



The DAC's main findings and recommendations

**Extract from: OECD Development Co-operation Peer Reviews
Switzerland 2019**

The DAC's main findings and recommendations

Switzerland is a strong development partner. Its vision, shared across the government, is described in a document called the 2017-20 Dispatch on International Co-operation. The Dispatch sets a comprehensive view of development that goes beyond official development assistance (ODA) and is aligned with the 2030 Agenda for Sustainable Development. Switzerland notably supports multilateralism to protect global goods and tackle global challenges. It makes its voice heard when debating international norms and standards related to water, climate change, health, migration, finance and trade, and food security. Switzerland also has a strong humanitarian tradition, blending humanitarian, development and policy efforts to prevent and manage fragility.

Partners value the expertise, predictability and flexibility of Switzerland's support. Its quality assurance builds on a culture of results, strong knowledge management, comprehensive risk management and flexible conflict-sensitive programming. Streamlining annual reporting - especially at the country level - should help Switzerland find a better balance between ensuring accountability and supporting decision-making to avoid unnecessary administrative burden.

Switzerland understands the world is changing, and partners accordingly with a broad range of actors. While it engages strategically with multilateral organisations, its partnerships with civil society organisations (CSOs) tend to focus on implementing Swiss programmes. This is a missed opportunity to build a strong local civil society that can act as an agent of change. Moreover, despite advocating for effective development co-operation, Switzerland could use country systems more effectively and strengthen its efforts to achieve mutual accountability.

As the development co-operation and humanitarian programmes face budget cuts and contend with increasing pressure to prevent migration to Switzerland, a new narrative for development co-operation and its contribution to shared prosperity is needed. Further efforts to spell out Switzerland's comparative advantage would help it move away from a strategy that is a sum of priorities set at the level of budget lines, further focusing the programme. It could also help Switzerland better communicate about development to increase public support.

The DAC's recommendations to Switzerland

1. To pursue its efforts towards coherent policies for sustainable development, Switzerland should further analyse the impact of its domestic policies on developing countries and identify possible inconsistencies. It should seek to disseminate and debate such analyses, both in the government and broader Swiss society.
 2. To support transformative change in gender equality and governance, Switzerland should increase the number of programmes explicitly targeting structural changes in these areas.
 3. In its upcoming strategy for CSOs, Swiss Agency for Development and Co-operation (SDC) should clarify the rationale behind its partnerships with local, Swiss and international CSOs, and adjust funding instruments to reflect its strategic objectives.
 4. The upcoming SDC strategy for engaging with the private sector should spell out its rationale for such partnerships, building on its own experience and learning from State Secretariat for Economic Affairs (SECO). The strategy should clarify the complementarity and collaboration between SDC and SECO.
 5. Switzerland should use country systems more as appropriate and increase the share of ODA on budget.
 6. SDC should continue to streamline its processes to rebalance results-based management towards supporting decision making.
 7. Switzerland should further strengthen its efforts to collect disaggregated data to assess whether its programme effectively reaches the furthest behind.
 8. The Federal Department of Foreign Affairs (FDFA) should assess the profiles and competencies it will need to deliver an effective aid programme in the medium term according to its core competencies; it should adjust human-resource policies accordingly, including for staff posted in fragile contexts.
 9. Switzerland should review its continued use of in-kind humanitarian aid and assess whether this tool: a) represents the most effective use of the humanitarian budget, b) supports Switzerland's moves to fulfil its international commitments, including those contained in the Grand Bargain, c) respects the strong Swiss focus on humanitarian principles.
 10. Switzerland should live up to its commitment to providing 0.5% of its gross national income as ODA. It should progressively seek to increase ODA further, in line with the Addis Ababa Action Agenda and the 2030 Agenda.
 11. The FDFA should develop, resource and implement communications and global awareness-raising strategies for its development programme. It should enable SDC to communicate proactively to strengthen political and public support.
 12. Switzerland should establish safeguards to ensure the development programme remains focused on long-term investments towards poverty reduction and sustainable development in partner countries.
 13. Switzerland should determine its comparative advantage in the next Dispatch to support further concentration of the programme, thereby increasing its efficiency and impact.
 14. As Switzerland further develops its regional approach, it should spell out the rationale for engaging regionally and explain how it will operationalise such an approach so that it is more than a sum of country-level engagements.
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Switzerland is a strong development partner

Switzerland is well positioned to influence global policy-making processes

Switzerland's vision for development is aligned with the 2030 Agenda. Switzerland is in a position to influence global processes. It combines technical and political expertise, and creates synergies between its bilateral and multilateral portfolios. This is good practice. Six global programmes promote innovative solutions to tackle global challenges - i.e. climate change, food security, water, migration, health, and finance and trade - identified as having a disproportionate impact on the poorest and most vulnerable.

Strategic, results-focused partnerships with multilateral organisations increase Switzerland's global influence and help drive a more effective multilateral system. Switzerland brings its thematic expertise, pragmatism and results-driven approach to its key multilateral organisations. It contributes to the governance of the multilateral system and supports sustainable development.

Switzerland's comprehensive vision for development is part of a whole-of-government approach

The Dispatch on International Co-operation, approved by the Federal Council and the Swiss Parliament every four years, sets the objectives of Switzerland's development co-operation. The vision for 2017-20 is comprehensive and based on a multidimensional understanding of poverty. New guidance is helping Switzerland put its commitment to leave no one behind into practice, by blending both mainstreaming and targeted approaches. Switzerland has a strong humanitarian tradition; it plays a key role in promoting humanitarian law and principles, even in the most challenging conditions. Switzerland has made progress towards establishing greater humanitarian-development-peace coherence, critical to delivering more sustainable results in fragile and crisis contexts. It should continue these efforts to enhance coherence.

The whole of government owns this vision. Since 2017, three institutions within two federal departments - SDC, the Human Security Division (HSD) and SECO, representing about 78% ODA expenditures - are jointly responsible for the Dispatch. The remaining share of the budget is mainly disbursed by the State Secretariat for Migration to fund in-donor refugee costs. Integrating HSD in the Dispatch has increased co-ordination and improved context analysis. Nevertheless, there is room to further collaborate in areas where at least two institutions share similar priorities. Operational and strategic inter-departmental committees and working groups facilitate co-ordination with other federal departments on issues such as migration and climate finance. In key regions, SDC, SECO and HSD also work closely with the State Secretariat for Migration and the Directorate for Political Affairs under joint country strategies.

Switzerland leverages additional funds for development

Switzerland promotes the use of ODA to mobilise additional development finance. It tripled its funding for domestic resource mobilisation from USD 7.8 million in 2015 to USD 24.5 million in 2016, representing 1.6% of bilateral allocable aid in 2016, and committed 22.8% of bilateral aid to promote aid for trade. In addition to its development finance institution, Swiss Investment Fund for Emerging Markets (SIFEM), Switzerland uses a range of instruments to facilitate access to finance in developing countries and has developed innovative funding instruments, such as impact bonds.

Flexible programming supports innovation and a focus on results

Switzerland is a reliable and flexible development partner. An overall budget planned for four years, excellent forecast information, and multi-year funding agreements provide implementing partners with the necessary predictability to design and execute long-term projects. In addition, programming and budgeting are flexible enough at the country and project levels to adapt to evolving needs and focus on achieving long-term results in countries. The priorities set in country programmes can evolve based on thorough monitoring of development-related challenges, emerging opportunities and risks. Switzerland also engages effectively in fragile contexts, thanks to flexible results systems and nimble tools.

Such flexibility in programming, supported by a decentralised programme, enables SDC staff to develop innovative projects, funding mechanisms and partnerships. The tailored risk strategies and instruments, including for fragile contexts, developed and applied by SECO, SDC and HSD have proved useful in managing and mitigating risk at the project, country and strategic levels, without impeding Switzerland's ability to innovate. Switzerland also provides seed funding for innovative projects with the private sector. Global programmes are a useful tool to further scale-up innovation.

Switzerland can build on its achievements

Policy coherence is addressed, but public debate could be wider

The pragmatic Swiss governance system, based on consensus and power-sharing, allows SDC and SECO to flag and address policy incoherencies at an early stage. While not all incoherence can be resolved, Switzerland is committed to tackling some of the negative consequences of its policies on developing countries, especially those related to its financial sector and the responsible business conduct of its multinational enterprises. Other long-standing areas of policy incoherence - such as the environmental impact of Swiss industries and consumption, agricultural subsidies, restrictions on trade in services and high tariffs - remain. Debates on policy coherence are often limited to the parties directly involved and do not engage the broader public.

Recommendation:

- 1. To pursue its efforts towards coherent policies for sustainable development, Switzerland should further analyse the impact of its domestic policies on developing countries and identify possible inconsistencies. It should seek to disseminate and debate such analyses, both in the government and broader Swiss society.**

Approaches to gender equality and governance could support transformative change

The current Dispatch identifies gender equality and governance as cross-cutting themes. It further identifies migration, the environment and disaster-risk reduction as themes to be addressed across the programme. Switzerland has developed policies, guidelines and thematic networks to mainstream these aspects during implementation. Nevertheless, these are only partially reflected in ODA allocations, and reporting is uneven. For instance, the share of Swiss ODA integrating gender-equality dimensions (25.8%) was more than 10 points lower than the DAC average (36.5%) in 2016. While explicit

attention to gender at the outset of interventions has proven effective in reducing gender inequality, the limited number of projects explicitly targeting structural changes has restricted Switzerland's ability to engage in a transformative approach that could change gender norms. The new gender strategy developed by the FDFA and the upcoming policy paper on mainstreaming governance represent an opportunity for the government to be more ambitious and aim for transformative change in these areas.

Recommendation:

- 2. To support transformative change in gender equality and governance, Switzerland should increase the number of programmes explicitly targeting structural changes in these areas.**

A more strategic approach could help Switzerland further capitalise on its partnerships and live up to its commitment to country ownership

Switzerland understands the world is changing. Accordingly, it partners with a broad range of actors from civil society, the private sector, and multilateral and research institutions. In addition, Switzerland seeks to partner with non-OECD Development Assistance Committee (DAC) donors to build a common understanding and approaches to development challenges; this is commendable. While some partnerships are highly strategic, partnerships with local CSOs tend to confine themselves to implementing Swiss projects. This represents a missed opportunity to build a strong civil society that could act as an agent of change.

The private sector is a natural partner for SECO and SIFEM. These partnerships are aligned with overall development co-operation priorities. They blend financial and non-financial forms of engagement, integrate responsible business practices and build on each partner's strengths. SDC has also been increasing its partnership with the private sector and intends to step up these efforts. This increased engagement offers an opportunity for SDC and SECO to collaborate to leverage additional private funds for development. However, SDC needs to clarify how its approach complements the approach adopted by SECO.

Switzerland is committed to development effectiveness in all its partnerships. It has developed practical guidelines for adhering to agreed principles and is instrumental in supporting country leadership in donor co-ordination. However, despite progress on the effectiveness principles, country systems are seldom used. In addition, partner-country governments are rarely implementing partners (between 2012 and 2016, recipient governments implemented 11% of Swiss country programmable aid on average), and national stakeholders are in most cases only invited to comment on country programmes once they are finalised. Moreover, country programmes are not officially endorsed by partner countries, limiting mutual accountability and ownership.

Recommendations:

- 3. In its upcoming strategy for CSOs, SDC should clarify the rationale behind its partnerships with local, Swiss and international CSOs, and adjust funding instruments to reflect its strategic objectives.**
- 4. The upcoming SDC strategy for engaging with the private sector should spell out its rationale for such partnerships, building on its own experience and**

learning from SECO. The strategy should clarify the complementarity and collaboration between SDC and SECO.

- 5. Switzerland should use country systems more as appropriate and increase the share of ODA on budget.**

Quality assurance and results management mechanisms are geared towards accountability more than decision-making

Switzerland has strong mechanisms to assure the quality of its programme and manage risk strategically. SECO builds on its ISO certification, and successive recertification exercises have helped streamline processes. The strength of quality assurance within SDC relies on clear processes, strong knowledge management and an institutionalised results culture. In both SECO and SDC, thematic networks have proved effective in creating and disseminating knowledge, and independent evaluations are used as a management tool. In addition to a management culture emphasising development outcomes achieved in country, Switzerland is also strengthening results-based management at the corporate level, as evidenced by the recently introduced aggregate reference indicators within SDC. Nevertheless, the multiplication of reporting exercises to ensure accountability increases the administrative burden on programme officers, thereby reducing the time available to add value to individual projects. Moreover, in some cases, differences seem to exist between the country strategies' results frameworks and what is actually reported annually, reducing the ability to steer the programme at the thematic and country levels. Finally, despite efforts to collect qualitative and quantitative data, data are not systematically disaggregated, limiting Switzerland's ability to measure whether its programme reaches the furthest behind.

Recommendations:

- 6. SDC should continue to streamline its processes to rebalance results-based management towards supporting decision-making.**
- 7. Switzerland should further strengthen its efforts to collect disaggregated data to assess whether its programme effectively reaches the furthest behind.**

Having the right expertise in the right place could become a challenge

One of the strengths of Switzerland's development co-operation is its experienced staff. Partners value the staff's expertise, flexibility and close collaboration in managing and overseeing project implementation, thereby ensuring continued relevance and delivering results. In this regard, a strong field presence and decentralised authority within SDC is key to success. Even though SECO remains fairly centralised, it has increased its presence in and delegated some authority to the field for developing country strategies, as well as identifying and monitoring projects. SDC has managed to retain its valued technical expertise since the integration of its human-resource management into the central services of the FDFA, because development remains a specific career path.

However, the Swiss Parliament has set a ceiling for personnel costs (including local staff) for the FDFA and Federal Department of Economic Affairs, Education and Research, potentially hampering the ability of SDC to recruit and place the expertise where needed. Staff reluctance to be posted to hardship duty stations, and concerns regarding duty of care, has also forced the FDFA to fill these posts externally in some occasions. Lastly,

assessing the profiles and competencies the FDFA will need to deliver an effective aid programme in the medium term remains a challenge.

Recommendation:

- 8. The FDFA should assess the profiles and competencies it will need to deliver an effective aid programme in the medium term according to its core competencies; it should adjust human-resource policies accordingly, including for staff posted in fragile contexts.**

Switzerland could review its in-kind assistance to ensure it is aligned with its strong humanitarian tradition

The Swiss humanitarian strategy, tools and operations are being adapted to deliver on Grand Bargain commitments and make the programme fit for the future. For example, cash programming is being scaled up, and Switzerland is fulfilling its commitment to localisation by applying the “as-local-as-possible” principle. Processes and systems seem to be working well, and Swiss humanitarian staff are valued for their expertise by partners.

Switzerland has a broad range of humanitarian tools, from funding to provision of in-kind relief supplies, to secondments of experts and advocacy on international humanitarian law. Partnerships are truly strategic, frank and open, and Switzerland is highly regarded by its partners from multilateral, donor and non-governmental organisations. Partners consider the secondment of experts as critical to an effective response. However, Switzerland will need to consider carefully how it designs and communicates some of its in-kind interventions, to avoid misperceptions about their principled nature.

Recommendation:

- 9. Switzerland should review its continued use of in-kind humanitarian aid and assess whether this tool:**
 - **represents the most effective use of the humanitarian budget**
 - **supports Switzerland’s moves to fulfil its international commitments, including those contained in the Grand Bargain**
 - **respects the strong Swiss focus on humanitarian principles.**

Switzerland needs to address ongoing challenges

Switzerland should return to its commitment to provide 0.5% gross national income (GNI) as ODA

Switzerland increased its budget dedicated to ODA between 2014 and 2016, fulfilling its 2011 pledge to commit 0.5% of its GNI to ODA. However, the 2017-20 Dispatch allocates only 0.48% of GNI as ODA, with no explicit plans to revert to the 0.5% target. In 2017, this level was further reduced: Switzerland provided only 0.46% of GNI as ODA as the costs of hosting refugees in Switzerland dropped sharply. In past years, these costs were significant. They represented 19.3% of total gross ODA in 2016 - twice the DAC average of 10% - and contributed substantially to Switzerland exceeding the 0.5% target between 2014 and 2016.

Public support and global citizenship are conducive to Switzerland maintaining a generous development programme focused on sustainable development. However, Switzerland continues to face challenges in communicating its development programme strategically and raising global awareness, which was already identified in the 2013 peer review. SECO has improved its communications thanks to a new communication concept and the recruitment of dedicated staff, but SDC is in a less favourable position to formulate easily communicable messages and actively influence public debate following the integration of SDC public relations office into the FDFA General Secretariat.

Recommendations:

- 10. Switzerland should live up to its commitment to providing 0.5% of its gross national income as ODA. It should progressively seek to increase ODA further, in line with the Addis Ababa Action Agenda and the 2030 Agenda.**
- 11. The FDFA should develop, resource and implement communications and global awareness-raising strategies for its development programme. It should enable SDC to communicate proactively to strengthen political and public support.**

ODA is under pressure to limit irregular migration

Development co-operation is an instrument of Switzerland's international economic and foreign policies, and must serve national interests in addition to addressing development challenges. Currently, the programme is under increasing pressure to limit irregular migration to Switzerland, with some discussions on granting support on the condition that partner countries adjust their migration policies. A programme that focuses on preventing migration to Switzerland at the expense of supporting partner countries' priorities for long-term sustainable development could lead to reputational risk for Switzerland: the country's renowned neutrality may be at risk, diminishing its influence on global policy.

Recommendation:

- 12. Switzerland should establish safeguards to ensure the development programme remains focused on long-term investments towards poverty reduction and sustainable development in partner countries.**

Setting priorities at the level of the framework credits results in geographic and thematic dispersion

Both SDC and SECO have taken some measures to concentrate their development programme since the last peer review. Yet, because priorities are formulated separately for each of the five framework credits, the programme remains spread across countries and themes. Switzerland has 16 broad thematic priorities and engages in 54 priority countries; in nearly half of these countries, it does not rank among the top ten donors. This dispersion can constrain Switzerland's voice and visibility within the sectors and countries, as well as limit the efficiency of its support. The Federal Council's recent decision to focus the next Dispatch on four priority regions is certainly a step towards greater concentration. However, care should be taken to ensure the criteria for selecting new priority countries do not focus narrowly on preventing irregular migration to Switzerland, but instead take into account Switzerland's comparative advantage and the different countries' needs.

Recommendations:

- 13. Switzerland should determine its comparative advantage in the next Dispatch to support further concentration of the programme, thereby increasing its efficiency and impact.**
- 14. As Switzerland further develops its regional approach, it should spell out the rationale for engaging regionally and explain how it will operationalise such an approach so that it is more than a sum of country-level engagements.**

Access the full report

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