switzerland's approach in North Africa is still very new, but has already enabled it to have one voice in the region and achieve greater synergies between its different activities. This enhanced level of co-ordination has not been achieved without costs in terms of time and effort. As Switzerland seeks to consolidate its whole-of-government approach, it should learn from this experience, giving particular attention to simplifying its processes. In addition, there could be greater clarity over the processes that exist within the Swiss system for managing trade-offs between competing Swiss priorities when delivering a whole-of-government approach in partner countries.

Financing for development

Indicator: The member engages in development finance in addition to ODA

Switzerland uses its official development assistance as a catalyst to enable greater private sector flows within and to partner countries, and has appropriate instruments to leverage private flows such as the Swiss Investment Fund for Emerging Markets (SIFEM). Private flows at market rates from Switzerland to developing countries are far higher than official flows. As Switzerland strengthens its partnerships with the private sector, it could explore how it can better influence these flows.

ODA used as a catalyst to increase private flows

SECO has historically led on using Swiss development assistance as a catalyst to enable greater private sector flows to developing countries, given its expertise in economic matters and its mandate to focus on promoting sustainable economic development in its partner countries. Nearly all of its thematic areas of work relate in some way to helping partner countries to stimulate greater private sector flows, whether by contributing to an enabling environment for the private sector, promoting trade and investment, or strengthening the countries' tax administrations. To support its partner countries on tax issues, for example, SECO is involved in a number of global, regional and bilateral initiatives, such as the Topical Trust Fund on Tax Policy and Administration managed by the International Monetary Fund (IMF) and the African Tax Administration Forum. SECO's work in this area is positive. It is also positive that SDC, which manages a larger share of the aid budget and focuses on low-income countries and fragile states, is placing more emphasis on using ODA as a catalyst through, for example, public-private development partnerships.

Given the international specificities of Switzerland's economy (e.g. home to large multinational companies and its banking sector) and SECO's recognised comparative advantage on economic policy issues, Switzerland is well placed to play a leadership role internationally on maximising private investment for sustainable development, including by using its ODA to catalyse private investment. SDC and SECO should prioritise working jointly on this issue to maximise development finance for low-income and middle-income countries: they are already seeking to use ODA as a catalyst and by combining their respective strengths they can make good headway.

Switzerland has appropriate instruments for leveraging private sector flows

Switzerland has a number of different instruments to leverage private sector flows. These include the Swiss Investment Fund for Emerging Markets (SIFEM); SECO's Start-up Fund (SSF), which provides credit to leverage private investment to support Swiss SME start-up projects in developing and transition countries; and the Private Infrastructure Development Group, which brings together a consortium of donors to promote private or semi-private investment in infrastructure projects in developing countries.

Although it is difficult to assess the leveraging effect of these official instruments, a recent independent evaluation of SIFEM reported positive results. 64% of SIFEM's disbursed capital has been invested into Swiss development priority countries (Swiss Confederation, 2013b). The evaluation also found that for every US dollar SIFEM invests, the private sector invests USD 3.15 and the public sector invests USD 4.74. This exceeds SIFEM's goal of having twice as much private capital committed as SIFEM capital. The evaluation made several recommendations for improving SIFEM's peformance, and SECO's management has commited to implement several of them. SECO should continue to monitor the implementation of these recommendations.

Private flows to developing countries much bigger than total official flows

Net private flows at market rates have fluctuated heavily since 2009, but at their peak in 2010 they amounted to USD 20.7 billion in net terms, ten times greater than total official flows. In 2011 private flows fell to USD 8.4 billion, but remained higher than official flows. Given the number of companies investing in developing countries, Switzerland might also continue to explore opportunities for working on industry standards and sustainable practices with companies in sectors additional to the commodities sector.

Private grants have been steadily rising since 2007. They were USD 466 million in 2011, or 0.07% of Switzerland's GNI, ranking it fifth among DAC members and reflecting significant fundraising by the NGO sector in Switzerland.

Notes

1. According to the Federal Constitution, the principle interests that Swiss foreign policy is intended to safeguard are the country's independence, security and prosperity (Article 2 and Article 54, paragraph 2; www.admin.ch/ch/e/rs/101/).
2. Switzerland has signed the 2008 OECD Ministerial Declaration on Policy Coherence for Development (www.oecd.org/pcd/ministerialdeclarationonpolicycoherencefordevelopment.htm).
3. In 1994, the Federal Council adopted the North-South Guidelines, which expressed a vision of Switzerland's development approach relating to "the totality of Switzerland's political, economic and social relations with these states" (Swiss Confederation, 1994).
4. Priority issues identified in the 2013-16 Dispatch are: agriculture, migration, environment, health, the financial sector, security, and education, research and cultural policy (Swiss Confederation, 2012a).
5. While Switzerland has a low level of greenhouse gas (GHG) emissions per capita compared to many other countries, these emissions have remained at almost the same level since 1990. Switzerland is not on track to meet its Kyoto target of reducing its 1990 greenhouse gas (GHG) emissions by 8% on average between 2008 and 2012. Recent government estimates indicate that average emissions for 2008-11 were only 0.2% lower than in 1990 (OECD, 2013b).
6. Switzerland has a 27% share of the offshore private banking sector, making it the world leader (OECD, 2011a).
7. Switzerland is, for example, an active supporter of the UN's Guiding Principles on Business and Human Rights.
8. SDC and SECO actively engage, for example, in the Interdepartmental Sustainable Development Committee, which looks at how Switzerland can deliver sustainable development through its domestic and foreign policies (including co-operation), the Interdepartmental Committee and Working Group on Migration, and the informal inter-departmental group on tax co-operation issues.
9. Many of these position papers have been produced with the assistance of civil society and research institutes. For example, SDC commissioned a study by the European Centre for Development Policy Management (ECDPM) looking at how Switzerland could promote policy coherence for development in the commodities, migration and tax policy areas (ECDPM, 2012).

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Chapter 2: Switzerland's vision and policies for development co-operation

Policies, strategies and commitments

Indicator: Clear policy vision and solid strategies guide the programme

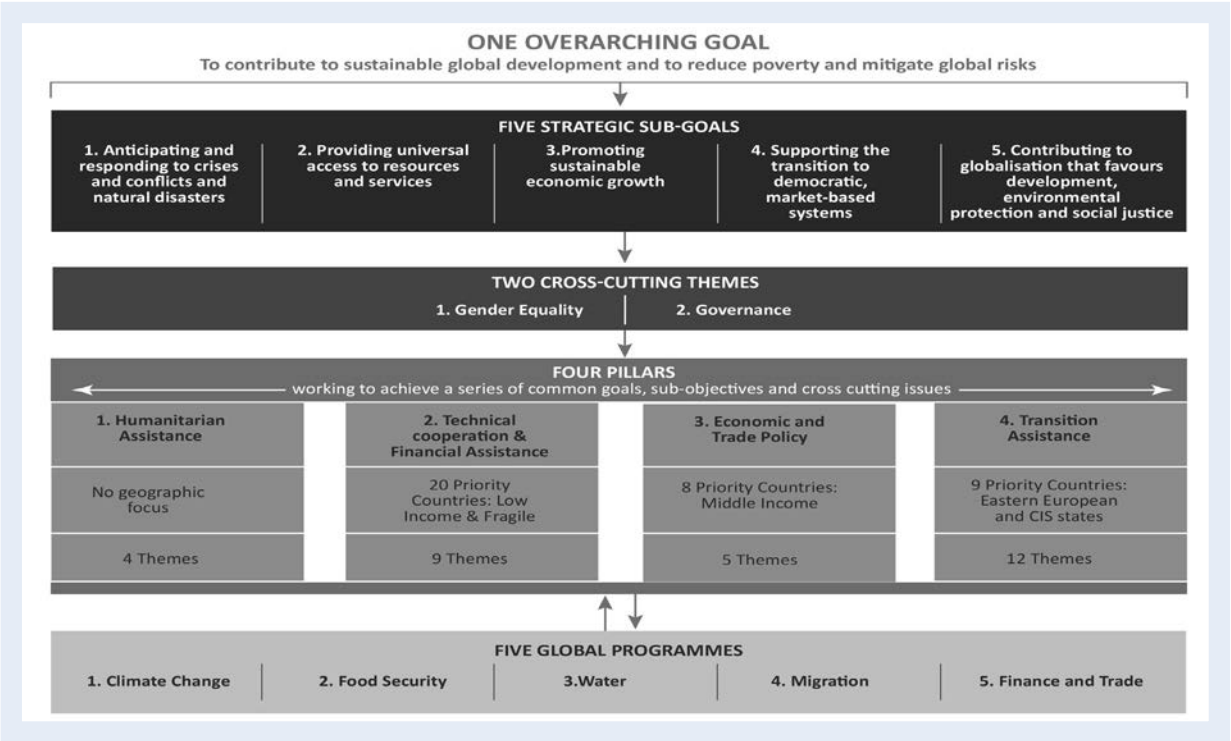
In 2012 Switzerland formulated for the first time, in the 2013-16 Dispatch, a single comprehensive strategy for all its development co-operation, which is managed and implemented by SDC and SECO. This is a welcome step towards a more unified approach to Swiss co-operation, as recommended by previous DAC peer reviews. The strategy has wide government ownership and outlines Switzerland's commitment to poverty reduction, in line with its international development commitments. However, the Dispatch is ambitious in scope, containing a large number of goals, themes and priority countries. Switzerland could focus its strategy further, especially if it is to meet its objective of concentrating Swiss assistance on fewer themes and countries in order to enhance effectiveness.

New, more unified strategy for Swiss ODA with wide government ownership

Switzerland's 2013-16 Dispatch provides, for the first time, a single (unified) goal that guides all Swiss ODA managed and implemented by SDC and SECO: "the promotion of sustainable global development with a view to reducing poverty and global risks" (Swiss Confederation, 2012a). The strategy also provides a common framework with a shared set of sub-goals, high-level results and cross-cutting themes that Switzerland's four ODA pillars, which have been retained, must now work towards (Figure 2.1).[1] This is in line with a recommendation of the 2005 DAC Peer Review of Switzerland and parliament's call for a more unified strategic approach to ensure that Swiss aid is more coherent and has greater impact, visibility and transparency.[2]

The 2013-16 Dispatch was unanimously agreed by parliament after two years of extensive consultation. 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.

Figure 2.1 Switzerland's new International Co-operation Strategy for 2013-16 (the 2013-16 Dispatch)



Source: SDC/SECO, 2013

Swiss strategy is in line with international commitments, but could benefit from greater focus

The 2013-16 Dispatch is in line with Switzerland's international commitments on poverty reduction, the Millennium Development Goals (MDGs) and aid effectiveness. It re-affirms that Swiss assistance is driven by the principles of solidarity with the poor and enlightened self-interest. Compared to former development strategies, Switzerland places greater emphasis on addressing global risks; engaging in fragile states; working with the private sector and civil society; and managing for development results (Swiss Confederation, 2008a, 2008b).

The 2013-16 Dispatch is ambitious in its remit, containing a large number of goals, themes and priority countries for Swiss co-operation. The number of themes governing Swiss ODA remains at 14 (SDC and SECO) despite a recommendation in the last peer review to reduce them. The Dispatch does, however, *de facto* priortise the themes of its global programmes – water, food security, climate change, migration, and finance and trade – and SDC and SECO will allocate a greater share of their budgets to these themes.[3]

The number of Switzerland's priority countries has been reduced from 41 to 37, but still remains high (Figure 2.2) compared to other similarly sized donors. One explanation for this high number is that SDC and SECO continue to have separate priority countries, with the exception of nine shared priority countries/regions under Swiss transition assistance. The new list of priority countries also contains more regions, and while Switzerland has prepared regional strategies that focus on transboundary issues for some of these regions, it also continues to have bilateral programmes in several countries within the regions. It is therefore hard to assess the degree to which Switzerland has really reduced the number of its priority countries. In fact, while SDC is phasing out of six countries (Democratic People's Republic of Korea, Ecuador, India, Madagascar, Pakistan and Peru) since the last peer review,[4] the 2013 -16 Dispatch has added one new region (Horn of Africa, consolidating previous humanitarian aid activities) and six countries to SDC's portfolio, nearly all of which are new countries that SDC will focus on under its regional priority areas.[5]

Figure 2.2 37 Swiss priority countries and regions in the 2013-16 Dispatch

Source: SDC/SECO, 2013

Decision-making

Indicator: The rationale for allocating aid and other resources is clear and evidence-based

The 2013-16 Dispatch provides criteria and input targets to guide decisions on resource allocation to Switzerland's multilateral and bilateral channels, among recipient countries, civil society and private sector partners, and across sectors. Its strategic approach to multilateral co-operation is good practice. However, Switzerland should ensure that its rationale for allocating its bilateral aid is coherent with the development and efficiency objectives of the Dispatch, notably to concentrate a growing aid programme in a way that enables it to deliver more effective aid. Switzerland recognises this problem, and needs to better manage the tension between its drive for greater concentration and its foreign policy objectives that are leading to aid fragmentation.

Criteria and targets guide resource allocation decisions

The 2013-16 Dispatch provides a rationale and financial targets for allocating aid to Switzerland's multilateral and bilateral channels, among recipient countries, civil society and private sector partners, and sectors (Swiss Confederation, 2012a). Five criteria guide the allocation of Swiss ODA, which are similar to those used by other DAC members. These are: occurrence of poverty and human (in)security; Switzerland's political interest; impact potential; Switzerland's comparative advantage (thematic competencies); and openness for dialogue of the partner country or organisation. There is no formal guidance for applying these criteria or weighting between different criteria.

Need for a more coherent approach to allocating bilateral aid resources that enables greater concentration

Switzerland recognises that it should allocate its bilateral aid to an optimal number of partner countries in a limited number of sectors (Swiss Confederation, 2012a). However, balancing these objectives with the ambition expressed in its foreign policy to work in different countries and on different themes is a challenge. While the 2013-16 Dispatch does contain a number of spending targets explictly aimed at concentrating Swiss resources further, it is unclear how effective these targets will be in achieving this aim (Chapter 3). Switzerland needs to develop a more coherent approach to allocating its bilateral resources that will enable it to deliver a more focused and effective bilateral aid programme.

Switzerland's strategic approach to multilateral co-operation is good practice

In contrast to its approach to allocating bilateral ODA, Switzerland has a clear and strategic approach to allocating its aid to multilateral organisations, which seeks to ensure that it is investing in organisations where it can provide the most added-value. Multilateral core contributions are jointly handled by SDC and SECO. Switzerland's 2013-16 Dispatch identifies a set of 13 priority organisations to which the majority of Swiss resources should be allocated (Chapter 3).[6] A clear set of criteria is applied to selecting these organisations: Swiss foreign and economic policy considerations; the development relevance of the organisation to a selection of Switzerland's thematic priorities;[7] the results the organisation has achieved;[8] and opportunities for Switzerland to play an active role in the organisations' governing

bodies. Opportunities for Switzerland to play such an active role are extremely important, as it sets its own strategic objectives for each organisation and is keen to be seen not only as a shareholder but as a stakeholder, actively shaping the direction of these organisations.

Switzerland's multilateral strategy also notes the importance of exploiting synergies between its bilateral and multilateral funding. SDC's medium-term plans and monitoring frameworks for its regional divisions recognise this, and advise country offices to make connections between core and multi-bi funding. In the area of urban infrastructure development, SECO has a dual approach, working both with bilateral projects in countries such as Ukraine and with multilateral partners such as the World Bank, Inter-American Development Bank and Asian Development Bank. The global programmes play a significant role in this regard. Staff in the food security global programme, for example, manage Switzerland's contributions to the CGIAR global partnership, the UN Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD) and represent Switzerland on their governing bodies (SDC, 2013a).

Policy focus

Indicator: Fighting poverty, especially in LDCs and fragile states, is prioritised

Poverty reduction is an explicit over-arching goal of Swiss development co-operation, implementing the 2009 peer review recommendation. Switzerland prioritises reducing poverty, especially in least developed countries and fragile states. It has made significant efforts to establish a two-way bridge between its humanitarian and development programmes, and has also established links to climate change adaption. In line with the 2009 peer review recommendation, cross-cutting issues are better integrated into programmes. However, there is scope to strengthen and harmonise Switzerland's approach to cross-cutting issues.

The new strategy and policies prioritise reducing poverty, especially in LDCs and fragile states

Switzerland's 2013-16 Dispatch makes poverty reduction an explicit goal of all Swiss co-operation, implementing the 2009 peer review recommendation. In particular, poverty reduction is now a clearer goal for Swiss assistance to transition and middle-income countries,[9] which was less evident in the past.

The 2013-16 Dispatch prioritises least developed countries (LDCs) and fragile states as key partner countries for SDC under its technical co-operation credit line. Of SDC's 20 priority countries/regions, 15 countries are considered LDCs while 10 are considered fragile states (some LDCs are also fragile states). The Dispatch also sets an indicative budgetary commitment for SDC to increase its resources to least developed countries, calling for 45% of its funding under the technical co-operation credit line to go to Africa, an increase from 35%-40% in the previous period (2009-12).

In terms of its approach to poverty reduction, Switzerland acknowledges, in line with the DAC Guidelines on Poverty Reduction (OECD, 2001), the multi-dimensional aspects of poverty, and SDC has specific guidelines for its programme staff on its approach to reducing poverty (SDC, 2004). SECO, however, does not have such guidelines and could benefit from developing them to assist programme staff with delivering this objective.

A bridge between humanitarian and development programmes, and links to climate change adaptation

Switzerland has made significant efforts to establish a two-way bridge between its humanitarian and development programmes. 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. In Mali, where the situation had recently deteriorated, development funds were re-directed to be used under the management of the humanitarian team for humanitarian programmes. To better address the interconnected nature of climate and disaster risk, substantive steps have also been taken to link climate change adaptation work with humanitarian programming. Switzerland could build on this experience by linking all programming in partner countries, so that the best tools are used to address major risks in each context (also see Chapter 7).

Good policies to support engagement in fragile states

The 2013-16 Dispatch commits SDC to reinforce significantly its support in fragile contexts. The 2012 evaluation (SDC, 2012) noted that SDC is well positioned to work in these contexts, but needs to become more flexible and to complement its technical efforts with political positioning. SDC could do this by focusing its efforts on the ten fragile states that are already priority countries (expanding programmes and influence) rather than expanding into new contexts.

Scope to strengthen and harmonise Switzerland's approach to gender equality across SDC and SECO

This OECD DAC peer review analyses the progress made by Switzerland on integrating the cross-cutting issues of gender equality and the environment into their programming. Under the Dispatch 2013-16, Switzerland has agreed on one set of cross-cutting issues for both SDC and SECO: governance and gender equality. Switzerland has decided not to make the environment a cross-cutting issue in the 2013-16 Dispatch as the environment is now an integral part of Switzerland's overall approach to development, which aims to support global sustainable development. This means that the environment is *de facto* a cross-cutting issue that should be addressed across all projects and programmes.

Integrating gender equality

SDC has made clear progress in integrating gender equality into its programming since the last peer review. While it already had appropriate guidance (SDC, 2003a, 2003b, 2008), the introduction of an internal gender network and gender focal points in the field, and the establishment of an annual monitoring report on gender equality mainstreaming in 2009 (SDC, 2009) have had a positive impact on strengthening SDC's approach. The 2012 gender mainstreaming monitoring report (SDC, 2012c) found that, overall, gender sensitivity in SDC has increased

since 2009.[10] However, while focal points in the field play an active role in ensuring that programming takes account of gender, they have limited support from headquarters, where only one person works (80% of the time) on gender (OECD, 2013). Effective gender equality mainstreaming requires resources, in particular specialist advisors at headquarters whose expertise and advice can be sought out by field and programming staff. SDC should strengthen its resources on gender at headquarters level in order to support more effective mainstreaming at the programme level.

Gender equality is a new cross-cutting issue for SECO under the Dispatch 2013-16, and as of yet it does not have any specific policy guidance for implementing gender as a cross-cutting issue across its programming. Evidence from the Kyrgyzstan field trip indicates that SECO could benefit from such guidance, particularly to help it better consider the issue in its macroeconomic and private sector work (Annex C). To establish more of a common approach, SECO should work with SDC to develop shared guidance on this issue, and both organisations should consider using a common set of indicators and reporting format for monitoring their respective progress in this area.

Environment

While the environment is not a cross-cutting issue for Swiss development co-operation, SDC and SECO have guidance and policies for taking account of the environment in programming (SDC, 2011; SECO, 2010). In addition, the 2013-16 Dispatch stresses the need to continue to monitor the mainstreaming of environment in (Swiss Confederation, 2012a). SDC provides a practical guide for SDC staff and project partners for analysing existing and planned co-operation strategies, programmes and projects with respect to their exposure and influence on climate change and natural disasters (SDC, 2011). This follows OECD guidance. In SECO, the environment and climate change is now one of five thematic priorities and all of its investments, apart from those already subject to standardised strict tests (e.g. for the Multilateral Development Banks, UN institutions and SIFEM) must undergo environmental screening and when risks are identified, full environmental impact assessements. SECO also ensures that its projects in Eastern Europe comply with EU environmental guidelines. Nevertheless, in Burkina Faso it was not sufficiently clear how programmes that did not have the environment as a primary objective also took account of the environment, demonstrating the need, outlined in the Dispatch, for SDC and SECO to continue to monitor how the environment is mainstreamed.

Notes

1. Swiss development co-operation is delivered via four pillars, which are managed by SDC and SECO and have separate thematic priorities and partner countries. These pillars are: humanitarian aid, managed by SDC; technical and financial assistance to developing countries, managed by SDC; economic and trade policy measures in the context of development co-operation, managed by SECO; and transition assistance to Eastern Europe and the Commonwealth of Independent States (co-managed by SDC and SECO).
2. Parliament, following a report issued in December 2006 by its Control Committee, mandated the Federal Council to, among other things, formulate a unified strategy for Swiss development co-operation (OECD, 2009).
3. The 2013-16 Dispatch calls for the allocation of 50% of its resources to the global programmes under the technical co-operation and transition assistance credit lines. Together these two credit lines account for about 50% of Swiss ODA.
4. SDC also intends to phase out its programming in South Africa and Vietnam in 2014 and 2016, respectively. However, both remain priority countries for SECO.
5. SDC's new priority countries within the 2013-16 Dispatch include: Tunisia and Egypt (additional countries in the North Africa region); Zimbabwe (new country in the Southern Africa region); Cambodia and Myanmar (new countries in the Mekong region); Horn of Africa region (Somalia, Eritrea, Ethiopia, Djibuti, South Sudan and Yemen); and Haiti, which is the only country not covered under a region.
6. The priority organisations are: African Development Fund (AfDF), Asian Development Fund (AsDF), Consultative Group on International Agricultural Research (CGIAR), Global Fund to Fight Tuberculosis, AIDS and Malaria (GFTAM), Inter-American Development Bank (IADB), International Development Association (IDA), International Fund for Agricultural Development (IFAD), UNAIDS, UN Development Programme (UNDP), UN Population Fund (UNFPA), UN Children's Fund (UNICEF), UN Women, and the World Health Organization (WHO).
7. The priority themes for allocating Swiss multilateral ODA are: climate change, trade and finance, natural resources management, water, food security, health, post-conflict interventions, and integration of the gender dimension.
8. Results are assessed using the organisation's own results reporting, international assessments from the Multilateral Organisations Performance Assessment Network (MOPAN) and Swiss analysis.
9. The credit line strategies for transition assistance and for economic and trade policy now include clear recognition of the need to address poverty and makes links to how their programmes will prioritize this.
10. The 2012 gender mainstreaming report found an increasing number of annual country reports which have conducted gender analysis, and a steady increase in the number of credit proposals that have mentioned gender equality in their objectives or provided gender relevant baseline information.

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Chapter 3: Allocating Switzerland's official development assistance

Overall ODA volume

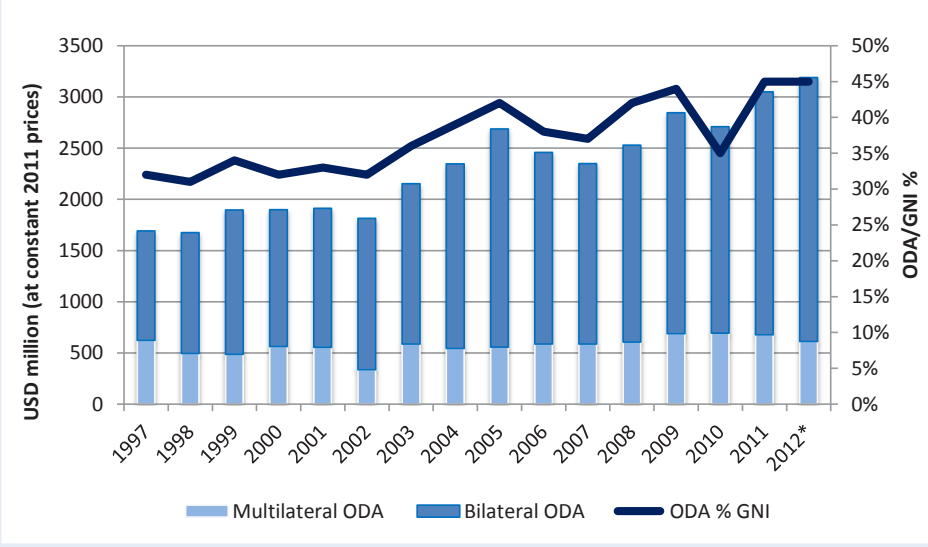
Indicator: The member makes every effort to meet ODA domestic and international targets

Switzerland is commended for its new commitment in 2011 to allocate 0.5% of its gross national income as ODA by 2015. It is on track to meet this target with a four-year credit line, approved by parliament, which sets out the necessary budget increases. Switzerland adheres to DAC statistical reporting requirements. However, it still has some way to go to meet its international commitments to provide comprehensive and rolling forward-looking data on its aid flows to partner countries.

Commitment to allocate 0.5% of GNI as aid by 2015

In 2011, Switzerland committed to allocate 0.5% of its gross national income (GNI) as official development assistance (ODA) by 2015. This new target is a highly appreciated and welcome step towards delivering greater resources for development. Once Switzerland has met this target, it should explore how it can work towards achieving the United Nations international commitment of providing 0.7% of its gross national income as ODA.

Figure 3.1 Switzerland's net bilateral ODA, multilateral ODA and net ODA as a percentage of GNI, 1997-2012



* based on preliminary DAC data

Source: OECD/DAC statistics

Switzerland on track to meet its aid commitment

Switzerland is a medium-sized donor; in 2011 it was ranked the 11th largest development assistance provider out of 25 DAC member countries, measured in volume terms and as a ratio of gross national income. Swiss development assistance (net) has been steadily increasing since 2010 by an average 8.5% per year in real terms (Figure 3.1), and in 2012 its net ODA stood at USD 3.02 billion, representing 0.45% of its GNI (Figure 3.1, based on preliminary data).

Switzerland is on track to meet its aid target by 2015. Parliament approved in 2012, as part of the 2013-16 Dispatch, a four-year ODA credit framework (2013-16) with yearly aid increases of 9.2%. While there is a clear consensus among the majority of the political parties to scale up ODA, this scale-up is likely to be accompanied by increased scrutiny by parliament and the public.

Four major trends are apparent in the allocation of Switzerland's expanding development assistance since the last peer review:

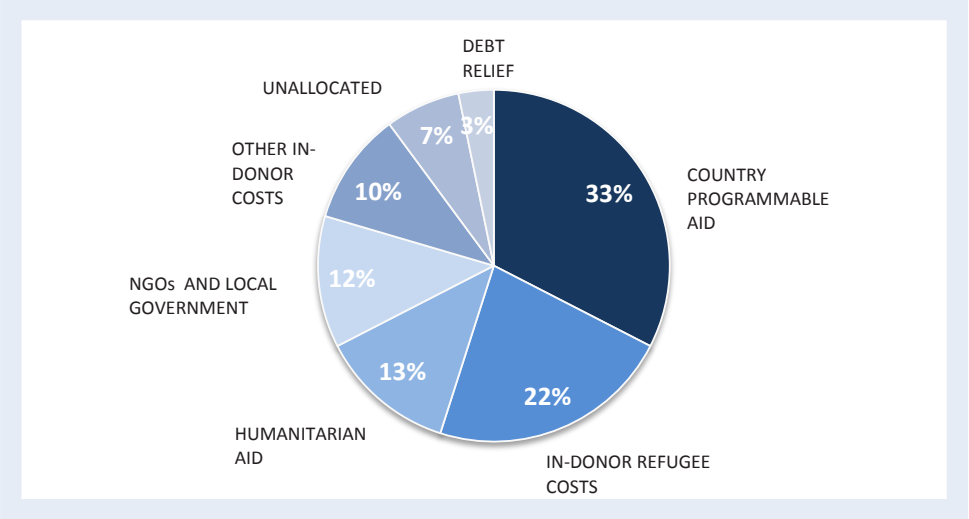
1. Swiss bilateral aid increased as a share of total ODA from 75% in 2007 to 81% in 2012 (based on provisional 2012 DAC data).

2. The share of country programmable aid fell from 39% in 2007 to 33% in 2011 and was low relative to the DAC average, which stood at 55% in 2011 (Figure 3.2). Country programmable aid (CPA) is a measure of a donor's contribution to "core" development programmes. Switzerland's decreasing share of CPA can be explained by high levels of ODA spending on refugees in Switzerland. The share of Swiss bilateral ODA spent on refugees rose from 12% in 2007 to 22% in 2011. The DAC average was 3%. Switzerland follows DAC guidance on counting refugee costs for ODA, and the increased expenditure in this area reflects a rise in the number of asylum seekers received in Switzerland.

3. Switzerland continues to be a strong provider of humanitarian aid. Humanitarian aid has remained at approximately 13% of Swiss bilateral ODA since 2007. This is above the DAC average, which stood at 9% in 2010-11.

4. Switzerland continues to provide a high level of development assistance to and through non-governmental organisations (NGOs). In 2011, it provided USD 596 million to and through NGOs, representing 25% of its bilateral ODA (OECD, 2013).

Figure 3.2 Composition of Swiss bilateral ODA in 2011 (by percentage)



Source: OECD/DAC statistics.

Note: The category called 'NGOs and Local Government' refers to funding by local governments and all core contributions to NGOs.

Further steps needed to ensure better reporting of aid flows to partner countries

Switzerland's four-year aid budget enables it to provide forward-looking information to partners about its planned spending (Chapter 5). However, this information is not systematically updated on a rolling basis to partner countries. Nor does it include all of Switzerland's aid (IATI, 2013; OECD, 2012). In Kyrgyzstan, for example, Switzerland did not systematically share Swiss aid spending plans with the partner government on a rolling basis. For Switzerland to meet its Accra and Busan transparency commitments by 2015 (HLF4, 2011), it will need to ensure greater transparency at the country level.

In terms of improving online aid transparency, SDC and SECO have established separate plans for moving towards providing their aid data according to a common, open standard by the 2015 target in the Busan Partnership for Effective Development Co-operation agreement (HLF4, 2011). SDC also joined the International Aid Transparency Initiative (IATI) in 2009. However, both SDC and SECO acknowledge they face problems with availability of data, confidentiality issues and timeliness. These need to be addressed swiftly, in order to enable SDC and SECO to deliver on this commitment.

Switzerland complies with the DAC recommendations on aid and the DAC rules for statistical reporting.

Bilateral ODA allocations

Indicator: Aid is allocated according to the statement of intent and international commitments

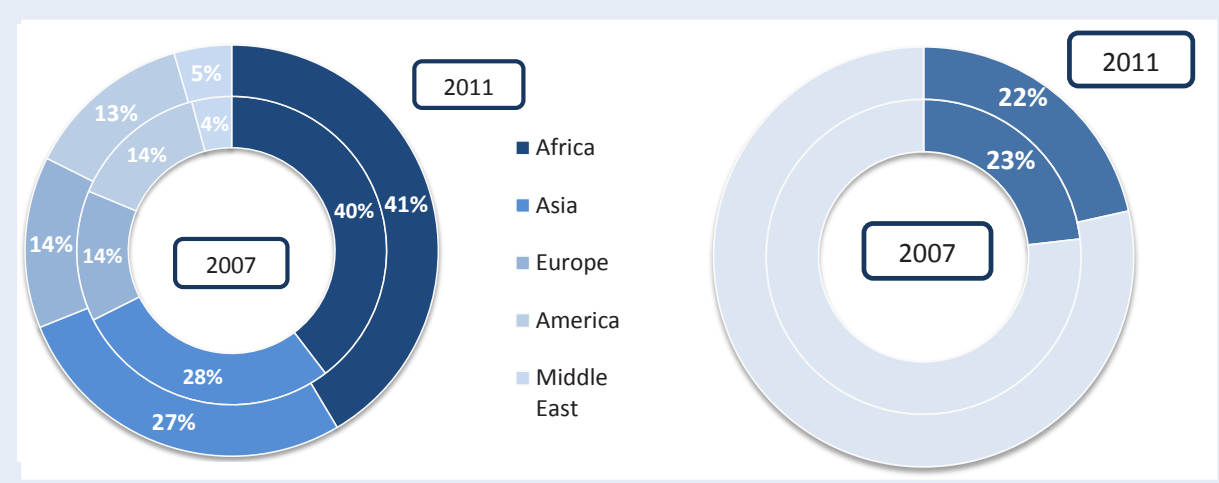
While the overall volume of Switzerland's aid flows to least developed countries (LDCs) has increased since the last peer review, the actual share of bilateral ODA flowing to LDCs has marginally declined. Switzerland's bilateral ODA continues to be fragmented: it is spread thinly across a large number of countries and, within countries, is spread across a large number of sectors. Switzerland appears to be addressing the need to concentrate its resources on fewer themes in priority countries, but insufficient measures have been taken to ensure greater geographical concentration. Its aid commitments to gender equality and in support of the environment and climate change mitigation and adaptation have increased since 2009, mostly reflecting improved reporting against the relevant markers.

Rise in amount of Swiss bilateral ODA going to least developed countries, but share has not increased

The regional allocation of Swiss bilateral ODA reflects Swiss strategic priorities and has not changed significantly since the last peer review. Africa continues to receive the largest share that is allocable by region (41%), followed by Asia (27%) Europe (14%) and America (13%) (Figure 3.3a). Compared to other DAC donors, Switzerland spends a high proportion of its bilateral allocable aid in Europe (Eastern Europe) due to its focus on assisting transition countries.

Figure 3.3a Percentage of Swiss bilateral ODA allocable by region in 2007 and 2011 (constant 2011 USD million*)

Figure 3.3b Percentage of Swiss bilateral ODA to least developed countries in 2007 and 2011 (net disbursements)

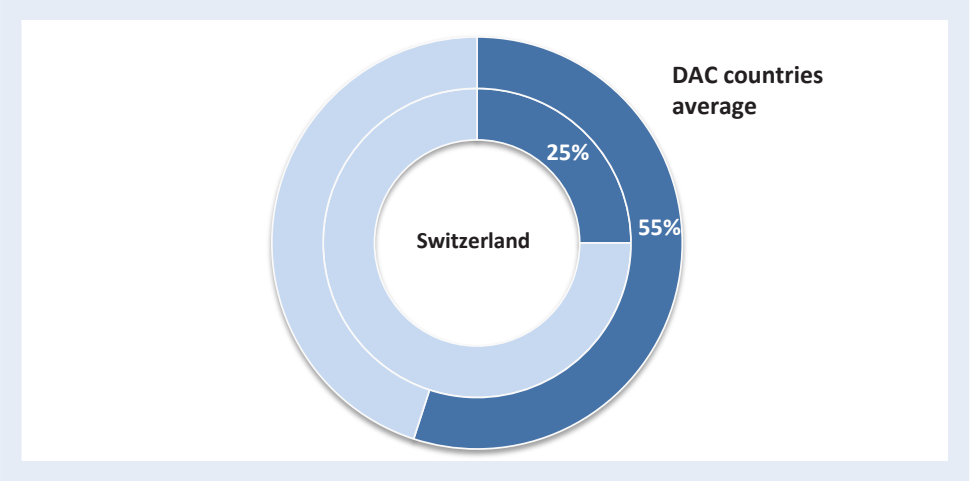


*Oceania is not represented in the graph, as no Swiss bilateral ODA went to this region in the years assessed.

Source: OECD/DAC statistics

Since the last peer review, Switzerland increased the amount of aid it spends in least developed countries (LDCs) from USD 412 million in 2007 to USD 517 million in 2011 (constant 2011 USD). However, the share of overall Swiss bilateral ODA to LDCs fell since the last peer review from 23.2% in 2007 to 21.5% in 2011 (Figure 3.3b). It is promising, however, that the 2013-16 Dispatch has set a financial target for SDC to deliver 45% of its resources under the technical co-operation assistance credit line to Africa, an increase from the past. This target has been set with the explicit aim of increasing spending in least developed countries. With an expanding aid budget, Switzerland should work towards ensuring that not only the volume of bilateral ODA to LDCs increases over the next couple of years, but the share as well.

Figure 3.4 Percentage of ODA to top 20 recipient countries, 2010-11 average (gross disbursements)



Source: OECD/DAC statistics

Aid still spread thinly across a large number of countries and regions

Switzerland has not managed to implement the 2009 peer review recommendation to further concentrate its aid geographically. Moreover, Swiss development co-operation is less concentrated than it was at the time of the last peer review. In 2010-11 only 25% of Swiss bilateral aid went to its top 20 aid recipients, compared to 31% on average in 2005-09. These levels of concentration are significantly lower than the DAC average to the top 20 aid recipients, which was 55% of bilateral aid in 2010-11 (Figure 3.4). Switzerland is trying to reduce fragmentation with financial targets to increase spending in its priority countries. However, the targets are relatively low and are not sufficient, especially in the case of SDC. SDC has already met its target of delivering CHF 20 million on average across its 20 priority countries/regions. According to Swiss data, in 2012 it delivered CHF 22.59 million on average to these countries (SDC/SECO, 2013a). In the case of SECO, the financial

target to allocate between CHF 15 million and 25 million should result in increased flows to its eight priority countries.[1] This is positive, but it should be noted that SECO is responsible for a far smaller share of Swiss bilateral ODA than SDC.

Switzerland's current geographical aid allocations hinder it from achieving its aim of concentrating its resources further in order to achieve greater economies of scale and deliver more effective aid. With an expanding aid budget, Switzerland should consider significantly scaling up its spending in fewer countries, based on an analysis of where increases would have the greatest development impact. It should also engage in division of labour discussions with other development partners. This could be achieved either by further reducing the number of priority countries or by focusing on scaling up in a subset of them.

Aid still spread across a large number of sectors within countries, but some measures are being taken to address this

Switzerland's thematic priorities are reflected, on the whole, in its current sector allocations. Swiss support to the social infrastructure and services sector accounted for the largest amount of Swiss bilateral ODA (28%) on average between 2010-11. Within this sector, there is a strong focus on water supply and sanitation (8%), a priority for SDC and SECO, which has increased compared to 2005-09 trends, and a strong focus on government and civil society (12%), a thematic priority for SDC only. In addition, 5% of Swiss bilateral ODA on average between 2010 and 2011 was spent on banking and financial services, a priority theme for SECO. While this is small share of bilateral ODA, it represents about one-third of SECO's overall budget.

However, aid to health and education, which are thematic priority areas for SDC, represented only 6% of Swiss bilateral ODA commitments on average between 2010 and 2011 (3% for each sector). According to the 2012 Annual Report for Swiss International Co-operation, SDC allocates more resources to education and health. For example, 8% of SDC's aid to sub-Saharan Africa focused on education, compared to 15% on health. In Latin America, however 5% of its allocations focus on health, while less than 1% focuses on education, and in Asia just 5% is allocated to health and education respectively (SDC/SECO, 2013b). The level of spending does not seem to reflect priority, and maintaining expertise to support a small sector can be costly. SDC should assess whether these sectors could be suported better through channels other than the bilateral.

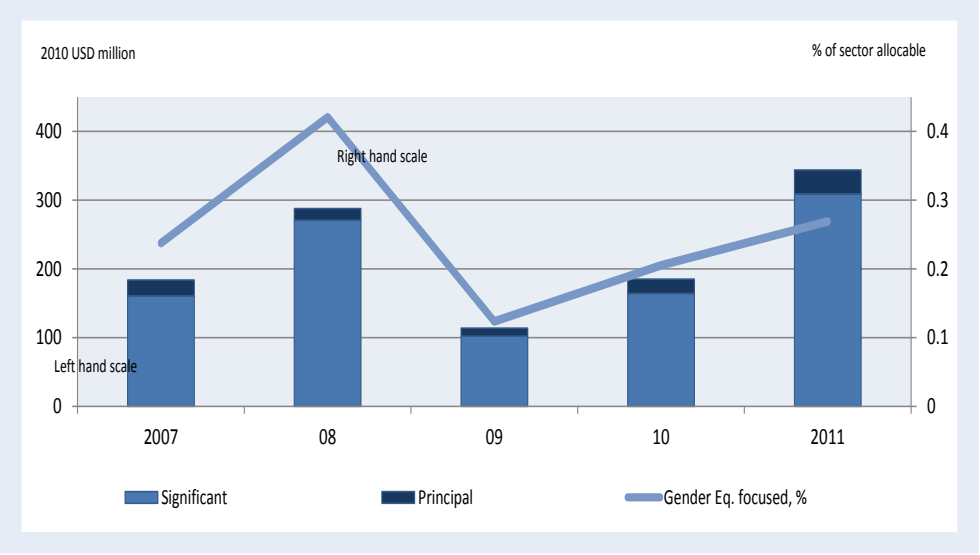
At the country level, Switzerland has not fully implemented the 2009 peer review recommendation to concentrate on a smaller number of thematic priorities, despite efforts to limit Swiss interventions to three to four themes per country/region. In 2011, according to DAC data, Switzerland provided country programmable aid (CPA) to 70 countries. On average across these 70 countries, it was engaged in six sectors per country and was only a significant donor (i.e. among the top donors that cumulatively provide 90% of support to a sector) in two of the six sectors.

This country-level thematic fragmentation is increasing transaction costs for Switzerland and its partner countries. For example, in the thematic area of government and civil society, where Switzerland has a comparative advantage, it provided support to 66 countries in 2011, but was only a significant donor in 22 of them.

It is positive that Switzerland in its 2013-16 Dispatch has set a target for SDC to ensure that 80% of funds under its financial assistance credit are commited to a maximum of three priority themes.[2] Looking at a selection of SDC's new country strategies for 2013-16, it would appear that Switzerland is committed to meeting this target at the country level. In the case of SECO, while the Dispatch does not set a financial target for thematic spending at the country level, all its new country strategies focus on three thematic areas. Switzerland should monitor regularly the progress made in meeting its targets and adjust them if necessary.

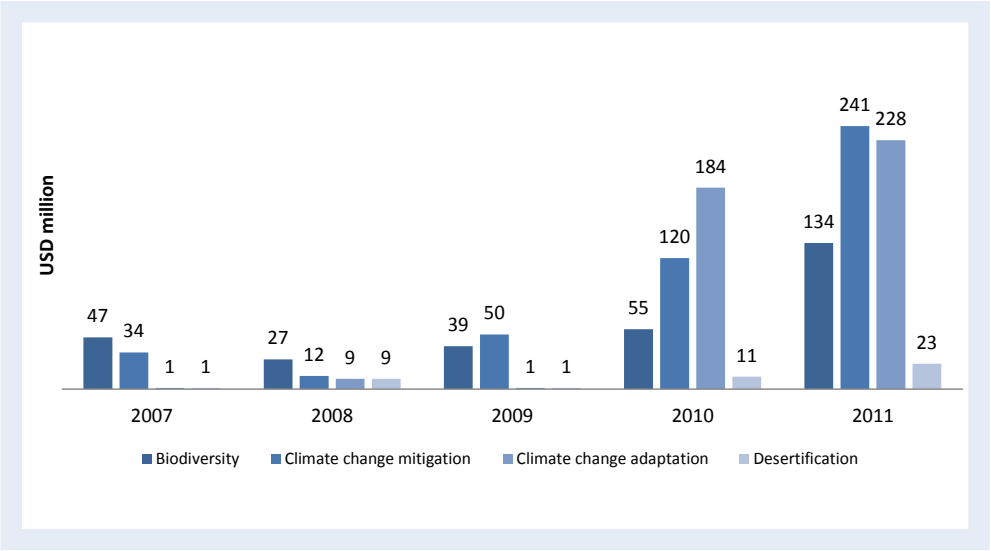
ODA commitments for activities with gender equality and women's empowerment as a principle or significant objective have increased since 2009 and reached USD 408 million in 2011 (Figure 3.5a). There has also been an increase in Swiss aid commitments in support of the environment as a principle or significant objective since 2009, and Swiss ODA commitments for climate change mitigation and adaptation have risen over the same period (Figure 3.5b). It should be noted that these increases can partly be explained by improvements in Swiss statistical reporting. However, in 2011 parliament agreed to provide an additional CH 640 million which, among other things, was used to finance bilateral projects in the area of climate change and water and to provide new and additional financing for United Nations Framework Convention on Climate Change (UNFCCC) Fast Start Finance for 2010-12.

Figure 3.5a ODA for gender equality and women's empowerment, 2007-11



Source: OECD/DAC statistics

Figure 3.5b ODA commitments targeted at the objectives of the Rio Conventions, 2007-11



Source: OECD/DAC statistics

Multilateral ODA channels

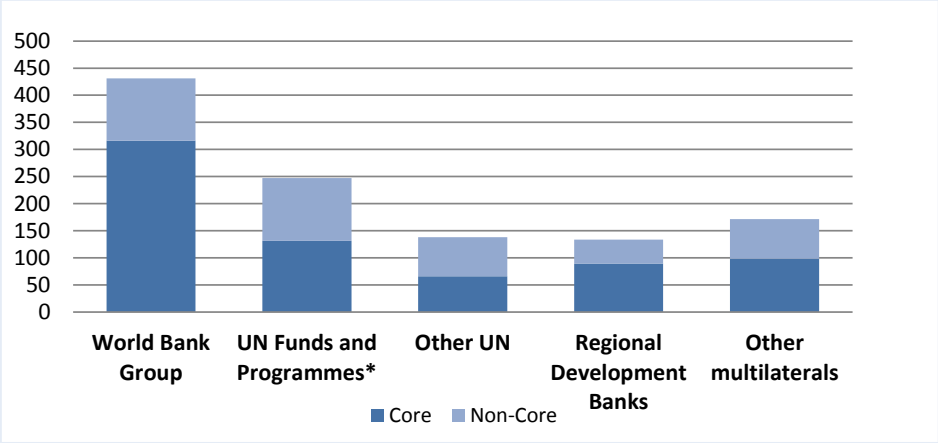
Indicator: The member uses the multilateral aid channels effectively

Switzerland has maintained a strategic and focused approach to allocating its multilateral ODA since the last peer review. In 2012, it provided 75% of its core funding to its 13 priority multilateral organisations. Switzerland is an active player in making the multilateral system more effective, working with other donors to improve the system.

Multilateral resources are allocated strategically

Switzerland has maintained a strategic and focused approach to allocating its multilateral ODA since the last peer review. In 2011, it allocated USD 1.12 billion in ODA through the multilateral channel, the equivalent of 37% of total ODA. USD 702 million was provided as core funding, 75% of which was allocated to 13 priority multilateral organisations (SDC/SECO, 2013a). The largest share goes to the international financial institutions, and among these, the World Bank is the main recipient. (Figure 3.6) Switzerland is making efforts to move towards securing multi-year core commitments to all 13 organisations. This would be a welcome step. It would help Switzerland to become a more predictable donor, setting a good example for other donors. Switzerland steadily increased its non-core (multi-bi) contributions to multilateral organisations from USD 221 million in 2007 to USD 427 million in 2011 (in constant 2011 USD million). In 2011, non-core funding represented 38% of total aid channelled through the multilaterals.

Figure 3.6 Core and non-core allocations to multilateral organisations, 2011



Source: OECD/DAC statistics

An active player working to strengthen the multilateral system

Switzerland is actively engaged in trying to make the multilateral system work better. Strengthening the multilateral system and increasing its efficiency are key strategic objectives of Swiss multilateral aid. Switzerland's Core Contributions Management (CCM) system for managing its relationship with its priority organisations works to improve the development outcomes of organisations, and their management and reporting systems, as well as Switzerland's effectiveness in achieving its policy dialogue objectives with the relevant organisations. These objectives are evident in the individual strategies pursued with these organisations.

Switzerland's efforts to improve the co-ordination, coherence and effectiveness of the UN development system are positive and are welcomed by its multilateral partners. For the past ten years it has facilitated the quadrennial comprehensive policy review (QCPR), the normative instrument for reforming the UN system. Switzerland is also active in fostering better co-ordination and co-operation on the ground between the World Bank and United Nations bodies in fragile states.

Notes

1. SECO is committed under the new strategy to ensure that each of its eight priority countries under the Economic and Trade credit line receives between CHF 15 million and 25 million. This target will require a significant scale-up of resources from SECO's budget. In 2012, according to Swiss data (SDC/SECO, 2013a), SECO priority countries on average only received CHF 6.55 million. SECO country strategies for 2013-16 are based on delivering this scale-up.
2. There is also a target for SDC and SECO shared priority countries covered by its transition assistance credit line. The target is for 80% of resources to go to four thematic areas, reflecting the fact that both SDC and SECO work in these countries. It appears that this target is being adhered to in new country strategies being produced for these countries.

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Chapter 4: Managing Switzerland's development co-operation

Institutional system

Indicator: The institutional structure is conducive to consistent, quality development co-operation

Switzerland's institutional system supports effective implementation of its development co-operation policy. Since the last peer review, reorganisation and reform at SDC and SECO have enhanced Switzerland's ability to deliver a more unified, consistent and quality development programme. The next forward-looking task for SDC and SECO should be to identify how their business models need to adapt to evolving and more complex contexts at the global level and in partner countries, for delivering development co-operation. SDC and SECO have made good progress in working jointly and in co-ordinating their actions; they should continue to build on this. Implementation of the new roles for programming staff based at headquarters is still a challenge at SDC. To consolidate its sound organisational reform, SDC needs to ensure that changes in the roles and responsibilities of staff are well understood throughout the organisation. It should also ensure that staff are given appropriate training to take on new functions. SECO can build on its reorganisation by decentralising more programming authority to country offices.

Reorganisation at SDC and SECO ensures more consistent and quality development co-operation

Switzerland is committed to having a system able to deliver on the policy priorities and commitments it has made, including in Busan. In particular, SDC and SECO have the flexibility and the operational capacity for effective implementation of the development co-operation strategy. While the Federal Council decided in 2008 to maintain separate mandates for SDC and SECO, they were instructed to reduce duplications and to build synergies. They have made progress in this regard.

The organisational reforms which have been completed by SDC and SECO since the last peer review attest to the capacity of Switzerland's institutional system to reform. SDC and SECO have enhanced their focus on quality development co-operation that is more responsive to partner country needs through, in particular, greater decentralisation. To consolidate reorganisation, SDC and SECO should better communicate to staff and partners how their business models for delivering Swiss development co-operation have changed. In particular, SDC needs to keep up efforts to clarify the roles and division of labour of staff in the new set-up.

Switzerland explicitly recognises in the 2013-16 Dispatch the rapidly changing and more complex international architecture for development co-operation. In light of this and the new global development goals that the international community is working on for post-2015, SDC and SECO need to start to consider how their business models should further adapt over the medium term to ensure that the organisation and management of Swiss development co-operation continues to be fit for purpose.

SDC and SECO can continue to build on good progress in working jointly

Since the last peer review, Switzerland has taken new measures to strengthen co-ordination and complementarities between SDC and SECO. The Dispatch 2013-16, for example, represents an important step towards a more unified approach, with the two organisations working towards shared overall objectives and goals. SDC and SECO were also mandated to deliver a joint report on results in 2016 (Chapter 6) and to engage in whole-of-government approaches to increase coherence and synergies (Chapter 1). In addition, the Dispatch gives clarity to the complementary mandates of SDC and SECO, notably in relation to the pillars of development co-operation for which they are most responsible (Chapter 2). Since the two organisations are working towards the same overall strategic goals and on the same cross-cutting issues, and share responsibility for some of the global programmes, it is very important that SDC and SECO have a clear division of labour and that they co-ordinate and communicate well about this, especially with partners.

SDC and SECO have implemented the suggestion in the 2009 peer review to streamline their programming, funding and reporting procedures. They have made significant progress in using common approaches in their "shared priority countries", notably in Eastern Europe and Central Asia. Two excellent examples of SDC and SECO working together were seen during the peer review team visits. In Kyrgyzstan, for example, the integrated approach to development co-operation worked well: the ambassador is also the director of co-operation, and staff located in the embassy are delivering a single country strategy co-produced by SDC and SECO and reporting on a single set of country results.

When requested by SDC, SECO provides complementary support to SDC's priority countries, such as through general budget support and offering its thematic expertise in, for example, public financial management and other economic policy matters. As seen in Burkina Faso, SECO's complementary measures bolster Switzerland's development co-operation there: they enable stronger linkages between local level projects and Swiss participation in national policy dialogue through participation in general budget support. This is good practice. However, according to the 2013-16 Dispatch, SECO's scope to engage in complementary measures in SDC priority countries is limited by the financial targets for its bilateral co-operation. While SECO's support to global initiatives also benefits a broad range of developing countries, the limits imposed by the Dispatch make it difficult for SECO to engage in complementary measures beyond those it already supports. Moreover, the Dispatch does not open the way for SDC to engage in complementary measures with SECO.

There is still potential for greater joining-up between SDC and SECO, so that Switzerland's partners can fully capitalise on the range of Swiss competencies in development.[1] With good will and leadership, more complementarities can still be found across budgets and institutions. Going beyond what is already being achieved through whole-of-government approaches (Chapter 1 and see above), avenues to explore – which could also reduce transaction costs for both SDC and SECO – include developing shared strategies, approaches and instruments for engaging

with partners such as the private sector and civil society. Such approaches would also give clarity to these partners on the specific areas of expertise and priorities of SDC and SECO; on conducting more joint strategic and thematic evaluations; on risk analysis; and on the use of partner country systems (Chapter 5). Looking forward to 2017 (when the next multi-annual International Co-operation Strategy will be published), Switzerland could assess how the framework credits might be adapted or whether new mechanisms could give SDC and SECO more flexibility to work jointly in more priority countries.

New structures and systems at SDC and SECO support efficient policy implementation

SDC and SECO are in a good position to deliver growing aid budgets, and Switzerland's policies and commitments, efficiently and effectively. According to SDC's final report on its reorganisation, which includes findings from an independent review by KPMG (KPMG, 2012), it is "now well equipped to make an innovative and effective contribution to tackling current and future challenges." SECO appears to have achieved the objective of its one-year reorganisation in 2013, which was to strengthen its capacity for strategic management (Annex D). Moreover, the creation of a countries and global portfolios division to increase coherence and synergies in SECO's country programmes, and to reach out to SDC and partners, was appropriate. To reinforce quality assurance across the organisation, quality control focal points were appointed in the thematic divisions.

Since the last peer review, three positive organisational changes have brought programming closer to partner countries, which is in line with good practice. SECO's new countries and global portfolios division, and the participation of this division's head in approving programmes, is a positive development. SECO's new country strategy papers draw all the activities it supports together, and each country has a focal point attached to one of the thematic divisions. SECO should monitor the impact of this new set-up to ensure that it is well placed to respond effectively to the needs and priorities of its partner countries.

SECO has also posted one expatriate staff in its eight priority countries and plans to send a second expatriate to engage better in policy dialogue and capacity development (Swiss Confederation, 2012: 179). While this will increase SECO's presence on the ground, it still needs to decentralise programming authority to country offices and to countries where SDC and SECO deliver development co-operation together, as recommended in the last peer review. It was evident in Kyrgyzstan that efficiencies would be gained if staff working on both SDC and SECO projects had an equal degree of control over the programmes and projects. SECO should have more of its programme staff in the field, with quality back-stopping by headquarters.

SDC has decentralised its aid management further since the last peer review: programming authority and financial management have been fully decentralised to country offices in SDC priority countries. SDC has also developed clearer, streamlined and standardised corporate and business processes to guide field offices. Appropriate instruments, such as the office management report, increase

field-level accountability. The instruments are also used to monitor compliance, as recommended in 2009. Ensuring that information provided by the monitoring and control system feeds into overall strategic planning and back to country offices is still work in progress (e.g. ensuring management responses to the office management report provide strategic feedback to offices; see Chapter 5). To ensure effective division of labour between headquarters and field offices – one of the main objectives of the organisational reform – SDC needs to keep up momentum in consolidating the reform throughout the organisation. In particular, the peer review team heard from SDC staff at headquarters that their new roles and functions following the reorganisation are not always clear, and that they need more support and guidance from SDC to ensure they can do their new jobs effectively.[2]

Finally, SDC has updated its field handbook to give greater clarity to field staff on how to manage and deliver development co-operation. However, the handbook includes about 90 "binding" guidelines and several more working aides. In addition, the purpose and nature of some of the binding guidelines are not always clear, especially in terms of how field staff should apply them. For example, while the Paris Declaration and Busan commitments are included in the handbook as binding for staff, Switzerland's policy and guidance for implementing Busan is only considered to be a working aide and the broad, optional-like nature of the guidance gives few incentives to staff to implement it. Binding guidelines need to set clear priorities that staff are accountable for delivering on.

Innovation and behaviour change

Indicator: The system supports innovation

The recent strategic and timely organisational restructuring at SDC and SECO was driven by a clear need for these organisations to strengthen their strategic direction, quality and corporate control procedures, so they can deliver a growing aid programme effectively. SDC has monitored the impact of its structural and operational reorganisation, as recommended in the last peer review. This is good practice, which SECO should follow. The strong emphasis Switzerland places on innovation is impressive. Programming staff need clear objectives and practical guidance to ensure that innovative projects contribute to sustainable development.

Strategic, pragmatic reorganisation at SDC and SECO

SDC and SECO have managed their organisational reforms strategically and pragmatically, engaging staff in the process. SDC's two-phase reorganisation introduced major organisational and operational changes, with a significant impact on headquarters-based programming staff, middle management and SDC co-operation offices. SECO timed its reorganisation well by creating a new set-up in 2013, knowing that its framework credits approved recruiting new staff with relevant expertise to absorb additional aid resources and to implement the new systems and procedures (e.g. quality assurance and control).

In line with the corresponding 2009 peer review recommendation, SDC has monitored the impact of its reorganisation, as well as the impact of the integration of SDC's personnel and communication units into the Swiss Federal Department of Foreign Affairs (FDFA) (KPMG, 2012; SDC, undated). The independent monitoring report (KPMG, 2012) delivered conclusions and recommendations on remaining challenges, notably in relation to the impact of the restructuring of FDFA, which are reflected in SDC's overall report on the reorganisation (SDC, undated). By making the results of the reorganisation public, SDC would increase transparency and demonstrate its capacity to anticipate needs and make adjustments in order to be more effective and efficient.

It is positive that an evaluation is currently being conducted on the impact of the integration of SDC's human resources management into central service units of the Federal Department of Foreign Affairs. Senior managers in FDFA and SDC should, as a matter of priority, begin to address the problems already documented by KPMG concerning this integration (see Chapter 6).

The strong emphasis on innovation should be matched with guidance for scaling up success

Innovation is strongly encouraged in Swiss development co-operation; it is also a clear objective of the global programmes (Box 4.1).[3] The capacity to innovate seems to be used as a criterion for identifying partners, especially in civil society and the private sector.

SDC and SECO stress the importance of replicating successful innovative projects. Yet transforming these projects into larger, sustainable programmes is a challenge. SDC is starting to give direction to staff to scale up projects. For example, its West Africa Division has set an objective[4] that the government or other donors in the four priority countries in this region will join or replicate an innovative Swiss project (SDC, 2013: 24). Targets like these are good for signalling priorities to country staff; however, as heard during the field visit to Burkina Faso, programming staff would benefit from steering, guidance and tools to achieve this objective (Annex C). SECO has yet to provide strategic guidance for scaling up innovative projects. To achieve greater concentration and to deliver effectively a growing aid programme that is on the scale of a medium-sized donor, senior management at SDC and SECO need to give clearer signals and guidance to staff on scaling up successful projects and how investing in new modalities and engaging with new partners can yield greater results for development.

Box 4.1 Switzerland's global programmes: contributing learning from innovation to global solutions

The three objectives of Switzerland's five global programmes are: (i) to influence policies for sustainable development, mainly at global and regional levels; (ii) to promote innovative, concerted solutions and achieve a scaling-up effect; and (iii) to promote knowledge sharing. The global programmes are Switzerland's flagship for innovation, with their multi-layered approach to influencing policies adressing global risks, building on extensive field experience, and facilitating knowledge transfer through thematic networks. Parliament has mandated SDC and SECO to demonstrate in the 2016 joint results report how the innovation it promotes contributes to the dissemination of concrete solutions and clear rules, at the international level, which contribute to the resolution of global problems and targeted environmental problems (Swiss Confederation, 2012a). It will be interesting to learn from Switzerland how it monitors and measures the contribution of its global programmes to global solutions.

Human resources

Indicator: The member manages its human resources effectively to respond to field imperatives

Managing human resources effectively remains a challenge for SDC. The services being provided by the Federal Department of Foreign Affairs have not yielded the projected efficiency gains that justified the integration of SDC's human resources centrally into the department. Switzerland has therefore only partially implemented the 2009 peer review recommendation to be more strategic with regard to staff management, succession planning, and building up and retaining development expertise. A new human resources policy and work plan should be developed and communicated to staff, and the roles of and division of labour between the Federal Department of Foreign Affairs and SDC should be clarified to eliminate duplication. A dynamic knowledge management system supports staff development at SDC. SECO, which is planning to develop its own training programme, should consider tapping into SDC's knowledge management system to optimise resources. Stronger signals from managers, and incentives that value and promote participation in thematic networks, could strengthen their relevance for staff development.

An urgent need for a policy and workforce plan to ensure SDC can build, retain and deploy the right skills in the right places

Parliament has determined that no more than 3.8% of the development co-operation budget can be spent on staffing costs. This directly affects staffing levels at SDC and SECO. To ensure that there are adequate human resources to deliver a growing aid programme effectively, both SDC and SECO will increase staffing levels to implement the development and humanitarian objectives of the 2013-16 Dispatch (Swiss Confederation, 2012a; SDC/SECO, 2013a: 37-38). SECO is also in the process of setting up an integrated management system to improve strategic staff planning in line with the 2009 peer review recommendation.

Switzerland has recognised the need for special incentives to ensure that appropriate staff remain in post-conflict and fragile environments. The 2012 fragile states implementation plan (SDC, 2012a) includes reference to improving staff incentives, and the Ministry of Foreign Affairs as a whole has now introduced new economic incentives and other benefits such as specific career plans. Measures to ensure staff security are also being reviewed, following a recommendation in the 2011 evaluation of Swiss performance in fragile contexts. A new security strategy, focused on clarifying roles and responsibilities, is due at the end of 2013. Three new positions are planned for fragile contexts in the Horn of Africa, Mali and Myanmar.

SDC has made valiant efforts to manage human resources strategically since the last peer review. It has made the most headway in ensuring that the mix of staff skills matches Switzerland's strategic orientation, and in securing thematic expertise through, for example, creating specialist career paths for 80 staff.[5] The reality, however, is that the tools that had been available to SDC to manage human resources have yet to be replaced by FDFA's central services for human resources. Since the transfer of SDC's human resources unit, transaction costs for managing human resources in SDC have increased (KPMG, 2012). Moreover, succession planning and the building up and retaining of development expertise at SDC

have still to be addressed. FDFA should finalise, as a matter of priority, its human resources policy, strategy and workforce plan, and take into account the specific staffing needs and competencies necessary to deliver an effective aid programme. It should also provide SDC with adequate flexibility to respond to imperatives in the field, and ensure that positions to which staff rotate are filled strategically with appropriate training.

A dynamic knowledge management system supports staff development

Staff development is a core objective and guiding principle of SDC's knowledge management system. According to the Memorandum (SDC/SECO, 2013), Switzerland continuously strives to foster competencies and innovation capacity through a comprehensive knowledge management approach and systematic capitalisation of experience. The main instruments for promoting staff development are 17 networks which are facilitated by focal points and thematic experts.[6] SDC staff at headquarters and in the field also have access to training courses that focus on required core competencies, such as project cycle management.[7] Given SDC's reliance on the thematic networks for staff development and for promoting innovation and best practices, the planned evaluation of the networks should investigate their relevance in this regard (also see Chapter 6).

SECO is starting to build its capacity to support staff development as part of its organisational reform, and has created a new position for training and knowledge management. As SECO proceeds to develop a holistic skills development concept for staff, it should also consider tapping into SDC's system to optimise resources. The 2009 peer review (OECD, 2009:55) suggested that SDC's thematic networks could be useful tools for sharing experience and building cohesion between SDC and SECO. Yet most of these networks are more narrowly focused on SDC priorities. SECO should continue to participate in relevant networks, including management oriented networks, thereby making them shared learning platforms.[8]

Notes

1. Several Swiss officials acknowledged this potential to join up more during peer review interviews in Bern, Burkina Faso and Kyrgyzstan.
2. The peer review team met with SDC staff representatives, who expressed concern about the role of desk officers after the reorganisation. For example, desk officers are no longer formally part of the country team, yet they represent field offices at headquarters in programme approval processes.
3. The term "innovation" appears 59 times in the 2013-16 Dispatch.
4. The indicator is "at least one project in each country and one regional initiative".
5. To ensure thematic expertise within SDC, four thematic staff career paths have been established: "blue" (water), "green" (climate, rural development, food security), health, and employment and vocational training. The policy for thematic careers is to recruit for a six-year position, and staff can then move within their specialisation to the field or back to headquarters.
6. There are 11 thematic networks and 6 management oriented networks.
7. Visit these websites for examples of the range of training modules and learning tools: www.sdc-learningandnetworking.ch/en/Home/Library; www.deza.admin.ch/en/Home/Documentation/Offering_of_advanced_training_courses/Chronological_survey; http://elearningpcm.ch/.
8. For example, SECO participates in the gender and aid effectiveness networks.

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Chapter 5: Switzerland's development co-operation delivery and partnerships

Budgeting and programming processes

Indicator: These processes support quality aid as defined in Busan

Switzerland's budgeting and programming processes generally support quality aid as defined in Busan. Its approach to broad-based democratic ownership and the use of local expertise to build capacity is particularly strong. Transparent performance-based conditions are agreed with partners, over 90% of aid is untied, and more systematic and comprehensive risk analysis informs programming. Switzerland's multi-year budgetary framework provides good predictability to implementing partners for the duration of a project phase, but less overall financial predictability to the partner government. Switzerland has not made much progress with implementing the DAC's 2009 peer review recommendations to increase the use of country systems and ensure that the variety of aid instruments and modalities it uses translate into more sector-wide and programme-based approaches. Switzerland needs to implement these recommendations to maximise the impact of its support, as defined in Busan.

Predictable and flexible budgeting bolsters commitments to partners

Switzerland's budgeting process allows multi-year predictability, with the caveat that parliament approves the budget annually. In line with Switzerland's guiding principle of continuity, the four-year budget for each framework credit enables Switzerland to commit to long-term projects, which average ten years at SDC. This is a strength of Swiss development co-operation. However, while the medium-term financial predictability for the line ministries and other partners delivering Swiss projects and programmes is good, Switzerland still needs to improve the predictability of total aid flows to a partner country on a rolling basis. Now that corporate level financial planning and forecasting have been streamlined, simplified and strengthened in SDC and SECO and that the two organisations have a more up-to-date and comprehensive overview than in the past,[1] they are well positioned to communicate planned commitments and disbursements to partner countries over a four-year period on a rolling basis. SDC and SECO should systematically communicate this forward-looking country level data to the relevant central ministry in partner countries.

SDC and SECO have good flexibility to reallocate aid among themes, regions and countries as needed. By sticking to the discipline of overcommitting to projects and programmes by 20% per year and actively monitoring the state of expenditure, both SDC and SECO reach the disbursement target.

Strong signalling and time-bound incentives are necessary to scale up to larger programmes

Switzerland aligns to partner country development priorities, as set out in national development plans. It was evident in Burkina Faso and Kyrgyzstan that pragmatic programming decisions reflect Switzerland's comparative advantage, its thematic expertise, and the priorities set out in SDC's medium-term strategy for West Africa and the SDC/SECO strategy for Central Asia. Programming choices are evidence-based, thanks to Switzerland's solid knowledge of country contexts. They also tend to focus on the poorest regions and people. The peer review team heard in Burkina Faso that Switzerland's broad and inclusive consultation with line ministries, local governments, civil society and other donor partners when preparing its country strategies is valued by these partners (Annex C).

The 2013-16 Dispatch gives some general strategic direction for bilateral programming, while SDC's field handbook and the strategic guidelines of its regional divisions provide useful guidance for elaborating co-operation strategies, medium-term programmes, as well as corporate requirements and approval procedures. Nevertheless, Switzerland continues to have a fragmented portfolio of activities in partner countries and SDC and SECO face challenges in scaling up and moving away from small, stand-alone projects. For example, in an effort to deliver fewer and larger projects and programmes, SDC has introduced quantitative indicators and put in place a monitoring process to increase the volume of project commitments in priority countries and regional and global programmes.[2] While these targets (e.g. 70% of projects should commit CHF 3-5 million; no target for commitments over CHF 5 million) could be more ambitious given the increasing aid budget, meeting them is proving to be difficult. Targets such as these need to be complemented with clear priorities and guidance from SDC and SECO on the modalities for delivering larger projects and programmes that are in line with the Paris, Accra and Busan commitments. In addition, programing staff would benefit from practical guidance on how Switzerland could participate better in sector-wide approaches, in joint programming, and how to take innovative projects to scale.[3] It may be useful to set up a joint SDC-SECO network to share experiences with these issues.[4]

Limited use of country systems despite solid expertise in public financial management

SDC and SECO outline a sensible approach to using country systems in their joint guidance for field offices on implementing the Busan commitments and in SECO's draft guidelines on using public financial management systems for projects (SECO, 2013). Internationally, SECO is a strong supporter of the public expenditure and financial accountability programme.[5]

However, Switzerland's performance in using country systems has not changed significantly since the last peer review. Switzerland uses a mix of aid instruments and modalities that use country systems, including SECO-supported general budget support. However, the largest share of aid is delivered as project-type interventions which do not use country systems (Table 5.1). In addition, Switzerland has made little progress in decreasing the number of parallel implementation units (PIUs): at the time of the 2011 monitoring survey for the Paris Declaration, there were 51 units in 22 countries, compared to 54 in 2005, While SDC and SECO apply strict rules

for public procurement, Switzerland usually manages the procurement processes: the 2011 Paris Declaration Monitoring Survey found that just 29% of procurements under the aid programme were undertaken by the partner country, using partner systems (OECD, 2011).

Switzerland should, as recommended in 2009, give clearer guidance to country offices on using and strengthening country systems, including in fragile contexts, by setting appropriate objectives and targets, monitoring progress, and requiring staff to justify why systems are not being used. Current guidelines for using country systems are non-binding, which sends the wrong signal to programming staff: *i.e.* that delivering more aid through country systems is optional or not a priority.[6] In addition, Switzerland could increase its use of partners' procurement systems, including for selecting implementing partners. This would complement its current approach to building capacity of local partners.

Nevertheless, Switzerland has appropriate expertise, tools and experience to manage the fiduciary and other risks of using country systems. It also has a clear idea of what it gains in terms of greater influence in policy dialogue (SECO, 2013). Using country systems is clearly an issue that the two organisations should work on together, so that Switzerland's priority countries, regardless of whether they are priorities for SDC or SECO, can access Switzerland's (especially SECO's) expertise on public financial management and other economic issues. In addition, while SECO is piloting its guidelines on the use of country systems, Switzerland will only make real progress in this area when SDC makes better use of country systems regardless of the modality it uses. Plans at SDC to introduce a policy marker to identify how much aid is in a partner's budget should help it to benchmark and set targets for going further.

Table 5.1 Switzerland's use of different aid modalities, 2008-11, constant 2011 USD million

Aid type	2008	2009	2010	2011	% share of bilateral* ODA in 2011
General budget support	41.1	40.5	34.3	27.3	1.5%
Sector budget support	..	..	18.7	12.8	0.7%
Basket funds/pooled funds	..	..	24.5	33.9	1.8%
Core support to Swiss NGOs	80.7	85.5	103.6	105.6	5.8%
Core support to international NGOs	86.5	86.6	103.6	95.6	5.2%
Core support to public-private partnerships	3.8	5.8	6.4	21.3	1.2%
Project-type interventions	..	..	941.2	900.9	49%
Projects qualifying as programme-based approaches	Data not reported	Data not reported	Data not reported	Data not reported	..

Source: OECD/DAC statistical database

Note: * Bilateral aid expenditure on refugee costs, which accounted for 22.6% of bilateral ODA in 2011, was discounted from the calculation to give a more representative picture of bilateral allocable ODA.

Risk analysis is standard practice; staff would benefit from more training on tools

Analysis of contextual, programmatic and institutional risks is becoming standard practice in Swiss development co-operation, with good tools and corporate procedures for risk assessment, monitoring and follow-up at SDC and SECO. Programme approval processes in both SDC and SECO require that risk assessments accompany project concept notes, and that risks are reported on in annual country reports.[7] While SECO promotes and participates in joint risk analysis when it provides general budget support, and supports reform of public financial management, both SDC and SECO could strengthen further risk assessments (and reduce duplication) by doing more of them jointly with other partners, and by providing better guidance and training for field staff on risk analysis methods and tools.

Fighting corruption is integrated into Switzerland's country programming and monitoring processes, in line with its mainstreamed approach to governance (SDC, 2006).The Swiss co-operation offices manage allegations and evidence of corruption and fraud in projects rapidly and seriously, in close consultation with headquarters and with relevant partners. In Burkina Faso the peer review team was particularly impressed by the pragmatic, serious and constructive approach the Swiss co-operation office took to financial mismanagement in one of the programmes. Switzerland also supports a civil society anti-corruption network in Burkina Faso with five other donors.

Bilateral aid to partner countries continues to be untied

Switzerland's ODA to the least developed countries and highly indebted poor countries continues to be fully untied. In addition, in 2011 93% of Switzerland's bilateral ODA was untied well surpassing the average performance by DAC members of 76%.[8] Indeed, its untying performance has recovered from lower untying rates in 2009 and 2010. Technical assistance accounts for most of the tied ODA: 59% in 2011.

Performance-based conditions are transparent and agreed with partners

Switzerland does not attach specific policy conditions to its development co-operation. When providing general budget support, it uses disbursement related conditionalities linked to the performance assessment framework agreed between the government and development partners. Partners consulted for this peer review perceive Switzerland as a flexible donor that promotes ownership, focuses on results, and does not impose unreasonable conditions.

Partnerships

Indicator: The member makes appropriate use of co-ordination arrangements, promotes strategic partnerships to develop synergies, and enhances mutual accountability

Switzerland has shown exemplary leadership internationally in promoting mutual accountability and the concept of democratic ownership. It has also played an instrumental role in helping to create co-ordination arrangements in priority countries. Switzerland participates in country-led co-ordination, although it could make greater use of programme-based approaches, joint programming and delegated co-operation. It engages in a range of strategic partnerships to increase its impact. However, it needs to develop appropriate tools and instruments for partnering with the private sector that match the objectives it wants to achieve. SDC has implemented the 2009 peer review recommendation to develop a more strategic, transparent and standardised approach to partnering with Swiss NGOs. The next step is to update Swiss policy for working with civil society organisations in developing countries and ensuring funding mechanisms match the objectives of partnering with these organisations.

Scope to make better use of country-led co-ordination arrangements

In line with its strong commitment to partner country ownership, Switzerland actively supports the creation of aid management mechanisms in partner countries and has provided financial support for this purpose. In Kyrgyzstan, for example, it succeeded in promoting donor co-ordination and encouraging engagement with the government. As a result, the government of Kyrgyzstan has a functioning system for co-ordinating development partners and Switzerland has hosted and co-chaired Kyrgyzstan's development partner co-ordination council.

Switzerland engages in donor co-ordination in the sectors it supports, and leads sector working groups capably thanks to its deep country knowledge and close connection to the grassroots in countries (Annex C). Now that there are more thematic experts in country offices, Switzerland is also well placed to engage in technical thematic discussions with sector ministries and development partners. While it still represents only a small share of aid, there is an encouraging trend towards joint programming and getting other donors to join basket funds. This was evident in Burkina Faso (Annex C). To increase its impact, Switzerland could engage more strategically in these arrangements by investing more resources in fewer common funds, which would also free time for field-based staff to engage in policy dialogue with the government and other partners.

A leader in promoting mutual accountability internationally

As co-chair with Tanzania of the Working Party on Aid Effectiveness's cluster on ownership and accountability, Switzerland has been highly influential in transforming international thinking about accountability and ownership to make it more inclusive and democratic. This is commendable.

In its bilateral and multilateral operations, Switzerland engages in mutual assessments of progress with its implementing partners. This was evident in Burkina Faso and Kyrgyzstan. However, it could engage in more strategic dialogue and mutual accountability exercises with national governments no matter what aid modality is used. Switzerland currently reports to the line ministries with which it works (e.g. Health in Kyrgyzstan, and Education in Burkina Faso). According to the Ministry of Finance in Burkina Faso, a more formal framework between the two countries would help strengthen dialogue and mutual accountability.

Approach to partnerships with the private sector could be more strategic

Switzerland is a strong supporter of non-state actors in development co-operation and promotes a broad concept of democratic ownership that goes beyond national government. In Burkina Faso and Kyrgyzstan, partners praised Switzerland's long-term engagement, its emphasis on capacity building with local partners, and its respect for local ownership by avoiding branding. This emphasis on the grassroots and working with local governments reflects, to some extent, Switzerland's neutrality and its decentralised way of governing.[9] But, as seen in Burkina Faso, this approach can come with the trade-off of having fewer resources (notably staff time) to engage in national level policy dialogue. Partners suggested that Switzerland could be more visible, especially in promoting its good practices and successes with the national level government and other development partners.

Switzerland engages in triangular co-operation as a way to strengthen dialogue with providers of South-South co-operation, to expand co-operation structures with them, and to achieve greater harmony (OECD, 2013a; SDC/SECO, 2013:45). While it is still in the early stages of developing triangular co-operation projects, this evolution is positive. Switzerland should continue to engage in dialogue and joint work with South-South co-operation partners. Its global programmes can serve as a useful platform and entry point for this.

Partnering with the private sector

SDC is working on developing more strategic partnerships with the private sector (SDC, 2013b). SDC and SECO, as discussed in Chapter 1, also support private sector development in developing countries.[10] In addition to its work to leverage additional funds for developing countries, SECO partners with the Swiss private sector. Partnerships in the area of sustainable value chains, for example, aim at promoting voluntary standards for products or resources mainly imported from developing countries (e.g. Fairtrade and the Better Cotton initiative[11]). In its 2013 policy on partnering with the private sector, SDC defines partnerships as alliances with mutual obligations that can contribute to achieving its development objectives (SDC, 2013b). The policy has a clear and sound rationale, goals and principles for partnering with the private sector. Going forward, SDC should consult with the private sector to identify the specific added value and the synergies that can be generated for development outcomes in partner countries from such partnerships.

Swiss private sector representatives stressed to the peer review team that they are eager to go beyond the traditional relationship of contracting the private sector to deliver development projects and programmes to engage in strategic partnerships that contribute to sustainable development. Switzerland has yet to develop appropriate tools and instruments that reflect the range of partnerships it could have with private companies. For example, Switzerland will need different instruments for partnering with multinational companies to leverage their investments in developing countries; to facilitate the investment of a company by sharing its knowledge capital on the local context; and to contract a company to implement a project (which is the main approach taken to date).

Good practice approach with Swiss NGOs; policy for CSOs in partner countries should be updated

Civil society organisations (CSOs) are major partners for Swiss development co-operation. In 2011, Switzerland allocated 8% of its bilateral aid as core contributions to non-governmental organisations (NGOs) and channelled a further 16% of bilateral aid through NGOs, totalling USD 596 million (25% of bilateral aid) (OECD, 2013b). Swiss and international NGOs received 97% of Switzerland's core contributions to NGOs, although Switzerland is channelling more ODA through developing country-based NGOs: USD 98 million in 2011, compared to USD 79 million in 2010.

Switzerland has implemented the *NGO part* of the 2009 peer review recommendation "to develop a more strategic, transparent and standardised approach to NGOs, research institutions and other partners at headquarters and in the field." Programme contributions managed by the Institutional Partnerships Division at SDC have been restructured: a new two-step process for identifying capable Swiss partners focuses on competence, performance, and the relevance of NGO programmes to the overall objectives of Swiss Development Co-operation. Criteria and information about the selection and negotiation process are published in a manual, which was prepared in consultation with NGOs. Switzerland should monitor the impact of this new approach, with a view to sharing its experience with other DAC members.

The 2013-16 Dispatch provides an overall vision for partnering with civil society in development co-operation, stating that "civil society promotes balanced development, is a counter-weight to the state, and strengthens the participation of citizens in democracy" (Swiss Confederation, 2012: 46). SDC country offices continue to be guided by 2010 NGO guidelines for co-operation with Swiss NGOs and, according to SDC, Switzerland co-operates with local CSOs in line with the relevant country strategies. Nevertheless, Switzerland (SDC and SECO) should identify and communicate more operational and results-oreinted priorities and objectives for working with CSOs that are in line with the Busan civil society commitments, and to ensure funding modalities match the objectives of activities with CSOs.[12] It was evident in Burkina Faso and Kyrgyzstan that the tendering procedures for contracts imposed a relatively high cost on Swiss officials and civil society partners. Several Burkinabé CSOs said they would welcome Switzerland playing a more active role in policy dialogue with the national government and development partners for more efficient and effective partnerships with civil society.

Fragile states

Indicator: Delivery modalities and partnerships help deliver quality

Switzerland is well positioned to deliver on its commitment 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, systematically involving SECO in analyses on the economic drivers of recovery, and scaling up in areas of comparative advantage.

Country strategies focus on whole-of-government priorities in fragile contexts

Switzerland has strengthened whole-of-government approaches in fragile states by introducing joint strategies and reporting frameworks, and by promoting better co-ordination. Country strategies are based on common cross-government goals, underpinned by a joint risk and scenario analysis. Reference is made to the peacebuilding and statebuilding goals,[13] and programmes are designed based on a conflict sensitive programme management analysis.[14] Switzerland recognises that more thought needs to be given to how to integrate these approaches into strategies for fragile middle-income countries. SECO is not systematically involved in the design of country strategies in fragile environments, as SECO does not concentrate its programmes on fragile states; this may be a missed opportunity to deepen understanding of the economic drivers of recovery. Switzerland could also pick up on the recommendation from the 2012 evaluation to concentrate on a limited number of fragile partners, and to scale up in areas of comparative advantage.

A differentiated approach to co-ordination within government; engagement with other donors is variable

Mechanisms for co-ordinating across government vary from context to context. SDC and SECO teams working on North Africa, including humanitarian programmes, are combined under a single desk structure. In other fragile contexts, the joint country strategies serve as the main co-ordination rallying point. Operational co-ordination also takes place in the field, although this is complicated by different levels of decentralisation – SDC's programming is highly decentralised, unlike the more centralised approach taken by other parts of government. The 2012 evaluation found that Switzerland's engagement with other donors in fragile contexts was variable. In some contexts Switzerland is an active and appreciated facilitator, and in others it is not especially well engaged. Switzerland supports the New Deal pilots, but is not playing a lead role on the ground. There are targeted interventions to improve multilateral approaches to fragile contexts. SDC supports a better partnership between the UN and the World Bank, particularly in fragile and conflict affected countries. To materialise this engagement, a Trust Fund was created to support joint UN and World Bank field and headquarters initiatives.

A range of tools to intervene in fragile contexts, with scope to increase coherence

Switzerland has a range of tools that can be used in fragile contexts, focusing on the comparative advantage of different categories of partners. Support can be provided through multilateral agencies and Swiss civil society; in more stable contexts, Switzerland can provide bilateral funding and budget support. Switzerland will also fund multi-donor trust funds if it can play a role in their governance structures. The 2012 evaluation found that the different instruments worked well individually, but there was scope to increase coherence.

Notes

1. SECO has invested in new financial planning instruments. SDC has transferred financial planning and monitoring tasks to country offices and given them direct access to the financial tools to increase efficiency.
2. In SDC priority countries/regions, under the technical co-operation credit line at least 70% of commitments to a project phase (usually three to four years) should be between CHF 3 and 5 million. In 2012, 50% of projects made commitments of CHF 3-5 million while 35% made commitments of CHF 1-3 million (the target is 25%) and 15% were less than CHF 1 million (the target is 5%) (SDC, 2013).
3. SDC's medium-term regional and country strategies, country and project evaluations, and annual country reports refer to the challenges it faces in, for example, consolidating projects and bringing other partners on board into larger programmes.
4. SDC's aid and development effectiveness network could be a useful tool for advancing this agenda. However, the network does not appear to be active; the most recent news item dates back to October 2011.
5. More information is available here: www.pefa.org/en/content/resources.
6. According to the guidance, staff are "expected" to assess the country system jointly with the partner country, and possibly other development partners, while using mutually agreed international analysis and risk assessment tools; engage in a dialogue with other donors on joint risk assessments; and promote the use of systems with implementing partners such as United Nations Agencies. If offices deem this too difficult or impossible, they should justify why and discuss with the government, and concentrate on strengthening national institutions to make them "fit" for using country systems.
7. SDC's Monitoring System for Development-Relevant Changes (MERV) requires country offices to examine and report on seven contextual risks (e.g. political, social, economic) which could have consequences for the aid programme, while SECO's risk analysis tool looks more closely at programmatic/project risks including fiduciary and environmental. A project will not be approved for implementation unless this assessment has been undertaken.
8. Excluding refugee and administrative costs.
9. According to the 2013-16 Dispatch (Swiss Confederation, 2012a: 126), "Depending on the situation, Switzerland – through embassies and co-ordination offices – starts a political dialogue with the government concerned in order to implement reforms or improve economic and social conditions. But Switzerland is a neutral country, and the objective of international co-operation is not to support foreign governments [….]."
10. SECO's policy and priorities for private sector development are explained at: www.seco-cooperation.admin.ch/themen/investitionen/index.html?lang=en. SDC's are explained at: www.sdc.admin.ch/en/Home/Themes/Private_Sector_Development_and_financial_services/Private_Sector_Development.
11. SECO provides financial support to the Better Cotton Initiative. See: http://bettercotton.org/about-bci/ for more information about this initiative.
12. The second global indicator of progress agreed after Busan to monitor key commitments is "civil society operates within an environment that maximises engagement in and contribution to development".
13. For the peacebuilding and statebuilding goals, see: www.newdeal4peace.org/peacebuilding-and-statebuilding-goals/.
14. Conflict sensitive programme management (CSPM) is a management approach that addresses values, procedures, tools and communication for steering development and humanitarian programmes and their projects in a context of political tensions, prior, during or after violent conflicts. See: http://dmeforpeace.org/learn/conflict-sensitive-programme-management/.

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

Results-based management system

Indicator: A results-based management system is in place to assess performance on the basis of development priorities, objectives and systems of partner countries

Switzerland has made good progress since the last peer review with institutionalising results-based management, notably by rolling out standardised tools across its programmes, as recommended in the 2009 peer review. Results monitoring draws on a variety of sources and uses partner country data where possible. Programme results are also monitored in fragile contexts. The overall strategic results focus of Switzerland's development co-operation has been enhanced through the 2013-16 Dispatch. However, SDC and SECO need to continue to work out how to measure and monitor the 13 top-level results committed to in the strategy. SDC and SECO should continue to fine-tune their results systems. They should prioritise strengthening the links between the chain of expected results from projects to impact on development, and setting appropriate quantititative and qualitative indicators that will enable Switzerland to track progress.

Culture of results-based management is being strengthened

Switzerland is committed to building and sustaining a culture of results-based management. This is evident in the progress it has made with strengthening and streamlining the system since the last peer review (Box 6.1). 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. Senior managers appear to be using the results reports for portfolio planning and management. Moreover, the independent assessments of annual reporting commissioned by SDC are an excellent way of identifying areas for improvement. The 2013 assessment identified crucial shortcomings in the system that SDC should address.[1]

It is positive that SDC plans to institutionalise this results culture further. According to the draft results-based management plan for 2013-16, it will improve the use of instruments and processes, get field staff actively involved in the quality assurance network, build the results capacity of implementing partners, and articulate a clearer rationale and vision for results-based management. SECO, which made good headway in making managing for results part of its culture in 2013, plans to monitor better the performance of its projects and programmes against the results frameworks approved at project inception and to make greater use of the information this monitoring provides for strategic management.

Two other areas that should be strengthened are: (i) articulating, monitoring and reporting on how results from individual projects contribute to expected development results at country level; and (ii) the quality, rigour and measurability of baseline, output and outcome indicators. At present, results frameworks at SDC do not include adequate baselines and targets that can be measured. In response, SDC is now pushing for projects to include a baseline statement as well as quantitative indicators. However, it still needs to produce solid and credible

evidence to track progress. Switzerland should keep up its efforts to improve the quality of indicators and baselines.

Switzerland also committed in the 2013-16 Strategy for International Co-operation to 13 overall strategic results for its development co-operation. SDC and SECO are mandated to report jointly on results achieved over the 2013-16 period. These are significant new developments towards demonstrating Switzerland's contribution to development at a more aggregate level. However, while SDC and SECO are piloting mechanisms to measure and monitor these results, have elaborated a concept note, and are adjusting Country Strategy Implementation Reports to the objectives and indicators defined in the Dispatch, fulfilling this mandate is challenging and remains work in progress. For example, indicators given for the results in the Dispatch are vague and not easily measured. Moreover, the package of overall results could be communicated more clearly: at present they are somewhat hidden in the various framework credits of the Dispatch. In addition, while SDC does not want to create a parallel monitoring system, country results frameworks (*e.g.* Burkina Faso and Kyrgyzstan) are not set up to track progress against these goals.

Box 6.1. Highlights of Switzerland's system for managing for results

Switzerland has been strengthening how it plans and manages for results at all levels of its development co-operation. This box presents some of the highlights.

- Switzerland has rolled out results frameworks for all country strategies.
- Annual country results reports provide information for programming and accountability. They serve as a tool for annual planning at the country level. Management responses are required for every report, and SDC commissions an annual independent assessment of the quality of its reports and management responses (Herrmann and Engler/Swiss Confederation, 2013).
- Switzerland's approach to assessing the performance of multilateral organisations receiving core contributions is efficient and rigorous. Switzerland's monitoring instrument assesses the effectiveness of the organisations against their own results piorities, as well as the results Switzerland achieves through dialogue. Management responses are required for the annual reports. Switzerland also supports multilateral organisations' efforts to strengthen their evaluation and results systems.
- A quality assurance network and dedicated training for staff at SDC helps build expertise on results.* Quality assurance focal points have been appointed in programming divisions in SDC and SECO, and in some SDC field offices.
- Regular reality checks are conducted with staff to identify good practices and problems with the results system.

Note: *The budget for this training averaged CHF 250 000 per year between 2010 and 2013.

Monitoring draws on a variety of sources and uses partner country data where possible

Switzerland's approach to results measurement at the country level draws on evaluations and partners' data and systems. Because Switzerland tends to implement activities through stand-alone projects, the monitoring is conducted parallel to rather than through the partner country's monitoring framework. Nevertheless, when Switzerland provides general budget support and engages in joint or sector-wide programmes, it follows good practice by using partner systems and data. In Kyrgyzstan, Switzerland used information from projects that relied on data collected by the government and through other sources such as the World Bank Group's Doing Business reports.

Monitoring individual programme results in fragile contexts

SDC uses the peacebuilding and statebuilding goals as its framework for engaging in fragile states; this is good practice. This framework also includes a description of how SDC will work with internal and external stakeholders. Individual country strategies, and the results sought, are then designed based on specific country contexts. Portfolio and political risks are monitored closely by country offices, providing a useful check in terms of conflict sensitivity and "do no harm" criteria. Programme results are monitored following standard SDC practices.

Evaluation system

Indicator: The evaluation system is in line with the DAC evaluation principles

Switzerland's evaluation system is in line with the DAC evaluation principles. Strategic and thematic evaluations are fully independent from the delivery of development assistance. SDC's four-year rolling evaluation plan is good practice. However, Switzerland could invest more resources in the evaluation system, given the growing aid budget, to promote learning from evaluation and to build the capacity of programme staff on evaluation standards. SDC would like to conduct partner-led and joint evaluations, but limited resources restrain it from doing so.

Clear, up-to-date evaluation policies are in line with DAC principles

Up-to-date evaluation policies at SDC and SECO emphasise organisational learning for strategic guidance and better programme management, as well as accountability (SDC, 2013 and SECO, 2009). In line with DAC guidance, the evaluation policies distinguish between independent evaluations and internal reviews. The most significant changes in Switzerland's evaluation system since 2009 include a shift from a strong accountability focus to one more centred on learning. SDC is piloting a new approach to the evaluation of country strategies: an independent, external evaluator will lead, while SDC staff will participate in the evaluation team to facilitate learning.

Both SDC and SECO have an evaluation unit separate from operations, with dedicated staff. However, staffing resources are limited given the growing aid budget, and the need to strengthen the evaluation culture further and to promote learning from evaluation. SECO has one full-time staff equivalent working on

evaluation, while SDC has four. The evaluation units could also play a more active role in the quality control of evaluations and help build staff capacity on evaluation standards. Both SDC and SECO have inventories of operational evaluations; however, SDC is not yet spot-checking them for their quality.

The evaluation process is independent and impartial

The independence and impartiality of the evaluation process has been strengthened at SECO since the last peer review: its evaluation unit now reports to an external evaluation committee, which reports to SECO's senior management. Feedback from SECO suggests that the external committee gives more weight and credibility than before to the evaluation function within SECO.

SDC has chosen a different model, in which the evaluation division reports directly to the Director-General and is independent from operations. SDC gives clear guidance to programming staff to ensure that project evaluations are impartial, such as ensuring that consultants are independent from operations, and working with a core evaluation group with experts coming from outside.

Multi-year, flexible planning for evaluations is good practice

SDC now prepares a four-year rolling evaluation plan, which gives a good long-term perspective. Planning for the evaluations is also more strategic, as suggested by the 2009 peer review: a draft plan is submitted to the board of directors, and learning needs are discussed during two-day retreats with management to ensure the relevance and usefulness of evaluations for programme management. SECO plans evaluations over a two-year period. It is also positive that SDC and SECO have conducted joint thematic evaluations since 2009; they should continue to work closely on evaluation.

Both SDC and SECO are interested in conducting impact evaluations, but the cost and the need to ensure that an impact evaluation is factored into the design of programmes means they have done only a few. The results of the 2011 impact evaluation commissioned on post-harvest losses had a strategic influence on SDC's global programme on food security.[2]

Scope to conduct more partner led and joint evaluations

Project and country evaluations are undertaken with local consultants, and draft reports are discussed with partners in a spirit of mutual accountability. While SDC is interested in conducting more joint donor and partner led evaluations beyond those that are undertaken when it co-finances activities with other donors, its resources are too limited to do more of them (SDC, 2013). Nevertheless, SDC's rule that project and country evaluations should be undertaken with local consultants can serve to build capacity.

Institutional learning

Indicator: Evaluations and appropriate knowledge management systems are used as management tools

Switzerland uses its evaluations as management tools. Incentives are integrated into the evaluation systems to track the implementation of recommendations and management responses. However, evaluation findings could be disseminated more systematically. SDC's knowledge management system has strengths and weaknesses and would benefit from having a champion in senior management. While the thematic networks which are the essence of SDC's system for organisational learning will be evaluated in 2014, SDC should continue to strengthen its knowledge management systems in the meantime. SECO, which is starting to institutionalise learning, should learn from SDC's experience with knowledge management.

Incentives in feedback mechanisms keep programme managers on their toes

SDC and SECO have put in place sound evaluation feedback mechanisms. Management responses are standard practice for all external and internal evaluations, and incentives are used to ensure that recommendations are implemented. For example, SECO has developed a tracking system and holds annual follow-up meetings with managers.

In an effort to make greater use of evaluation results, SDC and SECO conducted a review of the practical experience of other donors in capitalising on and communicating evaluation results (SDC/SECO, 2012). The findings of this review, as well as lessons and trends emerging from SECO's annual portfolio performance review (based on an assessment of all externally evaluated projects), provide guidance and lessons that should be used by managers (SECO, 2013).[3] At SECO, evaluation staff participate in a project/programme approval committee. This is also a good way to promote learning.

Dissemination of evaluations could be more systematic

While SDC and SECO publish all external evaluations and management responses on their websites, and internationally through the DAC Evaluation Resource Centre (DEReC),[4] SDC is starting to use innovative tools such as social media; evaluations are also disseminated in relevant SDC thematic networks. Operational and internal evaluations are not yet made public, but SDC is building an evaluation database with this in mind. SECO has such a database. All evaluations should be accessible to the public and partners in the spirit of mutual accountability.

The knowledge management system would benefit from having a clear strategy and a champion in senior management

Building and sustaining a knowledge management system that is used as a forward-looking management tool, and building on results and evidence for learning, is challenging for most donors. While SECO is starting to develop an institutional approach to learning, SDC was already a "networked organisation" at the time of the last peer review. As it goes forward, SECO should learn from SDC's experience.

SDC, which has a division dedicated to knowledge and learning processes, relies mostly on its system of thematic networks and focal points for organisational learning. The global programmes, in particular, are meant to serve as the "glue" for sharing knowledge across specific themes (e.g. the global knowledge platform for migration, the Swiss water partnership). Thematic networks feed evidence to global programmes, while several thematic focal points also manage or work for the global programmes.

SDC seems committed to increase the learning impact of thematic networks and will conduct an evaluation of them in 2014. Nevertheless, the last peer review, and a tough evaluation of knowledge management and institutional learning in SDC in 2009, flagged several risks and problems with its knowledge management system which still need to be addressed (OECD, 2009; SDC, 2009). The role of the focal points and network facilitators, especially those that are not connected to global programmes, could be clearer, with appropriate incentives and resources to do their job effectively.[5] SDC should make headway in addressing these challenges, regardless of the planned evaluation in 2014, by communicating a clear strategy and ensuring strong leadership from senior management.

Communication, accountability, and development awareness

Indicator: The member communicates development results transparently and honestly

Switzerland has committed to improve the transparency of how it is working, and what it is achieving, in line with its Busan commitments. However, it can increase transparency further by making a broader range of programme and performance management reports public. SDC and SECO should communicate a clear rationale, vision and strategy for increasing transparency. Regrettably, SDC's capacity to communicate about development co-operation has been weakened at a time when it needs to communicate and engage with Swiss taxpayers more actively on development co-operation, given the growing aid budget, and to have public backing to implement the 2013-16 Dispatch. Switzerland should invest in and plan for strategic communication about development results and challenges for the medium term.

Transparency of Swiss development co-operation can be increased easily

In its development co-operation, Switzerland has committed to implement its Busan commitments on transparency of aid (Chapter 3). SDC and SECO have taken some steps to increase the transparency of how they work and what they are achieving. For example, an overiew of all projects worth over CHF 500 000 approved since mid-2012 can be accessed on SDC's website,[6] SDC/SECO publish a joint annual report on development co-operation, and SECO publishes an annual report on the effectiveness of its economic development co-operation.

SDC and SECO can go further; they would significantly enhance the scope and quality of their transparency and accountability by making available, like other donors, more internal documents[7] which contain a wealth of information that demonstrates how they work and what they achieve. To do this, all that may be required is a change in their institutional culture on transparency.[8] The 2004 (updated 2009) Federal Act on Freedom of Information in the Administration, for example, requires the administration to make all public documents available on request. SDC and SECO should communicate a rationale, vision and strategy for transparency, which could help change the mind-sets of staff and identify risks that need to be managed carefully when opening up Swiss development co-operation to greater public scrutiny. In addition, the SDC and SECO websites may need to be adapted to provide easy access to the information and Switzerland may need to manage risks that internal reporting will become less self-critical.

An urgent need to invest in and plan for strategic communication on development results and challenges

Switzerland still needs to implement the 2009 peer review recommendation to communicate better the impacts of Swiss development activities, to take a longer-term communication vision, and to emphasise that development impacts are achieved in close partnership with other stakeholders. The information unit of the Federal Department of Foreign Affairs (FDFA), in collaboration with SDC and SECO, continues to organise public events, which attract great public interest, and produce newsletters, a magazine and other publications. However, communication about development appears to have been lost within the wider information and media relations work of the FDFA following the 2008 integration of SDC's communication unit into the public communication division for the whole Department. SDC, which has a good track record with regard to strategic communication and activities to build public awareness, has fewer resources and less authority and flexibility to communicate with the media and other audiences about Switzerland's vision for development co-operation, its programmes, results, and the challenges it faces.[9]

While FDFA agrees to and co-ordinates its development information activities with SDC, SDC is not free to communicate in a timely manner (e.g. pre-empting and/or responding to public criticisms) or an innovative one (e.g through social media). In addition, Switzerland's budget for public information and awareness activities has decreased since 2009, especially at SDC.[10] Swiss NGOs and the Advisory Committee for Development Co-operation have criticised the reorganisation of FDFA, which has led to this situation. The Committee has recommended that the Foreign Minister reverse the decision to integrate SDC's communication unit into FDFA's central information unit. Such a reversal would help SDC ensure that taxpayers are well informed about Switzerland's commitments to and achievements in development co-operation.

In building public awareness about development, it is good practice for donors to communicate and engage strategically with a range of target audiences, based on evidence about their level of interest and knowledge about development issues. Doing this effectively requires dedicated, professional resources and the capacity and flexibility to communicate publicly about development needs and results, taking full advantage of new technology. To raise awareness of global public risks and how Switzerland and the international community could mitigate these risks, SDC and SECO should promote and participate in public debate. Switzerland needs to invest in and plan for strategic communication as a matter of priority, and especially as the international community reinvigorates efforts to achieve the Millennium Development Goals and prepares a new set of global goals for post-2015.

Notes

1. Some of the shortcomings identified by Herrmann and Engler (Herrmann and Engler/Swiss Confederation, 2013): management responses do not provide adequate strategic direction; they focus more on the format of reports than on content; the appraisal of the results analysis in the reports was missing; insufficient quantitative information on results and lack of baselines and benchmarks; and demonstration of Swiss contribution to country development results and the relevance of the contribution missing or incomprehensible.
2. The report of the impact evaluation can be downloaded at: http://www.admin.ch/dokumentation/studien/detail/index.html?lang=de&studienid=44.
3. One of the useful recommendations from this effectiveness review is that the Quality and Resources Division in SECO "envisages an exchange of lessons learnt from evaluations within each operational division" (SECO, 2013: 10).
4. See www.oecd.org/derec/switzerland/.
5. SDC is looking at incentives for focal points, such as the possibility to rotate to an interesting country office. A learning incentive for programme managers is to involve them in project contesting/peer reviewing.
6. For SDC's project database, see www.sdc.admin.ch/en/Home/Projects.
7. For example, annual country reports, medium-term programmes by domain in SDC, risk management tools, and SDC's field handbook.
8. The Federal Act on Freedom of Information in the Administration is at www.admin.ch/ch/e/rs/152_3/index.html.
9. Swiss NGOs and previous DAC peer reviews praised SDC for its strategic and dynamic approach to communication in the past.
10. SDC gives CHF 1.4 million of its communication budget to FDFA. CHF 1.2 million is retained at SDC for films, publications and public events. Two members of staff work on communication at SDC. SECO, which has a small communication budget (CHF 200 000 per year), aligns with SDC/FDFA for broader public awareness work. The organisations have a joint service agreement.

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Chapter 7: Switzerland's humanitarian assistance

Strategic framework

Indicator: Clear political directives and strategies for resilience, response and recovery

Switzerland has a strong humanitarian tradition and plays a key role in the international community. Its humanitarian budget is substantial and is locked in until 2016, demonstrating predictability. The Swiss approach to disaster risk reduction – and efforts to join up with climate change adaptation programmes – are progressive; Switzerland's tools could usefully be shared with other DAC donors. There have been efforts to link humanitarian and development programmes to support recovery, but it is Switzerland's flexible funding that is the most useful in this area. Switzerland could do more to exploit its key role in the humanitarian community, especially on issues aligned to its core values such as humanitarian principles and humanitarian space.

Switzerland has a strong humanitarian tradition, but could further exploit its key role in the international community

Switzerland has a strong humanitarian tradition. The Swiss Constitution (Swiss Confederation, 1999) outlines solidarity as a key value. Switzerland is the depository state for the Geneva Conventions,[1] which form the core of international humanitarian law; and Geneva is home to many key UN and NGO humanitarian organisations, as well as the International Red Cross and Red Crescent Movement. Switzerland has also recognised the importance of its own humanitarian assistance, integrating references to humanitarian aid, humanitarian law and human security into its foreign policy (FDFA, 2012).

The framework credit of Swiss humanitarian aid[2] is also part of the 2013-16 Dispatch and its overarching strategy (Swiss Confederation, 2012a), bringing the humanitarian and development assistance strategies together under one strategic framework for the first time (Chapter 2). This common strategy directs Switzerland to focus its humanitarian programme on emergency response; rehabilitation and recovery; prevention and resilience to crises; advocacy and protection of victims; and maintaining a focus on gender issues. The Good Humanitarian Donorship (GHD) principles (GHD, 2003) are referenced in both the Dispatch and the supplementary Multilateral Humanitarian Aid Concept (SDC, 2012a).

However, partners are concerned that Switzerland is not sufficiently exploiting its key position within the humanitarian community, especially in light of growing threats to humanitarian principles and humanitarian space – issues that speak to the core of Switzerland's humanitarian values. Switzerland is encouraged to act on these important issues as it proceeds with its plans (in the current Dispatch) to increase its influence and participation on the international stage.

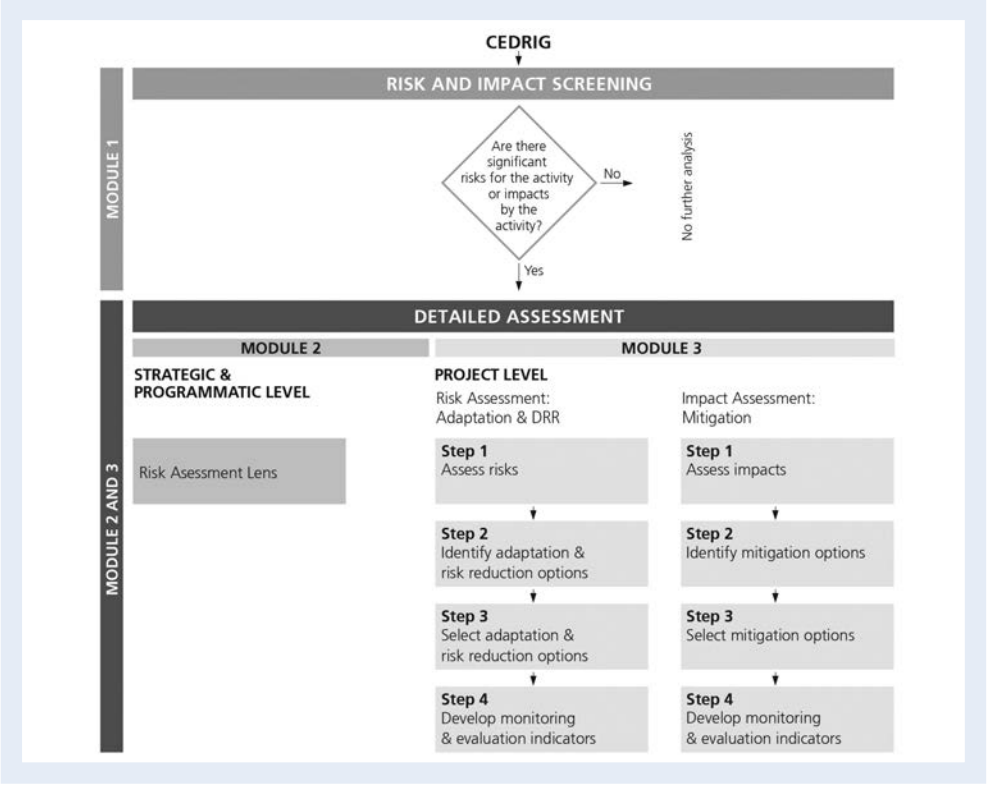
Supporting recovery through stronger links to development and flexible funding conditions

Switzerland is clearly committed to strengthen its approach to recovery, as recommended in the 2009 peer review (OECD, 2009). Concrete efforts have been made to link its humanitarian and development funding baskets. Interestingly, this has worked both ways: recent examples include the humanitarian team handing over disaster recovery programmes to development colleagues in Haiti and Myanmar, and development programmes being handed over to humanitarians following deterioration of the situation in Mali. However, it is Switzerland's flexible and longer-term funding that is key to supporting recovery programming in most settings. Partners confirm that Switzerland's flexibility and predictability allow them to adapt programmes as recovery contexts evolve.

Leadership in disaster risk reduction, increasing links with climate change work

The 2009 peer review recommended that Switzerland maintain a leadership role in disaster risk reduction, and this has been done. Switzerland recognises the importance of integrating risk reduction and climate change components into development and humanitarian programmes, highlighting this concept in the Dispatch and rolling out a new tool called the Climate, Environment and Disaster Risk Reduction Integration Guidance, or CEDRIG[3] (Figure 7.1). Switzerland is encouraged to ensure that CEDRIG is used systematically and to share lessons with other DAC donors, many of which lack concrete guidance in this important area. Switzerland also supports disaster risk reduction programming through multilateral agencies, including the World Bank and the United Nations International Strategy for Disaster Reduction (UNISDR)[4], as well as through stand-alone projects.[5] These projects often support innovative approaches such as SECO's tool to protect national budgets from catastrophic risks, and SDC's support to the African Union's African Risk Capacity index (an index-based risk assessment and early response initiative). Switzerland has also established a disaster risk reduction thematic network, for both staff and partners, as part of its knowledge management efforts (Chapters 4 and 6).

Figure 7.1 Overview of SDC's Climate, Environment and Disaster Risk Reduction Integration Guidance (CEDRIC)



Source: Part II CEDRIG Handbook (SDC,2012c)

Substantial budget allocation to 2016

The Swiss humanitarian programme benefits from a four-year budget allocation (2013-16) totalling CHF 2.025 billion, or 17.8% of Swiss ODA covered by the 2013-16 Dispatch. Additional funds for major crises can be made available by the Federal Council. Some Swiss cantons also provide small grants for humanitarian response. The budget provides sufficient resources for substantial humanitarian programming, with predictability into the medium term. In 2011, Switzerland was the DAC's tenth largest humanitarian donor. A small amount of humanitarian aid remains tied to Swiss dairy products (according to the 2013-16 Dispatch, CHF 20 million per year). Switzerland could consider untying this aid, in line with good practice.

Effective programme design

Indicator: Programmes target the highest risk to life and livelihood

Switzerland's extensive field presence, and its use of cash-based programming, help support beneficiary participation in the programme cycle and increase the power of choice. The duty officer system ensures that early warnings are followed up. If Switzerland is to ensure that its programmes target the highest risk to life and livelihood, and avoid misperceptions about the principled nature of its funding and deployments, it will need to be more transparent about decisions on who, what and where to fund.

Unclear criteria for funding decisions, increasing risks to Swiss humanitarian space

Switzerland's humanitarian budget allocations are made firstly according to "who" and then according to "where" and "what". The Dispatch outlines the budget split, with two-thirds of the budget ring-fenced for multilateral partners and the remainder for bilateral programmes, including NGOs, the Swiss Rescue Chain, and Swiss experts deployed with partner organisations. On the multilateral side, the Dispatch states that funding to the International Committee of the Red Cross (ICRC), the UN Office for Coordination of Humanitarian Affaris (OCHA), the UN High Commissioner for Refugees (UNHCR), the UN Children's Fund (UNICEF), the World Food Programme (WFP), the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the UN Office for Disaster Risk Reduction (UNISDR)[6] will be prioritised, although it is not clear how the selection criteria were applied, how the budget will be carved up among them, or how country or regional operations should be targeted for earmarking.[7] Partners confirm that they are unclear on SDC's allocation criteria, noting only that funding allocations have remained reasonably stable over time.

There are also no clear criteria to guide Switzerland's bilateral allocations. Swiss staff confirm that bilateral funding and deployment decisions are context-specific, and that they take into account priorities outlined in UN and Red Cross movement appeals, information received from colleagues in the field, the intentions of other donors, and the affected country's capacity to respond. While there is no evidence of inappropriate decisions being made, this system means that Swiss allocations (and decisions to deploy Swiss nationals) are opaque to outsiders.

If Switzerland is to avoid misperceptions about the principled nature of its humanitarian assistance and pro-actively safeguard its enviable humanitarian space, it should consider developing and publishing criteria for its funding decisions, as well as demonstrating how those criteria have been applied in practice. Clear criteria will also help ensure that Swiss interventions consistently add value, and help demonstrate that Swiss humanitarian decisions continue to be free from any potential political influences.

Crisis warnings are acted upon

The Swiss team in Bern operates a duty officer system with a dedicated emergency telephone service for sudden-onset crises. Swiss embassy staff receive training on who to notify in a crisis. Each call to the duty officer, either from the field or from third-party monitoring organisations, activates the operations centre, where decisions on the size and scope of the response (if any) are made.

Field presence and use of cash programming help increase beneficiary participation

Two main factors encourage greater participation by beneficiaries in the programme cycle: Swiss field presence, and cash programming. Swiss humanitarian staff are often deployed to the field, allowing regular contact with affected communities and ensuring that partner organisations include the views of beneficiaries in their programme assessments, design and monitoring. Cash transfer programming[8] (favoured by the Swiss) is also useful. It provides beneficiaries with the power of choice, and therefore promotes programming responses that are closer to the needs and wishes of affected communities.[9]

Effective delivery, partnerships and instruments

Indicator: Delivery modalities and partnerships help deliver quality assistance

Switzerland is a predictable and flexible donor, with a highly respected and rapidly deployable toolbox for sudden-onset and escalating emergency situations. For these reasons, it is also a valued and strategic partner to NGOs and multilateral agencies. Switzerland could usefully review its bilateral interventions in protracted crises, and the wide range of its tools for rapid response, and focus on where it has a clear comparative advantage.

Predictable and flexible funding for protracted crises

Switzerland is appreciated for its predictable and flexible funding for protracted crises. Five multilateral partners receive core funding under agreements covering between two and four years,[10] supplemented by earmarks to country or regional responses; two other UN agencies receive thematic core funding.[11] Five Swiss NGOs[12] also receive core funding under four-year framework agreements; this is progressive for a humanitarian donor. The humanitarian programme can make use of development funds in some situations (e.g. in Zimbabwe) where the Swiss prefer to work through humanitarian partners. Switzerland adds value to its investments in protracted crises through pro-active advocacy, and will prioritise the protection of civilians, defending humanitarian principles and promoting humanitarian access in the period 2013-16 (Switzerland, 2013).

On the bilateral side, Switzerland deploys Swiss humanitarian aid experts to support multilateral agencies, with around 35 functional-technical experts (FTEs) deployed in 2012 at any one time over a diverse range of disciplines.[13] Unusually for a DAC humanitarian donor, SDC also supports bilateral programming and deployments in protracted crisis situations, but this has been controversial. Some partners are concerned that Switzerland's directly implemented programmes

are not always clearly complementary to other multilateral and NGO efforts. It was beyond the scope of this peer review to examine this issue; however, complementarity could be usefully included in any future criteria for Swiss bilateral programmes.

A highly respected rapid response toolbox

Switzerland has a highly respected, rapidly deployable toolbox for sudden-onset and escalating emergency situations. Tools include:

- Swiss Rescue Chain – military personnel used for search and rescue, and other immediate response tasks;[14]
- Rapid response teams – Swiss staff deployed to assess and monitor crises;
- Additional emergency funding grants to multilateral and NGO partners;
- In-kind material, from logistics warehouses in Switzerland;[15]
- Secondments of experts through the Swiss Humanitarian Aid Unit (SHA) (Section 7.3.1);
- Regular funding to the UN's global rapid response mechanism, the Central Emergency Response Fund (CERF);[16]
- Mandatory training in crisis response for all Swiss embassy staff, including ambassadors, and in-house training in numerous other aspects of crisis response.

Partners appreciate the pro-active nature of emergency funding, and the timeliness of the overall response. The head of the humanitarian branch has a special mandate to decide how (and if) Switzerland should respond to emergencies, ensuring that decisions can be taken quickly. Secondments of Swiss experts to partner organisations are also widely valued, as the 2011 evaluation of SDC's Emergency Relief found, noting that secondments were generally prompt, appropriate and of good professional quality (SDC, 2011b). Switzerland has expressed regret about the difficulty of recruiting more experts, which it attributes to a tight Swiss labour market.[17] Considering other pools of talent, such as focusing on newly retired people, could therefore be useful.

Overall, the 2011 evaluation concluded that the current rapid response toolbox was better adapted to sudden and major disasters than to other crises. The evaluation also questioned the usefulness of the search and rescue mechanism, which it recommended that Switzerland "recalibrate"[18] although senior management disagreed (SDC, 2011b). Perhaps a more useful recommendation, given the wide range of tools available, would be that Switzerland reflect on its comparative advantage and on cost-benefit in rapid response, and that it concentrate its attention on areas where it can most clearly add value.

A highly valued humanitarian partner

Switzerland is a highly valued partner for both NGOs and multilateral agencies. As noted earlier, funding is mostly flexible and timely. Switzerland is more predictable than most other DAC donors, with many operational partners being given funding visibility out four years. The administrative burden imposed by the Swiss is also widely considered appropriate. Switzerland uses its Core Contributions Management (CCM) tool to ensure added value in its relationships with multilateral partners, which is good practice.

The shift to strategic agreements and core funding has led to a more strategic relationship with partners, enabling discussions to move beyond funding negotiations. Partners have confirmed that Switzerland listens to (and acts on) their input on thematic issues and concerns related to specific crises – although they felt that this is more systematic in Bern than in the field. However, a number of partners felt that Switzerland could convene all its partners from time to time to discuss pressing issues (including new crises and thematic issues) rather than holding discussions with individual organisations or groups of similar organisations. This may be something for Switzerland to consider in the future.

Interaction with other donors

Switzerland continues to be an active member of the Good Humanitarian Donorship initiative, acting as chair in 2010/11. It also hosts donor briefings on new and evolving crises, as well as emerging humanitarian issues, and supports outreach efforts to newer donors such as Indonesia, the Philippines, Turkey and the Organisation of Islamic States (SDC/SECO, 2013).

Organisation fit for purpose

Indicator: Systems, structures, processes and people work together effectively and efficiently

Switzerland takes a pragmatic approach to co-ordinating across government on humanitarian issues, working with different branches of government and other parts of foreign affairs on policy areas. Although no safeguards are in place, there seems little risk that military assets will be used inappropriately. Switzerland's operational model demands high staffing levels. Switzerland also benefits from an extensive humanitarian field presence.

Co-ordination across government is pragmatic and issue-specific

There is cross-government collaboration on thematic issues, including migration (on which SDC works with the Federal Department of Justice and Police); international humanitarian law (on which there is collaboration with the Directorate of International Law within the Federal Department of Foreign Affairs, FDFA); and on security and civil defence policy with the Federal Department of Defence, Civil Protection and Sports. Overall humanitarian policy issues are co-ordinated with the Human Security Division of FDFA, and the head of the humanitarian branch of SDC maintains a seat on SDC's board of directors, helping drive coherent policy making across the organisation. The inclusion of humanitarian issues in country strategies and Swiss field operations is context-specific, ranging from a fully integrated team in North Africa (Chapter 1) to a shared country strategy in the Palestinian Territory. Humanitarian risks are also mentioned in country strategies where operations are dominated by development programming, such as in Nepal. In this way Switzerland rightly takes a pragmatic approach to joined-up programming, focusing on using the best humanitarian or development tools for the problem at hand.

Co-ordination with the military is appropriate

The previous peer review noted that Swiss defence personnel have a profound respect for humanitarian principles – and this remains the case. Switzerland has not yet elaborated criteria for enforcing the "last resort" principle,[19] the basis on which military assets should be used to support humanitarian response. However, most military deployments to support humanitarian responses are made through the Swiss Rescue mechanism under clear civilian command structures, significantly limiting the risk that military assets will be used inappropriately.

High staffing levels and strong field presence

Switzerland's operational model requires a more hands-on approach, and thus the Swiss system has considerably higher staffing levels than is usual for other donors of similar size. Indeed, the current budgetary cap on administrative costs (Chapter 4) allows for 93 full-time equivalent humanitarian staff in headquarters, with an additional 74 staff deployed to Swiss co-operation offices in the field (of which about 20% are expatriates).[20] Switzerland believes this strong field presence improves the monitoring of partner activity, and that it promotes closer links with development colleagues and programmes. Partners appreciate the low

staff turnover rate, which ensures that staff have a good understanding of both humanitarian issues and how key partners operate. However, high staff levels do mean higher administrative costs – and this should be factored into Switzerland's analysis of its comparative advantage and cost-benefit ratio.

Results, learning and accountability

Indicator: Results are measured and communicated, and lessons learnt

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, as Switzerland's current targets and indicators do not focus clearly on outcomes and impact.

Switzerland monitors its own performance, but not yet its impact

The 2009 peer review recommended that Switzerland embed a culture of results into its humanitarian action. This recommendation has been fully implemented for multilateral assistance, but not yet for other aspects of the Swiss humanitarian programme. Swiss humanitarian assistance is monitored using the same system as SDC's development programmes (Chapter 6), supplemented by formal evaluations. However, measuring the outputs or impact of the wider humanitarian programme might be challenging, as the indicators set out in the Dispatch are not focused on outcomes (often focusing on measuring the number of organisations, or affected people, which have been supported).

Partner programmes are systematically monitored

Monitoring of partner activity is based on a system of mutual accountability for core multilateral partners, and annual reporting, strategic dialogue and field monitoring for NGOs and other partners. The Core Contributions Management (CCM) tool is used to monitor the progress of key multilateral partners; this includes an appraisal of Switzerland's contribution to the multilateral partner's performance, following up on the objectives set out in the Multilateral Humanitarian Aid Concept (SDC, 2012a). Switzerland's extensive field presence plays a significant role in partner monitoring, collecting first-hand evidence to feed in to UN agency boards and to verify the information provided by other partners in annual reports.

Humanitarian activities are reported

A description of humanitarian activities and funding allocations appears in the 2012 Annual Report on Swiss international co-operation (SDC/SECO, 2012).

Notes

1. The Geneva Conventions of 1949 and their Additional Protocols are available at www.icrc.org/eng/war-and-law/treaties-customary-law/geneva-conventions/index.jsp.
2. The correct title for the humanitarian budget line is the "Framework credit Humanitarian Aid and Swiss Humanitarian Aid Unit SHA".
3. CEDRIG is an approach to support SDC staff and their project partners in analysing whether existing and planned co-operation strategies, programmes and projects are at risk from disasters emanating from climate variability, climate change, environmental degradation and/or tectonic activities, as well as whether they have an impact on greenhouse gas (GHG) emissions and/or the environment (www.sdc-drr.net/cedrig).
4. The World Bank's Global Facility for Disaster Reduction and Recovery (GFDRR) and the United Nations Office for Disaster Reduction (UNISDR).
5. Other examples of Switzerland's support to disaster risk reduction, including from Armenia, Bangladesh, Georgia, Nicaragua, Peru and Tajikistan, can be found in SDC (2011), *Disaster Risk Reduction in International Cooperation*, SDC, Bern, and at www.sdc-drr.net.
6. Historically, ICRC has obtained around half the multilateral allocations (or around one-third of the total humanitarian budget).
7. The Swiss Multilateral Aid Concept outlines the following criteria for multilateral organisations: mandate of the organisation; respect for humanitarian principles; institutional role of the organisation in the humanitarian system; networks and forums; capacities for delivering protection and assistance to people in need; and acceptance in the field (Switzerland, 2013).
8. More on SDC's Cash Transfer programmes can be found at www.sdc-cashprojects.ch/en/Home/About_Cash_Transfers.
9. In the Lebanon programme, for example, beneficiary communities told the Swiss they wanted to reduce the size of the cash allocation to each family so that more families could benefit from the programme.
10. International Committee of the Red Cross (ICRC), United Nations Office for the Co-ordination of Humanitarian Affairs (OCHA), United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF) and World Food Programme (WFP).
11. United Nations Office for Disaster Reduction (UNISDR) and United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA).
12. Caritas, Fondation Terre des Hommes, Swiss InterChurch Aid (HEKS), Médecins sans frontières and Fondation Hirondelle.
13. Swiss experts are deployed in the following fields: Co-ordination/Administration, Construction, Logistics/Support, Water and Environmental Sanitation, Environment and Disaster Risk Reduction (DRR), Rescue (military personnel), Medical, Security, Information and Telecommunications.
14. SDC's Humanitarian Assistance teams are ISO 9001 certified (will be renewed in 2013) and INSARAG classified (to 2014).
15. The warehouses carry stock for 10 000 people and deployment kits for rapid response teams.
16. Switzerland contributes between USD 4 and 7 million to the CERF each year.
17. Swiss labour laws complicate the recruitment of non-Swiss experts.
18. Search and Rescue has not been deployed since 2009. It costs around CHF 1 million per year to maintain this tool.

19. The 1994 Guidelines on the Use of Military and Civil Defence Assets in Disaster Relief (the "Oslo Guidelines"), as updated, and the 2003 Guidelines on the Use of Military and Civil Defence Assets to Support United Nations Humanitarian Activities in Complex Emergencies.

20. Note that these are numbers of staff who manage the humanitarian budget, not the Swiss experts who have also been deployed to the field through partner organisations. Figures are valid at 5 June 2013.

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Annex A: Progress since the 2009 DAC peer review recommendations

Key Issues: Strategic orientations

Recommendations 2009	Progress in implementation
State more explicitly that poverty reduction, including equity and sustainability, is the overarching goal for all Swiss development co-operation.	Implemented
Reduce further the number of themes and integrate cross-cutting issues into the aid programme.	Partially implemented
Reinforce public and political support for development co-operation by communicating better the impacts of Swiss development activities, taking a longer-term vision and emphasising that these impacts are usually achieved most effectively in close partnership with other stakeholders.	Partially implemented

Key Issues: Development beyond aid

Recommendations 2009	Progress in implementation
Ensure that development concerns are heard in government and parliamentary decision-making processes, and that good use is made of inter-departmental agreements to promote development concerns in domestic and foreign policies. Identify and establish a high-level institutional mechanism for this purpose with the capacity to arbitrate when there are conflicting interests.	Implemented
Improve the measurement, monitoring and reporting of impact of Switzerland's domestic and foreign policies on its development efforts and results, using internal and external expertise and experience.	Partially implemented

Key Issues: Aid volume, channels and allocations

Recommendations 2009	Progress in implementation
Adopt the 0.5% ODA/GNI by 2015 target with a commitment to increase programmable aid. Once this target is reached, Switzerland should consider setting as a new target the UN 0.7% goal.	Implemented
Concentrate geographical and thematic priorities of its programme further, considering the international division of labour called for in Accra, and the importance of funding the most effective niche.	Not implemented
Develop a more strategic, transparent and standardised approach to NGOs, research institutions and other partners at headquarters and in the field.	Partially implemented

Key Issues: Organisation and management

Recommendations 2009	Progress in implementation
Monitor the impact of SDC's reorganisation and make sure it maintains appropriate thematic expertise, provides enough guidance and applies it throughout the organisation. The new focal points and networks should be given clear objectives and adequate resources, and their achievements should be monitored to ensure that objectives are met.	Implemented
Increase co-ordination across government on engagement in fragile states and ensure that sufficient capacity is maintained in this area.	Implemented
Be more strategic about staff management, including for locally-recruited staff, to ensure that the mix of staff skills matches Switzerland's new strategic orientation.	Partially implemented
Pursue a more systematic approach to managing for development results, including using evaluation as a forward-looking management tool in order to be able to use evaluations to improve priority setting and programming in the future.	Implemented

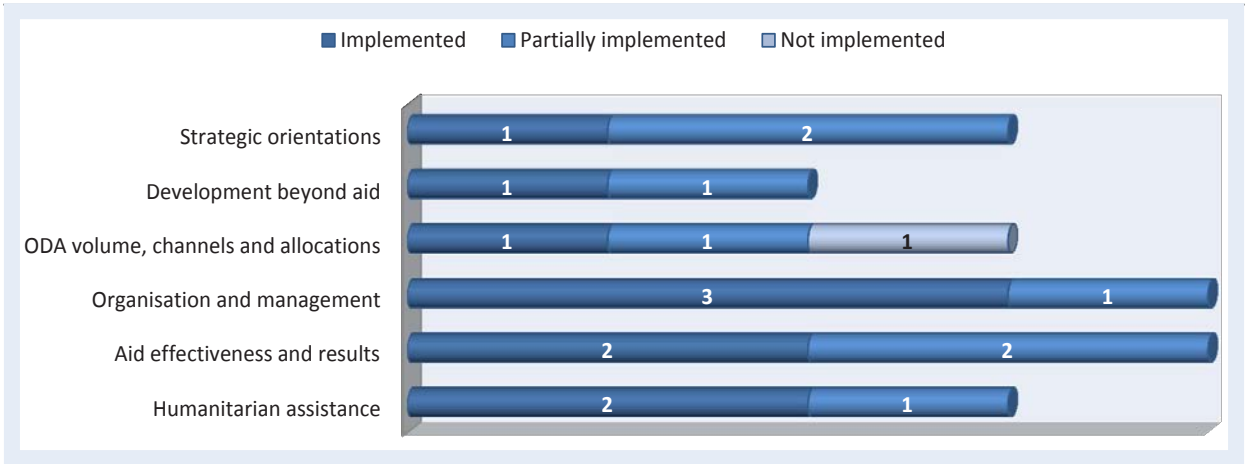
Key Issues: Aid effectiveness and results

Recommendations 2009	Progress in implementation
Develop and implement consistent Accra Agenda Action plans to enable SDC and SECO to mainstream appropriate procedures and incentives within the system. These should include a roadmap with clear indicators and targets to guide country offices, especially for increasing the use of country systems, mainstreaming capacity development, and enabling Switzerland to monitor Accra Agenda implementation.	**Partially implemented**
Maintain a variety of aid instruments and modalities, including budget support, to move further towards sector-wide and programme approaches, regardless of which institution manages the programme.	**Partially implemented**
Formulate a joint approach to environment and climate change, building on positive work on sustainable development and environment. Make explicit the requirements aid programmes need to fulfil with respect to environment and climate change.	**Implemented**
Ensure that Switzerland's engagement in international negotiations on climate change and environment continues to benefit from the knowledge gained in development co-operation, and *vice versa*.	**Implemented**

Key Issues: Humanitarian Assistance

Recommendations 2009	Progress in implementation
To consolidate its leading role as a good humanitarian donor, Switzerland should continue to: Draw on its experiences to support international efforts to bridge humanitarian action and long-term development aid. In this context, Switzerland should maintain a leadership role in promoting disaster risk reduction approaches within development co-operation. However, in taking these initiatives, Switzerland should be careful to preserve the essential characteristics of humanitarian action.	Partially implemented
Enhance bilateral humanitarian action by strengthening further the provisions of SDC Code of Conduct related to the participation of, and accountability to, humanitarian beneficiaries. It should also expand the gender toolkit to provide guidance on monitoring and evaluating the gender dimensions of humanitarian action.	Implemented
Ensure that the emerging culture of results within SDC is also embedded in Swiss humanitarian action. In particular, The SDC-HA Conceptual Framework for Multilateral Commitment would benefit from measureable indicators.	Implemented

Figure A.1 Switzerland's implementation of 2009 peer review recommendations



Annex B: OECD statistics on official development assistance

Table B.1 Total financial flows

USD million at current prices and exchange rates

Switzerland	1997-2001	2002-2006	2007	2008	2009	2010	2011
							Net disbursements
Total official flows	**932**	**1 444**	**1 685**	**2 038**	**2 310**	**2 300**	**3 051**
Official development assistance	**918**	**1 440**	**1 685**	**2 038**	**2 310**	**2 300**	**3 051**
Bilateral	642	1 111	1 263	1 550	1 751	1 712	2 373
Multilateral	276	329	422	487	559	588	678
Other official flows	**14**	**4**	**-**	**-**	**-**	**-**	**-**
Bilateral	14	4	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Net Private Grants	**113**	**307**	**294**	**398**	**357**	**414**	**466**
Private flows at market terms	**531**	**3 627**	**3 847**	**9 810**	**6 186**	**20 731**	**8 448**
Bilateral: *of which*	727	4 013	4 680	10 083	4 725	20 389	8 448
Direct investment	994	4 231	4 678	10 755	5 317	20 366	8 724
Export credits	245	- 218	3	- 671	- 593	23	- 276
Multilateral	- 195	- 386	- 833	- 274	1 462	342	-
Total flows	**1 577**	**5 378**	**5 825**	**12 246**	**8 853**	**23 444**	**11 965**
for reference:							
ODA (at constant 2011 USD million)	*1 815*	*2 291*	*2 350*	*2 527*	*2 844*	*2 710*	*3 051*
ODA (as a % of GNI)	*0.32*	*0.38*	*0.37*	*0.42*	*0.44*	*0.39*	*0.45*
Total flows (as a % of GNI) (a)	*0.56*	*1.41*	*1.28*	*2.53*	*1.69*	*4.02*	*1.76*
ODA to and channelled through NGOs							
- In USD million	113	245	394	296	355	488	596
- In percentage of total net ODA	12	17	23	15	15	21	20
- DAC countries' average % of total net ODA	*6*	*8*	*7*	*6*	*8*	*9*	*13*

a. To countries eligible for ODA.

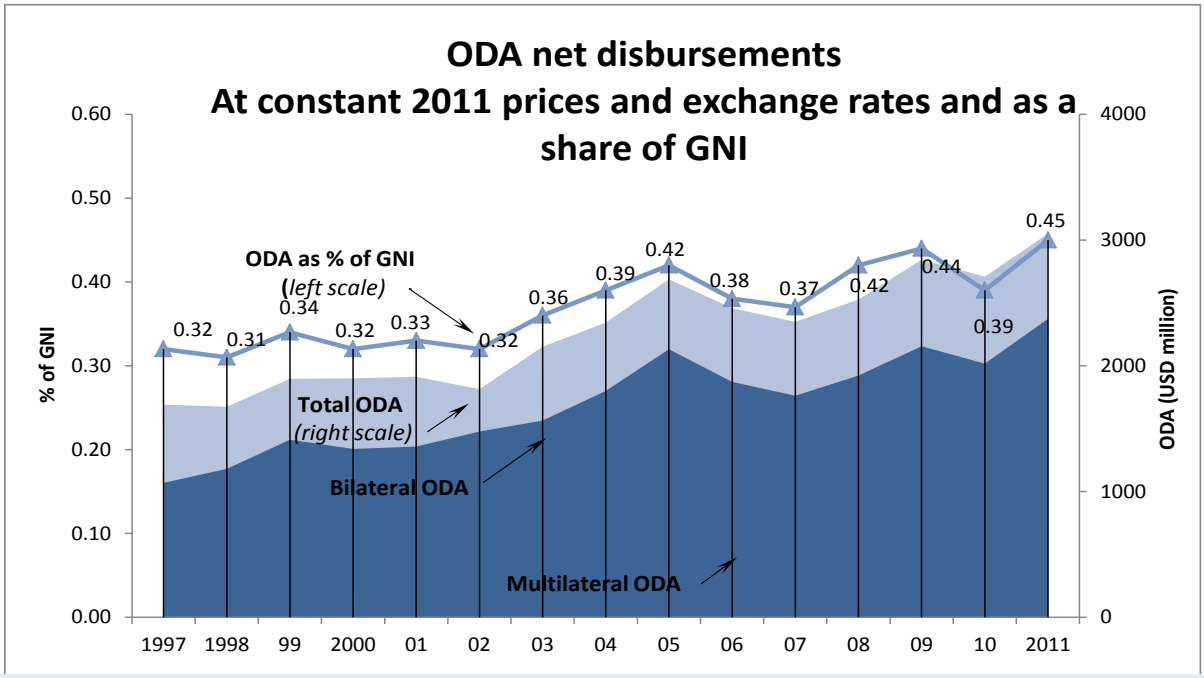
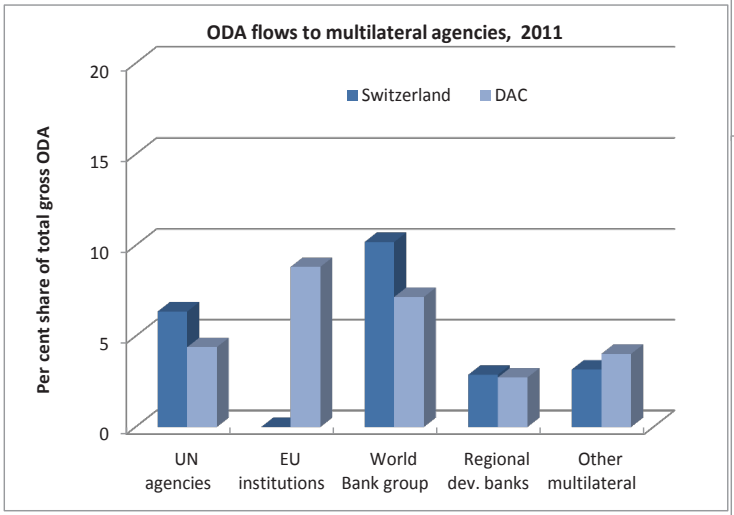
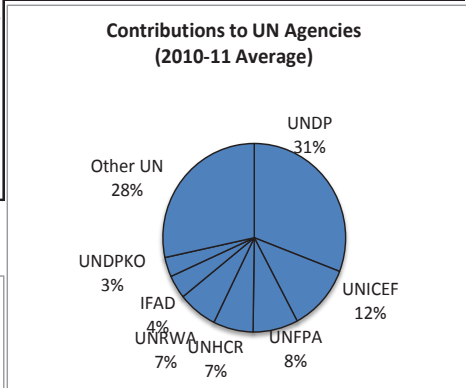


Table B.2 ODA by main categories

Disbursements

Switzerland	Constant 2011 USD million					Per cent share of gross disbursements					Total DAC 2011%
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
Gross Bilateral ODA	**1 778**	**1 937**	**2 168**	**2 036**	**2 401**	**75**	**76**	**76**	**75**	**77**	**73**
General budget support	47	41	41	34	27	2	2	1	1	1	1
Core support to national NGOs	84	81	86	104	106	4	3	3	4	3	1
Investment projects	110	62	88	58	163	5	2	3	2	5	14
Debt relief grants	89	123	201	36	78	4	5	7	1	3	5
Administrative costs	151	175	200	146	232	6	7	7	5	7	4
Other in-donor expenditures	225	335	431	445	553	9	13	15	16	18	3
Gross Multilateral ODA	**588**	**605**	**689**	**692**	**702**	**25**	**24**	**24**	**25**	**23**	**27**
UN agencies	183	195	194	198	197	8	8	7	7	6	4
EU institutions	-	-	-	-	-	-	-	-	-	-	9
World Bank group	233	231	319	319	316	10	9	11	12	10	7
Regional development banks	82	73	82	81	89	3	3	3	3	3	3
Other multilateral	90	106	95	94	98	4	4	3	3	3	4
Total gross ODA	**2 366**	**2 542**	**2 857**	**2 728**	**3 103**	**100**	**100**	**100**	**100**	**100**	**100**
Repayments and debt cancellation	**- 16**	**- 14**	**- 12**	**- 19**	**- 52**						
Total net ODA	**2 350**	**2 527**	**2 844**	**2 710**	**3 051**						
For reference:											
Free standing technical co-operation	*232*	*195*	*217*	*190*	*163*						
Net debt relief	*89*	*123*	*201*	*36*	*78*						
Imputed student cost	*2*	*2*	*-*	*-*	*-*						
Refugees in donor countries	*213*	*323*	*420*	*431*	*537*						





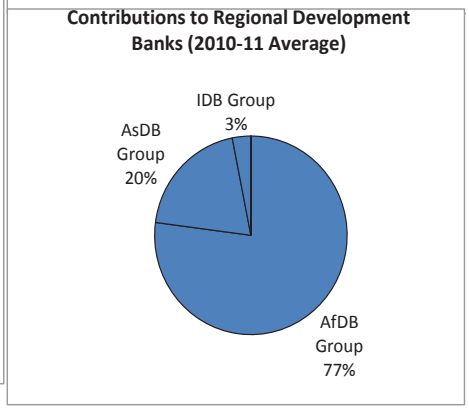
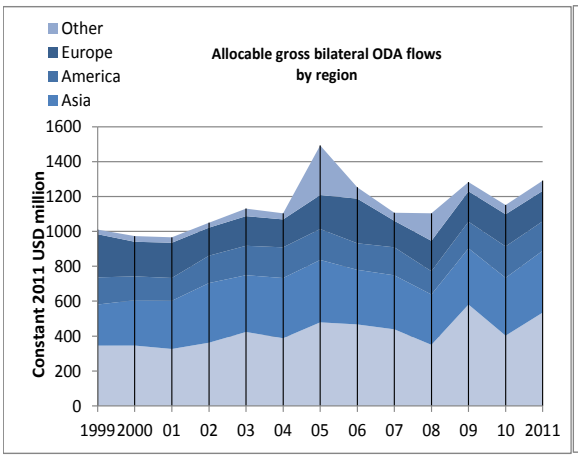
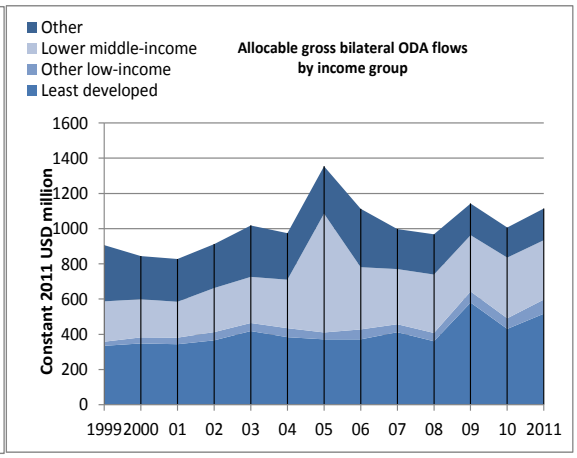


Table B.3 Bilateral ODA allocable by region and income group

Gross disbursements

Switzerland	Constant 2011 USD million					Per cent share					Total DAC
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2011%
Africa	439	350	581	403	535	40	32	45	35	41	**44**
Sub-Saharan Africa	416	322	550	379	465	38	29	43	33	36	**39**
North Africa	18	9	18	15	41	2	1	1	1	3	**4**
Asia	309	288	322	331	354	28	26	25	29	27	**33**
South and Central Asia	224	204	224	211	229	20	18	17	18	18	**20**
Far East	80	81	93	105	117	7	7	7	9	9	**12**
America	161	133	153	180	169	15	12	12	16	13	**11**
North and Central America	76	58	50	91	77	7	5	4	8	6	**5**
South America	81	69	99	84	83	7	6	8	7	6	**5**
Middle East	46	158	52	53	58	4	14	4	5	5	**6**
Oceania	0	0	1	0	0	0	0	0	0	0	**2**
Europe	152	174	174	184	174	14	16	14	16	13	**4**
Total bilateral allocable by region	**1 107**	**1 104**	**1 283**	**1 151**	**1 291**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	412	360	580	431	517	41	37	51	43	46	**43**
Other low-income	45	47	63	60	81	5	5	6	6	7	**5**
Lower middle-income	313	332	320	345	337	31	34	28	34	30	**34**
Upper middle-income	227	228	180	171	180	23	24	16	17	16	**18**
More advanced developing countries	0	0	0	0	-	0	0	0	0	-	**-**
Total bilateral allocable by income	**997**	**968**	**1 142**	**1 006**	**1 114**	**100**	**100**	**100**	**100**	**100**	**100**
For reference:											
Total bilateral	1 778	1 937	2 168	2 036	2 401	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*671*	*833*	*885*	*885*	*1 111*	*38*	*43*	*41*	*43*	*46*	***23***
of which: Unallocated by income	*780*	*969*	*1 025*	*1 030*	*1 287*	*44*	*50*	*47*	*51*	*54*	***30***





1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.

Table B.4 Main recipients of bilateral ODA

Gross disbursements

Switzerland	2000-04 average			Memo:		2005-09 average			Memo:		2010-11 average			Memo:
	Current USD million	Constant 2011 USD mln	Per cent share	*DAC countries' average %*		Current USD million	Constant 2011 USD mln	Per cent share	*DAC countries' average %*		Current USD million	Constant 2011 USD mln	Per cent share	*DAC countries' average %*
Serbia	40	72	5		Iraq	53	75	4		Kosovo	56	61	3	
Mozambique	24	44	3		Serbia	52	74	4		Togo	39	39	2	
India	23	43	3		Togo	32	40	2		Nepal	34	37	2	
Tanzania	20	36	2		Tanzania	26	35	2		Mozambique	30	33	1	
Burkina Faso	16	29	2		Mozambique	24	33	2		Burkina Faso	29	32	1	
Top 5 recipients	**124**	**226**	**15**	**38**	**Top 5 recipients**	**187**	**257**	**13**	**35**	**Top 5 recipients**	**188**	**201**	**9**	**32**
Bolivia	14	25	2		Burkina Faso	21	29	1		Bangladesh	27	29	1	
Nepal	14	25	2		Vietnam	21	28	1		Bolivia	26	28	1	
Bosnia-Herzegovina	13	25	2		Nigeria	20	31	1		Tanzania	24	26	1	
Vietnam	13	24	2		Nepal	20	27	1		West Bank & Gaza Strip	24	26	1	
Bangladesh	13	24	2		Afghanistan	18	25	1		Vietnam	24	26	1	
Top 10 recipients	**190**	**348**	**23**	**48**	**Top 10 recipients**	**287**	**397**	**20**	**48**	**Top 10 recipients**	**312**	**334**	**15**	**41**
Peru	12	22	1		Pakistan	18	25	1		Bosnia-Herzegovina	23	25	1	
Afghanistan	12	21	1		West Bank & Gaza Strip	18	24	1		Mali	22	24	1	
China	11	21	1		Bosnia-Herzegovina	18	24	1		Peru	21	23	1	
States Ex-Yugoslavia	11	23	1		India	18	25	1		Pakistan	21	23	1	
Pakistan	11	20	1		Bangladesh	17	23	1		Afghanistan	21	22	1	
Top 15 recipients	**248**	**455**	**30**	**55**	**Top 15 recipients**	**376**	**518**	**26**	**56**	**Top 15 recipients**	**421**	**452**	**20**	**49**
Congo, Dem. Rep.	10	18	1		Peru	17	23	1		Laos	20	22	1	
Nicaragua	10	18	1		Bolivia	16	22	1		Kyrgyz Republic	20	22	1	
Tajikistan	10	17	1		Nicaragua	15	21	1		Haiti	20	22	1	
West Bank & Gaza Strip	9	17	1		Chad	14	19	1		Niger	19	21	1	
Kyrgyz Republic	9	17	1		Sudan	13	18	1		Nicaragua	19	20	1	
Top 20 recipients	**296**	**541**	**35**	**62**	**Top 20 recipients**	**451**	**620**	**31**	**61**	**Top 20 recipients**	**520**	**559**	**25**	**55**
Total (118 recipients)	**514**	**938**	**61**		**Total (123 recipients)**	**812**	**1 115**	**56**		**Total (114 recipients)**	**984**	**1 060**	**48**	
Unallocated	325	579	39	17	Unallocated	642	868	44	22	Unallocated	1 081	1 158	52	31
Total bilateral gross	**839**	**1 518**	**100**	**100**	**Total bilateral gross**	**1 455**	**1 983**	**100**	**100**	**Total bilateral gross**	**2 065**	**2 219**	**100**	**100**

Table B.5 Bilateral ODA by major purposes

at constant 2011 prices and exchange rates

Commitments - Two-year averages

Switzerland	2000-2004 average		2005-09 average		2010-11 average		2010-11
	2011 USD million	Per cent	2011 USD million	Per cent	2011 USD million	Per cent	Total DAC per cent
Social infrastructure & services	**290**	**22**	**424**	**24**	**649**	**28**	**39**
Education	63	5	64	4	67	3	8
of which: basic education	21	2	11	1	24	1	2
Health	60	4	59	3	60	3	5
of which: basic health	41	3	31	2	41	2	3
Population & reproductive health	4	0	4	0	22	1	7
Water supply & sanitation	48	4	53	3	195	8	5
Government & civil society	105	8	226	13	285	12	13
of which: Conflict, peace & security	-	-	93	5	101	4	2
Other social infrastructure & services	10	1	18	1	21	1	3
Economic infrastructure & services	**124**	**9**	**129**	**7**	**181**	**8**	**16**
Transport & storage	29	2	18	1	21	1	6
Communications	0	0	2	0	0	0	0
Energy	12	1	22	1	39	2	7
Banking & financial services	54	4	65	4	105	5	2
Business & other services	29	2	22	1	15	1	1
Production sectors	**125**	**9**	**144**	**8**	**206**	**9**	**8**
Agriculture, forestry & fishing	74	5	88	5	117	5	5
Industry, mining & construction	27	2	25	1	42	2	1
Trade & tourism	25	2	30	2	46	2	1
Multisector	**342**	**25**	**233**	**13**	**249**	**11**	**12**
Commodity and programme aid	**78**	**6**	**46**	**3**	**9**	**0**	**3**
Action relating to debt	**17**	**1**	**180**	**10**	**57**	**2**	**4**
Humantarian aid	**242**	**18**	**238**	**13**	**322**	**14**	**9**
Administrative costs of donors	**36**	**3**	**137**	**8**	**171**	**7**	**5**
Refugees in donor countries	**90**	**7**	**270**	**15**	**484**	**21**	**3**
Total bilateral allocable	**1 344**	**100**	**1 801**	**100**	**2 328**	**100**	**100**
For reference:							
Total bilateral	*1 518*	*76*	*1 983*	*73*	*2 479*	*77*	*74*
of which: Unallocated	*173*	*9*	*181*	*7*	*151*	*5*	*1*
Total multilateral	*491*	*24*	*736*	*27*	*738*	*23*	*26*
Total ODA	***2 009***	***100***	***2 719***	***100***	***3 216***	***100***	***100***

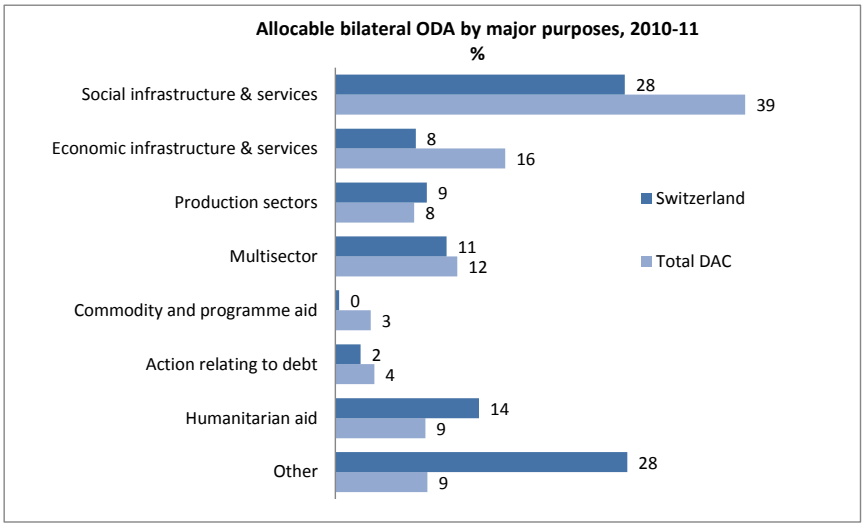


Table B.6 Comparative aid performance

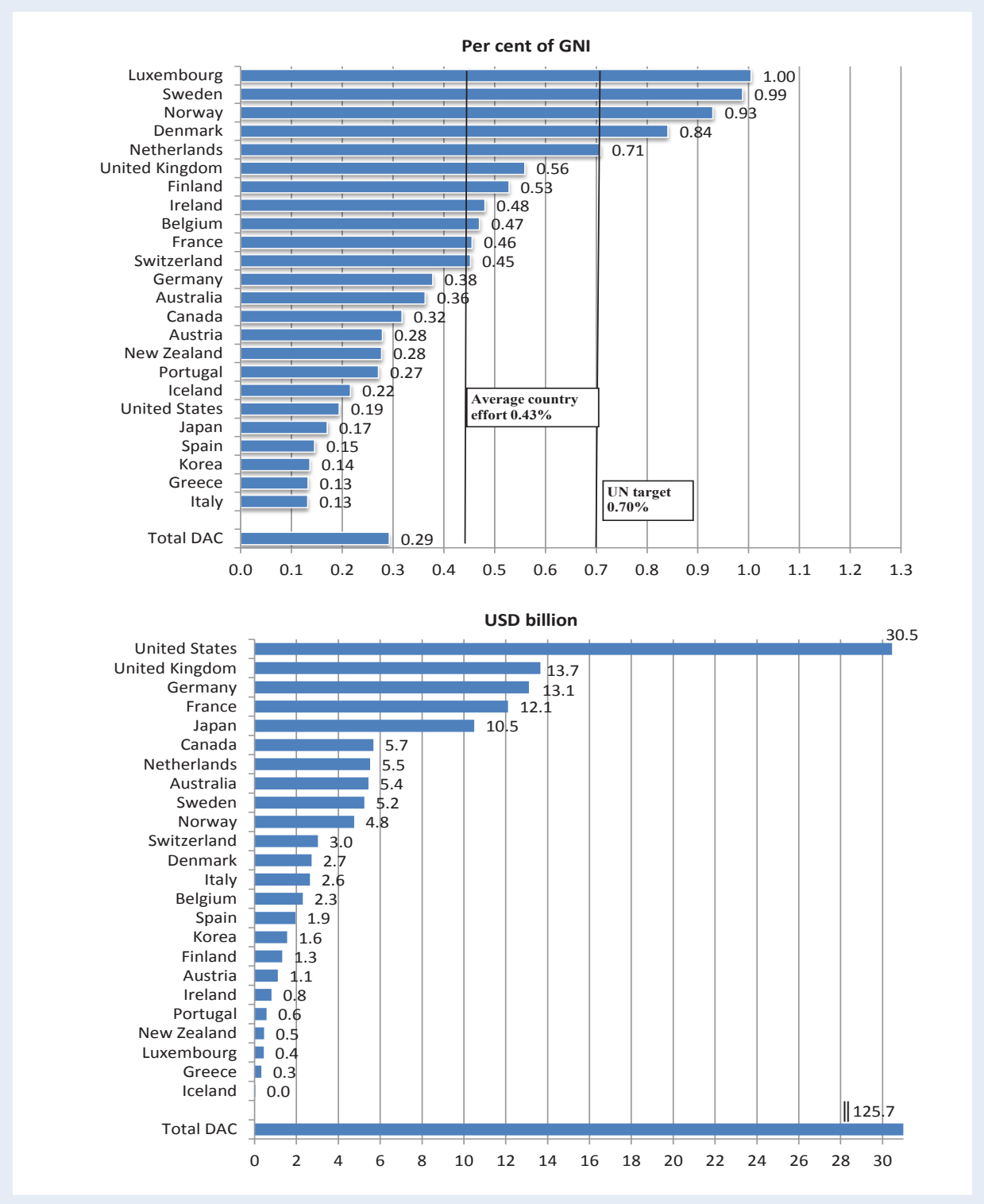
Net disbursements

	Official development assistance 2011 USD million	Official development assistance 2011 % of GNI	Official development assistance 2005-06 to 2010-11 Average annual % change in real terms	Grant element of ODA (commitments) 2011 % (a)	Share of multilateral aid 2011 % of ODA (b)	Share of multilateral aid 2011 % of ODA (c)	Share of multilateral aid 2011 % of GNI (b)	Share of multilateral aid 2011 % of GNI (c)	ODA to LDCs Bilateral and through multilateral agencies 2011 % of ODA	ODA to LDCs Bilateral and through multilateral agencies 2011 % of GNI
Australia	4 983	0.34	7.9	99.8	13.5		0.05		27.5	0.09
Austria	1 111	0.27	-8.6	100.0	55.9	27.6	0.15	0.07	29.1	0.08
Belgium	2 807	0.54	4.3	99.9	38.0	19.4	0.20	0.10	39.3	0.21
Canada	5 459	0.32	2.1	100.0	24.7		0.08		34.7	0.11
Denmark	2 931	0.85	1.6	100.0	26.8	17.5	0.23	0.15	36.8	0.31
Finland	1 406	0.53	5.7	100.0	40.3	25.1	0.21	0.13	33.9	0.18
France	12 997	0.46	1.2	85.1	34.6	16.0	0.16	0.07	29.4	0.14
Germany	14 093	0.39	2.9	90.9	38.0	18.8	0.15	0.07	27.6	0.11
Greece	425	0.15	-1.3	100.0	63.8	3.4	0.09	0.01	21.1	0.03
Iceland	26	0.21	-0.4	100.0	21.6		0.05		45.4	0.10
Ireland	914	0.51	0.7	100.0	33.9	17.2	0.17	0.09	53.1	0.27
Italy	4 326	0.20	-6.8	100.0	60.6	16.2	0.12	0.03	39.1	0.08
Japan	10 831	0.18	-6.6	89.2	35.9		0.06		39.2	0.07
Korea	1 325	0.12	15.6	93.9	25.3		0.03		35.7	0.04
Luxembourg	409	0.97	2.8	100.0	31.6	22.8	0.31	0.22	37.9	0.37
Netherlands	6 344	0.75	0.7	100.0	31.6	20.8	0.24	0.16	23.5	0.18
New Zealand	424	0.28	2.0	100.0	22.3		0.06		28.7	0.08
Norway	4 756	0.96	3.3	100.0	25.1		0.24		30.7	0.30
Portugal	708	0.31	8.3	86.5	32.6	7.1	0.10	0.02	50.9	0.16
Spain	4 173	0.29	4.8	99.2	45.3	17.6	0.13	0.05	28.2	0.08
Sweden	5 603	1.02	2.8	100.0	35.0	28.3	0.36	0.29	35.0	0.36
Switzerland	3 051	0.45	2.3	100.0	22.2		0.10		26.2	0.12
United Kingdom	13 832	0.56	3.6	100.0	38.7	25.0	0.22	0.14	38.1	0.21
United States	30 783	0.20	1.4	100.0	12.0		0.02		35.2	0.07
Total DAC	**133 716**	**0.31**	**1.1**	**95.8**	**29.6**		**0.09**		**33.3**	**0.10**
Memo: Average country effort		0.47								

Notes:

a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
.. Data not available.

Figure B.1 Net ODA from DAC countries in 2012 (preliminary figures)



Annex C: Field visits to Burkina Faso and Kyrgyzstan

As part of the peer review of Switzerland, a team of examiners and the OECD Secretariat visited Burkina Faso and Kyrgyzstan (officially the Kyrgyz Republic) in June 2013. The team met Swiss development co-operation professionals, partner country civil servants, other bilateral and multilateral partners, and representatives of Swiss and partner country civil society organisations, private sectors, and local and regional authorities.

Towards a comprehensive swiss development effort

Addressing global public goods at the regional level

Switzerland addresses global risks to development through its regional development programmes in West Africa and Central Asia. In Burkina Faso, for example, clear synergies are found with regional programmes on food security (*e.g* the African Union and the Economic Community of West African States, ECOWAS) and in relation to non-formal education and water. These priorities are particularly pertinent, with 30 million people still suffering from chronic undernourishment or malnutrition in West Africa.[1] This is largely a result of the inability of the most vulnerable people in this region to withstand repeated shocks caused by drought and floods – made worse by deteriotating climate conditions – and economic crisises and conflicts.

In Central Asia the regional focus is on water, with an aim of achieving a sustainable, integrated regional water resource management vital for the region's economic and social development, as well as political stability. As a result of the Swiss regional programme, access to water resources and services has improved in the Fer¬ghana Valley and beyond, enhancing agricultural productivity and helping to achieve food security for about 3 million rural people.

Scope to support development through channels other than ODA in Burkina Faso and Kyrgyzstan

Switzerland, through its active support for the Extractive Industries Transparency Initiative (EITI),[2] has helped Burkina Faso and Kyrgyzstan, both countries with substantial mining sectors, to become fully compliant members of the EITI. This should enable these countries to have greater control over their own resources. However, there is scope for Switzerland to explore more systematically how it could support development in these countries through channels other than ODA (e.g. trade, domestic resource mobilisation, and migration). While the Federal Department of Foreign Affairs' (FDFA) Human Security Division had requested the co-operation office to report on the behaviour of Swiss companies involved in the extractive industry in Burkina Faso as part of a Federal Council investigation (Chapter 1), no such monitoring occurs in Kyrgyzstan. The peer review team considered that Switzerland could also make greater use of its country level resources to monitor the impacts of its domestic and other international policies on development outcomes in Burkina Faso.

Whole-of-government co-ordination could be strengthened in Kyrgyzstan

As outlined in Switzerland's regional strategy for Central Asia, several development-related concerns associated with climate change (e.g. melting glaciers), security problems (e.g. the situation in Afghanistan), the mining sector (e.g. gold) and energy security (e.g oil imports from neighbouring Kazakhstan) provide a strategic rationale for engaging in this region. At the same time, the regional strategy applies to SDC and SECO only even if other federal departments or offices such as the Political Directorate of the Federal Department of Foreign Affairs and the Federal Office for the Environment are present in the region. Given the synergies that could be identified, there is scope to enhance information sharing between Swiss official entities which are present in Kyrgyzstan. For example, the Federal Office for the Environment was working on an environmental project in Kyrgyzstan, but embassy staff interviewed by the peer review team had limited knowledge of its activities.

Swiss policies, strategies and aid allocations

Country strategies are aligned to national priorities and poverty-focused

Switzerland's 2013-16 strategy for Burkina Faso, which is one of the world's poorest countries, with a human development index ranking of 183 out of 187 countries and territories in 2012, aligns with Burkina Faso's development priorities. Priorities were identified after an evaluation of the relevance and achievements of the previous strategy and good consultation with key parnters.

Switzerland's programmes and projects in Burkina Faso focus on education (notably non-formal education), rural development, state reform and decentralisation, and public financial management, with gender and governance as cross-cutting issues. SECO complements SDC's programme by providing direct budgetary assistance (it has been doing this since 2001) and other economic support measures. The focus on rural areas is pertinent since Burkina Faso's very high poverty level is predominantly rural (50.7% in 2009).

Switzerland's regional strategy for Central Asia, which includes the country strategy (SDC and SECO) for Kyrygzstan is based on a thorough analysis of poverty needs in the region and is aligned to Kyrygzstan's national priorities and also Switzerland's 2013-16 Dispatch. Kyrgyzstan's economy grew at 6% in 2011, and it has progressively increased its economic output over the past two decades largely due to market-based economic reforms.[3] However, Kyrgyzstan remains one of the poorest countries in the region, with a per capita GNI of USD 920 in 2011. Absolute poverty has increased, moving from 33.7% in 2010 to 36.8% in 2011.[4] Kyrygzstan is considered a fragile country, and governance is a significant issue. Switzerland has therefore used a conflict sensitive programme management approach (CSPM) when designing and implementing its programmes in this context. The programme is focused on three core areas: health (20% of Swiss funding), public sector reforms (44%), and infrastructure and private sector development (26%). SDC engages in all three core areas, while SECO focuses on public sector reforms and infrastructure and private sector development

Scope to engage more actively in strategic policy dialogue with the government

Switzerland could engage more substantially at the national level on key development challenges in Burkina Faso. While Switzerland has a broader view of democratic ownership, which means working with local and regional actors, Burkina Faso's Minister of Finance would welcome a more strategic and formal partnership with Switzerland at the national level. Making this shift would be particularly pertinent in view of the international community's preparations for post-2015 development goals and a new agenda; the departure of significant bilateral partners from Burkina Faso; and overall growth in Switzerland's aid budget.

ODA contributes about 10% of GNI in each country

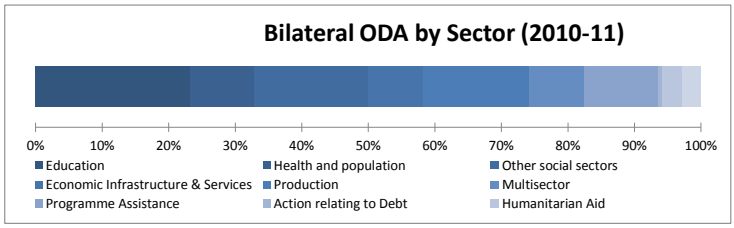
Burkina Faso and Kyrgyzstan were among the top 20 recipients of Swiss official development assistance in 2011. Switzerland provided USD 30.5 million in ODA (net disbursements) to Burkina Faso in 2011 and USD 23.11 million to Kyrgyzstan in the same year.

Burkina Faso

Receipts	2009	2010	2011
Net ODA (USD million)	1 083	1 062	990
Bilateral share (gross ODA)	43%	44%	47%
Net ODA / GNI	13.0%	12.0%	9.7%
Net Private flows (USD million)	2	9	45

For reference	2009	2010	2011
Population (million)	16.0	16.5	17.0
GNI per capita (Atlas USD)	520	550	570

Top Ten Donors of gross ODA (2010-11 average)		(USD m)
1	IDA	207
2	EU Institutions	151
3	France	89
4	AfDF	84
5	United States	65
6	Netherlands	54
7	Germany	48
8	Global Fund	43
9	Japan	41
10	Denmark	39

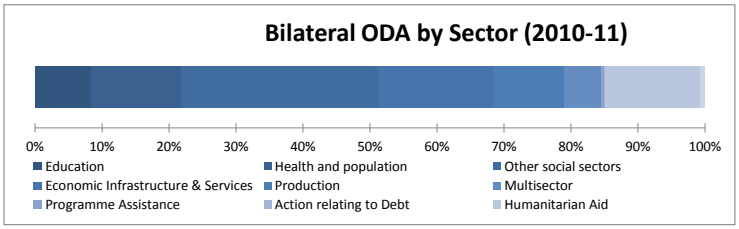


Kyrgyz Republic

Receipts	2009	2010	2011
Net ODA (USD million)	313	380	523
Bilateral share (gross ODA)	57%	56%	45%
Net ODA / GNI	7.0%	8.5%	9.3%
Net Private flows (USD million)	18	23	15

For reference	2009	2010	2011
Population (million)	5.4	5.4	5.5
GNI per capita (Atlas USD)	860	840	920

Top Ten Donors of gross ODA (2010-11 average)		(USD m)
1	Turkey	79
2	IDA	72
3	AsDB Special Funds	67
4	United States	60
5	IMF (Concessional Trust Funds)	32
6	EU Institutions	31
7	Germany	29
8	Japan	27
9	Switzerland	20
10	Isl.Dev Bank	18



Sources: OECD - DAC, World Bank; www.oecd.org/dac/stats

Organisation and management

SDC and SECO work together effectively, but challenges remain

Switzerland's integrated approach to development co-operation is functioning well in Kyrgyzstan, where the Swiss ambassador is also the director of co-operation. The integrated embassy manages the co-operation staff, and is responsible for delivering a single country strategy co-produced by SDC and SECO and reporting on a single set of country results. The complementary approaches of SDC and SECO to working together in Burkina Faso reflected the progress observed during the visit of the peer review team to Bern. Nevertheless, some challenges remain:

- The different levels of decentralisation of SDC's and SECO's operations in Kyrgyzstan resulted in inconsistency in the division of roles between headquarters and field-based staff. SECO could decentralise prorgamming authority further, which would enable programme offices in Kyrgyzstan working on both SDC and SECO projects to have an equal degree of control over programmes and projects. Moreover, in order to implement SECO funded programmes, embassy staff must deal with a number of different thematic departments at SECO headquarters; this enables vetting by thematic experts, but can be time consuming for field staff. It remains to be seen whether the new countries and global portfolio division at SECO headquarters will increase the efficiency of communication and decision-making with headquarters.
- In Burkina Faso, the increased delegation of programming authority to the country offices following SDC's reorganisation is embraced and managed well by the country office, even if human resources to take on the additional task have not increased. The roles and responsibilities of the Burkina Faso country office and the desk at headquarters appear to be clear. However, this was not the case in Kyrgyzstan: staff felt that SDC could better communicate its recent organisational changes to enable greater clarity about staff roles and responsibilities.

A clear human resource policy for locally employed staff

Swiss co-operation staff are considered highly competent by the development community in Burkina Faso and Kyrgyzstan – a key asset. National staff are empowered, motivated, and provided with professional development opportunities in both countries.

Staff working in Switzerland's Burkina Faso office welcomed Switzerland's single human resources policy for the embassy and country office. However, they regret that only Swiss nationals may engage in policy dialogue with the government. As there are only three Swiss nationals, the country office's capacity to actively engage is limited. A yearly retreat for all staff is valued and seen as a good occasion to reflect on and review working methods.

Partnerships, results and accountability

Switzerland engages actively in donor co-ordination

Switzerland has played a pitoval role in supporting Kyrgyzstan's aid co-ordination. It currently hosts and is co-chair of the development partner co-ordination council (DPCC). Switzerland has helped to establish a high-level government-led development co-ordination group, chaired by the Prime Minister, which brings together a smaller body of donors commited to work within the national development strategy. Switzerland has also provided vital resources to enable the Kyrgyz government to develop a database to monitor donor aid flows.

In Burkina Faso, Switzerland (which allocates 30% of its aid as general budget support) is an active participant in donor co-ordination groups, taking the lead in sector working groups. It is also participating in more common funds with other donors and joining more harmonised programmes, although with relatively small amounts of money. Switzerland has been particularly successful in influencing the government's approach to gender issues and to non-formal education. It supported the development of Burkina Faso's policy on gender and provided financial support (CHF 1 500 000 for 2011-14) to implement the action plan on gender that it helped to develop. An indicator of success in promoting greater attention to non-formal education is that other donor partners are contributing to the Fund for Literacy and Non-Formal Education (FONAENF), which Switzerland established.

Box C.1 Donor co-ordination in Burkina Faso and Kyrgyzstan

Burkina Faso's aid management platform, which is fully run by the Ministry of Economy and Finance, is well organised and focused after several years of fine-tuning. The Ministry of Economy and Finance publishes a comprehensive annual flagship report on development co-operation which reviews the implementation of the Paris Declaration and trends in aid flows to Burkina Faso. Donors co-ordinate actively with the government rallying their support behind the national strategy for poverty reduction, via round tables for financing the strategy, through the troika system for co-ordinating donor positions, and the technical secretariat for aid effectiveness. While 30% of total aid flows to Burkina Faso in 2011 were provided as general budget support, just 12% of aid is delivered through common or basket funds. The Netherlands which was the fourth largest contributor to general budget support is phasing out its programme in Burkina Faso, as is Sweden. These exits leave an important financing gap which other donors in Burkina Faso are looking into filling, but there is no clear strategy for doing this. The Ministry of Economy and Finance is promoting better division of labour between donors but finding agreement on this remains fraught with tension. Two key challenges for the Burkinabé government are (i) getting new actors in the country to use existing frameworks and processes which had reduced transaction costs on the administration; and (ii) in line with efforts to increase mutual accountability it wants to set clear criteria for evaluating donor performance. The government would welcome support from the Global Partnership on Effective Development in addressing these challenges which are not unique to Burkina Faso.

The donor community and the government of Kyrgyzstan have a long history of working on aid effectiveness. In 2002, Kyrgyzstan was chosen as one of three countries in the Central Asian region for a pilot on donor harmonisation, following the Rome High Level Forum on Harmonisation. The Government and donors implemented a Joint Country Support Strategy (2007-2010), though this strategy was not updated, partly as a result of government instability. Efforts to strengthen co-ordination were renewed in October 2012 when a council for interaction with donors chaired by the Prime Minister and co-chaired by one of the donors was established with strong support from Switzerland. In addtion, the 13 member donor group operates in six sectors with sector wide approaches being adopted in a few areas, notably in health. Nevertheless, there is still considerable scope for donors to align and harmonise further and for the Kyrgyzstan government to take a more proactive leaderhip role on this.

Source: interviews held in Burkina Faso and Kyrgyzstan

Switzerland needs to further streamline its activities to increase the effectiveness of its aid

Swiss ODA is fragmented in Kyrgyzstan and Burkina Faso, and spread thinly across several small projects. This not only brings with it high administrative costs for Swiss staff; it also means Switzerland is missing the opportunity to scale up some of its programmes in order to capitilise on successes and deliver more effective aid.

In Kyrgyzstan 25 projects and programmes are planned, ranging in expenditure from CHF 25 000 to CHF 3.9 million, in 2013. In Burkina Faso the co-operation office, with a budget of CHF 19 million in 2013, was managing 80 contracts and participated in 11 common funds.

In the 2013-16 strategy for Burkina Faso, Switzerland refers to the challenge of taking successful projects to scale and increasing the concentration of the programme for greater impact. To decrease portfolio fragmentation in Burkina Faso, Switzerland is trying to find a balance between supporting specific activities and using common funds to scale up experiences. However, it has yet to set out a clear plan for achieving this and would benefit from greater strategic steering and guidance from headquarters.

Switzerland could make better use of country systems and programme-based approaches

Switzerland is using country systems and programme-based approaches in Kyrgyzstan and Burkina Faso, although this could be expanded. In Kyrgyzstan, 80% of Swiss aid is delivered as project type interventions (USD 18.39 million), only 8% (USD 1.87 million) as sector budget support (no general budget support), and 3% (USD 58 thousand) as core support to NGOs. This split is mirrored at the aggregate level across all donors, with a limited amount of budget support provided to the government. While there are considerable governance challenges in Kyrgyzstan, Switzerland is using country systems where possible and working with the Kyrgyzstan government to strengthen its public finance management systems. Switzerland's engagement with the health sector shows that it is possible to use programme-based approaches. Switzerland could explore how to expand its use of these approaches in the future, in line with its Busan commitments.

By participating in general budget support in Burkina Faso, Switzerland is supporting development at the national level, helping to build institutional capacity by using country systems, and using SECO's expertise in this area. This is good practice, but the approach is not used in most other SDC low-income priority countries. In addition, Switzerland's creation of a common donor fund for non-formal education in Burkina Faso is regarded highly by the Ministry of Education and more development partners are contributing to this fund.

Valued approach to working with local actors

In Burkina Faso and in Kyrgyzstan, partners value Switzerland's approach to accompanying local actors, which reinforces their capacity. The participatory methods that Switzerland uses in Burkina Faso to involve communes and regional councils has helped to build local capacities, and Switzerland, most notably in the education sector, is linking its local work with its national level programmes.

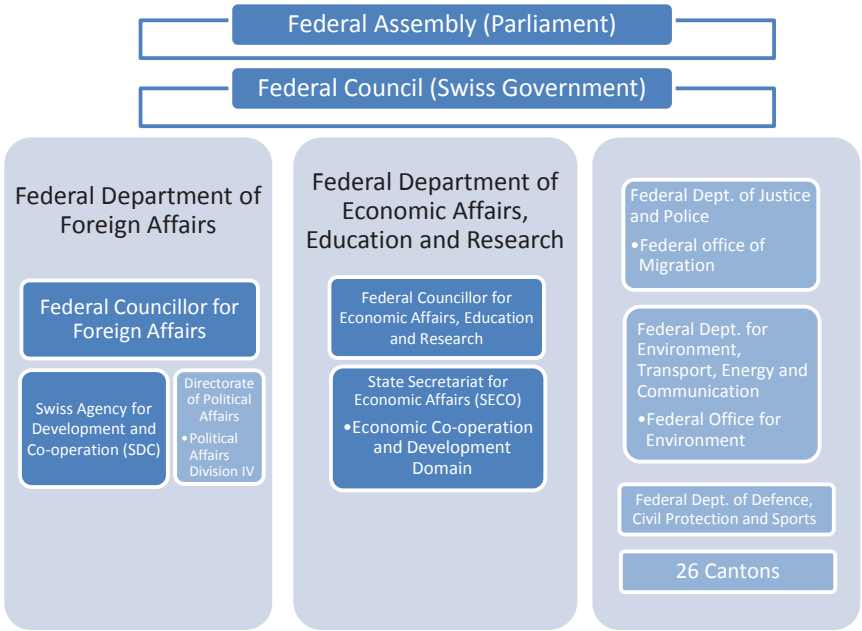
Gender and governance are being integrated, but SECO's guidance on gender could be stronger	The approach to mainstreaming gender across the programmes in Burkina Faso and Kyrgyzstan is strategic and targeted with designated staff focal points. Implementing partners also receive training to increase their awareness and capacity to ensure that gender issues are addressed. However, SECO does not have guidance on addressing gender equality as a cross-cutting theme in its programmes; establishing guidance would strengthen its programming, particularly its work on macroeconomic issues in Krgyzstan. Governance is also a cross-cutting issue, and in Kyrgyzstan, given the fragile country context, Switzerland is making appropriate use of its conflict sensitive programme management (CSPM) approach in designing and implementing its programmes. It has also assisted its partner in using this approach.
Medium-term predictability should be increased	Switzerland's country strategies for Burkina Faso and Kyrgyzstan contain four-year forward-looking budgets for its programmes at the country level. However, Switzerland is not proactively sharing this data with its partner country governments on a rolling basis. This was particularly the case in Kyrgyzstan.
Strong results focus in country strategies and programmes	Switzerland has taken a systematic approach to results-based management in Burkina Faso and Kyrgyzstan. There is a strong focus on monitoring and measuring Switzerland's contribution to the partner country's results in Kyrgyzstan. Linking project and programme results to country level results is more of a challenge in Burkina Faso. The drive for greater results reporting is, however, increasing the administrative burden on staff and implementing partners. Switzerland needs to monitor this, so that programming staff and partners have time to learn from monitoring and apply lessons. In Burkina Faso, partners felt that Switzerland could communicate better about the results it achieves or contributes to achieving. This would increase the visibility of its approach to development co-operation, which could in turn persuade the partner government and other donors to replicate successful projects.

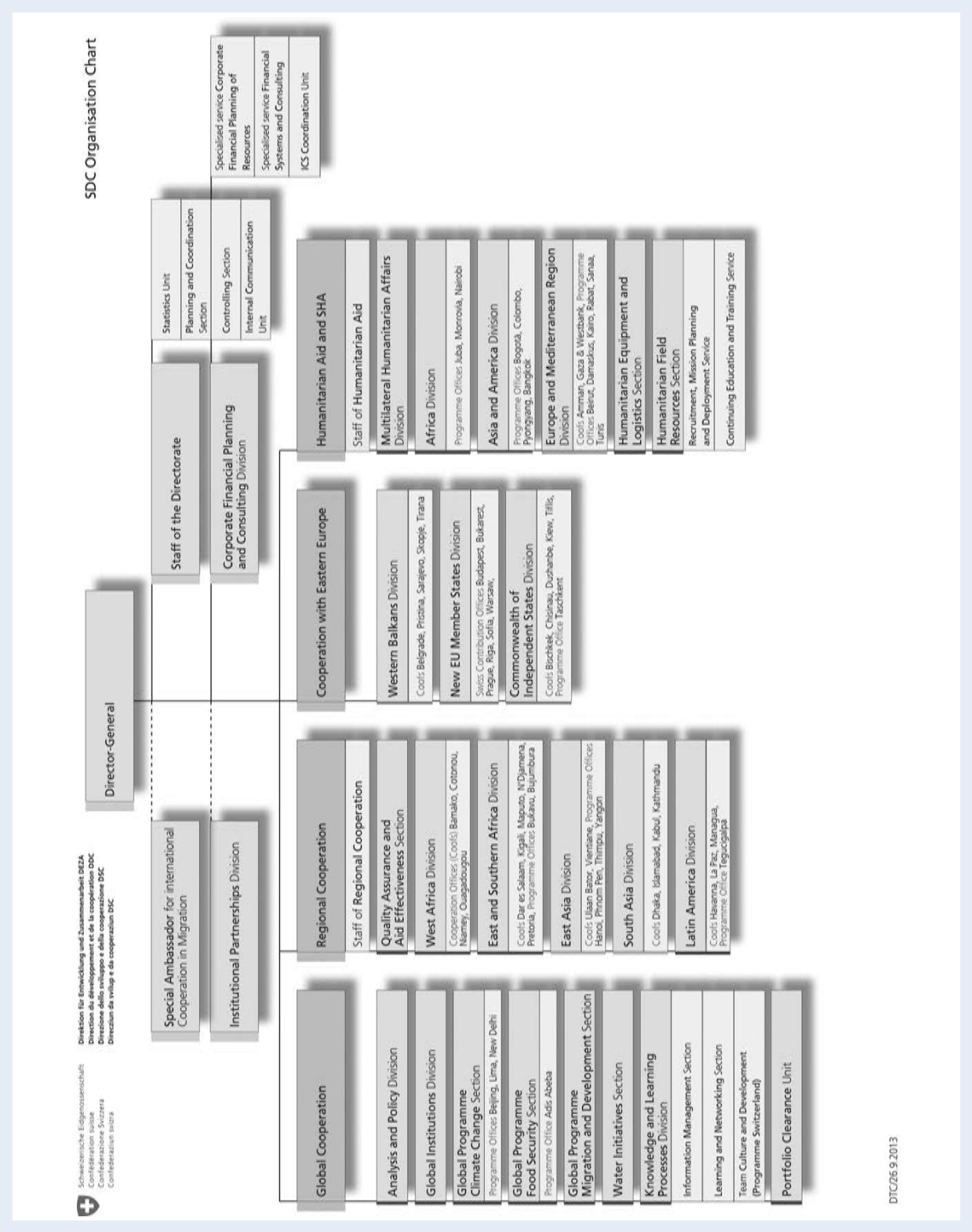
Notes

1. Sahel and West Africa Club/OECD (2012), *West African Futures – Settlement, Market and Food Security*, OECD Publications, Paris.
2. Switzerland is an active member of the EITI, along with other donors, and contributes to the two trust funds administered by the World Bank Group to support countries in its implementation.
3. World Bank Group (2013), "Kyrgyz Republic Partnership Program Snapshot, April 2013", World Bank Group, Washington, D.C.
4. World Bank Group (2013), "Kyrgyz Republic Partnership Program Snapshot, April 2013", World Bank Group, Washington, D.C.

Annex D: Institutional and organisational structures

Figure D.1 Switzerland's system for development co-operation

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Confederaziun svizra
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Direcziun da sviluppo e da cooperaziun DSC
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Controlling Section
Internal Communication Unit
Specialized service Corporate Financial Planning of Resources
Specialized service Financial Systems and Consulting
ICS Coordination Unit
Global Cooperation
Analysis and Policy Division
Global Institutions Division
Global Programme Climate Change Section
Programme Offices Beijing, Lima, New Delhi
Global Programme Food Security Section
Programme Office Addis Abeba
Global Programme Migration and Development Section
Water Initiatives Section
Knowledge and Learning Processes Division
Information Management Section
Learning and Networking Section
Team Culture and Development (Programme Switzerland)
Portfolio Clearance Unit
Regional Cooperation
Staff of Regional Cooperation
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West Africa Division
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East and Southern Africa Division
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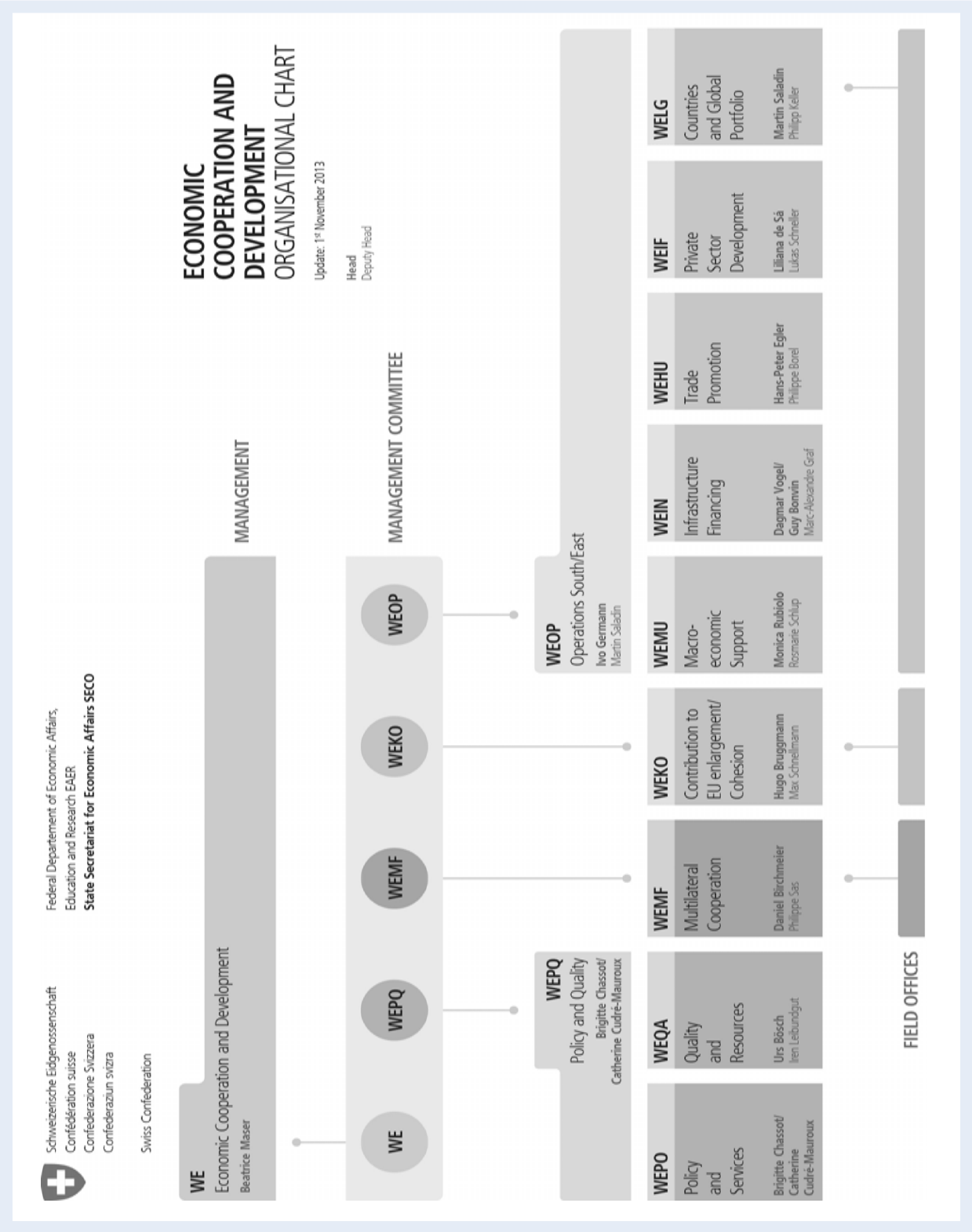
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