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OECD Development Co-operation Peer Reviews: Switzerland 2019

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Conducting the peer review

The OECD 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 five years, with six members examined annually. The OECD 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 non-governmental organisations' representatives in 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 Committee in association with the examiners.

This review – containing both the main findings and recommendations of the Development Assistance Committee and the analytical report of the Secretariat – was prepared with examiners from Denmark (Frank Rothaus Jensen and Marianne Vestergaard) and Portugal (Maria Manuela Gomes Afonso and Maria Oliveira Fernandes) and observers from Qatar (Ali Abdulla Al-Dabbagh and Samer Raymond Frangieh) for the peer review of Switzerland on 13 February 2019. The Secretariat team consisted of Joëlline Bénéfice, Ian Brand-Weiner and Rachel Scott. Katia Grosheva provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Rahul Malhotra. Among other things, the review assesses the performance of Switzerland including its strategic support to multilateralism in order to tackle global goods and challenges, its comprehensive vision for development and partnerships and the current pressure on the development and humanitarian programmes.

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Abbreviations and acronyms

CCM	Core Contribution Management
CGD	Center for Global Development
CEDRIG	Climate, Environment and Disaster Risk Reduction Integration Guidance
CRS	Creditor Reporting System
CSO	Civil society organisation
DAC	OECD Development Assistance Committee
DFID	Department for International Development
DG DEVCO	Directorate-General for International Cooperation and Development
EGAP	E-Governance for Accountability and Participation
EU	European Union
FATF	Financial Action Task Force
FDEAER	Federal Department of Economic Affairs, Education and Research
FDFA	Federal Department of Foreign Affairs
GNI	Gross national income
HSD	Human Security Division
IATI	International Aid Transparency Initiative
IPD	Institutional Partnership Division
ICRC	International Committee of the Red Cross
IMF	International Monetary Fund
ISDC	Interdepartmental Sustainable Development Committee
LDC	Least-developed country
NGO	Non-governmental organisation
REPIC Platform	Renewable Energy, Energy and Resource Efficiency Promotion in International Co-operation Platform
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
SCO	Swiss Co-operation Office
SDC	Swiss Agency for Development and Co-operation
SDGs	Sustainable Development Goals

SECO	Economic Co-operation and Development Division of the State Secretariat for Economic Affairs
SFAO	Swiss Federal Audit Office
SHA	Swiss Humanitarian Aid Unit
SIFEM	Swiss Investment Fund for Emerging Markets
UN	United Nations
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

Signs used:

EUR	Euro
CHF	Swiss francs
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
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = CHF

2011	2012	2013	2014	2015	2016	2017
0.887	0.937	0.927	0.915	0.962	0.985	0.985

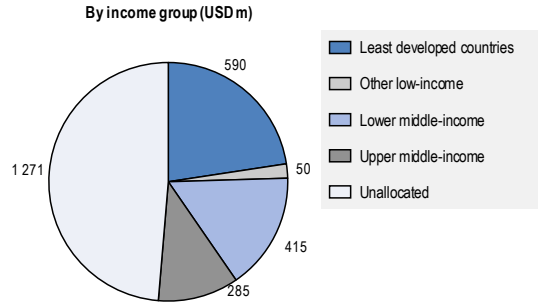
Switzerland's aid at a glance

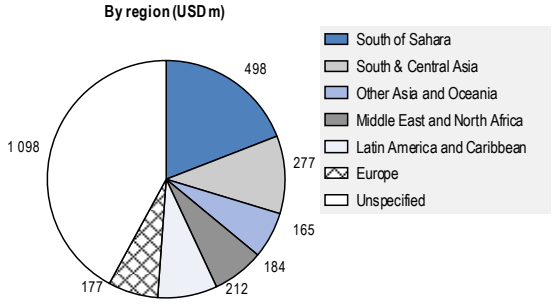
Figure 0.1. Switzerland's aid at a glance

Net ODA	2016	2017	Change 2016/17
Current (USD m)	3 582	3 138	-12.4%
Constant (2016 USD m)	3 582	3 125	-12.8%
In Swiss Francs (million)	3 529	3 090	-12.4%
ODA/GNI	0.53%	0.46%	
Bilateral share	77%	74%	

Top ten recipients of gross ODA (USD million)	
1 Nepal	44
2 Myanmar	41
3 Bangladesh	37
4 Colombia	37
5 Burkina Faso	36
6 Mali	34
7 Niger	33
8 Syrian Arab Republic	33
9 Tanzania	33
10 Afghanistan	31
Memo: Share of gross bilateral ODA	
Top 5 recipients	7%
Top 10 recipients	14%
Top 20 recipients	24%

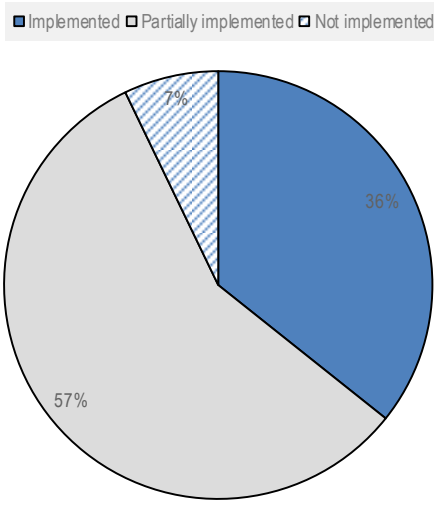
Gross bilateral ODA, 2016-17 average, unless otherwise shown





Source: OECD (n.d.), *Creditor Reporting System* (database), www.oecd.org/dac/stats.

Figure 0.2. Switzerland implemented or partially implemented 93% of the 2013 peer review recommendations



Context of the peer review of Switzerland

Political and economic context

Direct democracy and decentralisation are key features of the Swiss Confederation. For instance, citizens can call for referenda on new laws or international treaties. As a federal state, Switzerland's state powers are divided between the Confederation, cantons and communes. The Federal Council is Switzerland's executive power and functions as a collective head of state with an annual rotating president. It is made up of the four main parties in the Swiss Parliament: the left-wing Social Democratic Party, the right-wing Swiss People's Party, the right-of-centre Free Democratic Party and the centre-right Christian Democratic Party. The next federal election will be held in 2019, after which the Parliament will vote on the members of the Federal Council. The composition of the Federal Council is expected to remain unchanged, as incumbent ministers tend to be reconfirmed until they choose to step down.

The Swiss economy has shown remarkable resilience in recent years, with an annual growth rate of 1.7% in 2017, expected to peak at 2.9% in 2018. It benefits from a highly developed service sector and a manufacturing industry specialising in high technology (OECD, 2017[1]). Switzerland has a low public debt burden and has generally run budget surpluses. This low level of debt is protected by a statutory debt brake, which requires a balanced budget throughout the economic cycle.

Switzerland performs very well in the OECD Better Life Index (OECD, 2017[2]). It ranks above the average of OECD countries in subjective well-being, jobs and earnings, income and wealth, health status, social connections, environmental quality, education and skills, work-life balance, housing and personal security, but ranks below average in civic engagement. A considerable gap also exists between the richest and the poorest - the top 20% of the population earn over four times more than the bottom 20%.

Migration is increasingly being debated in Switzerland. This debate has had a direct impact on the Swiss development and humanitarian programme: the 2017-20 Dispatch on International Co-operation links development, humanitarian assistance and Swiss national interests in the area of migration.

Development co-operation system

Every four years, the Swiss Parliament adopts its Dispatch on International Co-operation, which sets strategic objectives for the country's development and humanitarian assistance. The latest Dispatch was approved in 2017.

Three institutions share responsibility for the Dispatch: the Swiss Agency for Development and Co-operation (SDC) and the Human Security Division (HSD), within the Federal Department of Foreign Affairs, and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO), within the Federal Department of Economic Affairs, Education and Research. SDC and SECO

manage the bulk of the programme, with SDC implementing 68%, SECO 11%, and HSD 3% of the budget in 2017. The development co-operation programme is organised around five framework credits managed by these three institutions, each with its own thematic and geographic priorities:

- the technical and financial co-operation programme, targeting mostly least developed countries and fragile countries, implemented by SDC
- the economic and trade programme, targeting middle-income countries, implemented by SECO
- the transition programme targeting Central and Eastern countries, implemented by both SDC and SECO
- humanitarian assistance, implemented by SDC
- measures to promote peace and human security, implemented by HSD.

The previous peer review of Switzerland was conducted in 2013. After continued increases between 2013 and 2016, Switzerland's ratio of official development assistance (ODA) to gross national income (GNI) declined from 0.53% in 2016 to 0.46% in 2017. This decrease is explained by the lower levels of reported in-donor refugee costs and budget cuts approved by the Parliament.

References

OECD (2017), *"Better Life Initiative: How's Life in Switzerland?"*, OECD, Paris, http://www.oecd.org/statistics/Better-Life-Initiative-2017-country-notes-data.xlsx. [2]

OECD (2017), *OECD Economic Surveys: Switzerland 2017*, OECD Publishing, Paris, https://dx.doi.org/10.1787/eco_surveys-che-2017-en. [1]

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.

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.**

Chapter 1. Switzerland's global efforts for sustainable development

This chapter examines Switzerland's approach to global sustainable development, including its response to global challenges, action to ensure coherence between domestic policies and global sustainable development objectives, and efforts to raise awareness of global development issues at home.

Switzerland supports a multilateral system fit to lead the protection of global goods and tackle global challenges. Its voice is heard when debating international norms and standards.

Consensus-driven governance enables Switzerland to flag early in the policy-making process whether and how policy choices can affect developing countries, and to act upon it. Although not all policy incoherence can be resolved, a wide dissemination of analyses on policy coherence could boost debates among decision-makers.

There is room to improve Switzerland's communication on development co-operation, which struggles to shape public perception through an open and contemporary narrative.

Efforts to support global sustainable development

Peer review indicator: The member plays an active role in contributing to global norms, frameworks and public goods that benefit developing countries

Switzerland values multilateral collaboration and campaigns for a multilateral system able to lead the protection of global goods and tackle global challenges. Thanks to its reputation and inclusive approach, Switzerland influences international norms and standards, including in defining the targets of the Sustainable Development Goals (SDGs).

Switzerland shows strong support for an impactful multilateral system

Building on its comparative advantages of neutrality, transparency and power-sharing, Switzerland shows leadership in ensuring a strong multilateral system that is able to respond to global challenges, and safeguard international rules and standards. Since Switzerland joined the United Nations (UN) in 2002, the Swiss public has favoured strong leadership within the United Nations to contribute to global prosperity (Figure 1.1). To do so, Switzerland advocates domestically and internationally for the benefits of such a multilateral system. It engages with other countries to improve the working methods of the UN Security Council, contributes to the financing of the Resident Coordinator system and engages actively in the boards of UN institutions by focusing on results.[1] It also facilitated the 2016 UN resolution (A/RES/71/243) on the Quadrennial Comprehensive Policy Review, [2] co-led thematic consultations on population dynamics during the formulation of the SDGs as well as the initiative on results and mutual accountability within the Global Partnership for Effective Development Co-operation.

The values of the 2030 Agenda for Sustainable Development coincide with those enshrined in the Swiss Federal Constitution; thus, they lie at the heart of Switzerland's policies, positioning it aptly to voice its view on global processes.[3] Switzerland has six global programmes on climate change, food security, water, migration, health, and finance and trade (Box 2.1), combining technical and political expertise to deal with global challenges. The country is therefore well placed to champion priority issues for global engagement, and to influence global policies and norms. The close relationship between staff from the Swiss Agency for Development and Co-operation (SDC) and Switzerland's United Nations representatives contributes to this influence. The inclusion in the SDGs of a target on remittances and a goal on water are direct results of Swiss negotiations (SDC, 2015[1]).

Switzerland uses its knowledge and standing to advocate for human rights and responsible business

Switzerland is the depositary state of the Geneva Conventions and is home to International Geneva,[4] exemplifying its support for peace and human rights. It has a platform for foreign policy and dialogue, which it uses to build broad support for key issues. For example, nearly 70 UN members joined Switzerland's 2016 appeal to the UN to put human rights at the heart of conflict prevention (Swiss Confederation, 2016[2]). In addition, Switzerland influenced and shaped the Global Compact for Safe, Orderly and Regular Migration.

Switzerland is home to multinational companies and leverages its position to promote responsible business conduct. The Swiss National Contact Point for the OECD Guidelines for Multinational Enterprises is well regarded and helps adhering countries improve their own contact points (OECD, 2017[3]). Switzerland also adopted a national action plan to implement the UN Guiding Principles on Business and Human Rights in 2016.

Policy coherence for sustainable development

Peer review indicator: Domestic policies support or do not harm developing countries

Policy choices that can impact developing countries are flagged and addressed at an operational level, even though not all incoherence can be resolved. Analyses on policy coherence could be more widely disseminated and more actively used to inform debates among decision-makers. Switzerland is taking steps to adjust its policies in the financial sector to better support developing countries.

Despite a pragmatic approach to policy coherence, challenges persist

Switzerland takes a pragmatic approach to policy coherence. The Swiss governance system, based on consensus and power-sharing, requires inter-departmental consultations throughout the process of legislative initiatives. These consultations allow SDC, the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) and the Human Security Division (HSD) to provide technical comments on other departments' policy initiatives. Such a governance system allows Switzerland to flag and address policy incoherence at an early stage.[5] Incoherence that cannot be resolved at the operational level are brought to the Federal Council (the government) to arbitrate: the Federal Councillors decide on the unresolved issues based on the principle of collegiality, thereby guaranteeing broad support within the government.

Additionally, the 2030 Agenda offers a formal frame to address policy coherence. Starting from April 2019, a new interdepartmental structure will co-ordinate and steer the implementation of the Agenda replacing the Interdepartmental Sustainable Development Committee.[6] This body - encompassing all federal departments - will contribute to promoting coherence by sharing information and arbitrating. In addition, the federal law on international co-operation (RO/1977/1352) mandates the Advisory Committee on International Co-operation to convene with the Advisory Committee on Trade Policy to deliberate on topics related to foreign trade policy (Swiss Confederation, 1976[4]).[7]

Switzerland only partially implemented the 2013 peer review recommendation to analyse policies that affect developing countries. The recommendations of the study commissioned by SDC (European Centre for Development Policy Management [ECDPM], 2016[5]) on a monitoring and reporting system on the coherence of policies related to food security, migration and development, and illicit financial flows, as well as the envisioned observatory assessing policy coherence are important steps to highlight incoherence. This observatory - to be partly financed by public funds and managed by researchers - faces funding and methodological challenges and is yet to be established. In addition, analyses of inconsistencies and policies' spillover effects on developing countries could be more widely disseminated to inform debate among policymakers and parliamentarians.

Inconsistencies remain, but Switzerland is taking action

The outcomes of this pragmatic approach reflect political interests and power structures, and are therefore not always in line with sustainable development (OECD, 2018[6]). Long-standing areas of policy incoherence remain, undermining development results. Switzerland's performance in the Commitment to Development Index (where it ranks 21st out of 27 countries) indicates there is scope to make its domestic and international policies even more development-friendly (Center for Global Development [CGD], 2018[7]). The main concerns relate to low gasoline taxes and carbon prices under the Swiss emission-trading system, the high environmental impact of Switzerland's consumption (half the environmental impact of domestic demand occurs abroad), high agricultural subsidies, restrictions on trade in services and high tariffs (CGD, 2018[7]; OECD, 2017[8]). In addition, the Financial Action Task Force (FATF) considers the Swiss financial system is exposed to a high risk of laundering assets derived from offences that are mostly committed abroad (FATF, 2016[9]). The Swiss authorities also identify these policy incoherencies in the 2017-20 Dispatch (Swiss Confederation, 2016[10]).

The impact of Swiss banking and tax policies on third countries continues to be the subject of domestic and international debates, leading Switzerland to shift its position on tax transparency. In 2017, the Convention on Mutual Administrative Assistance in Tax Matters entered into force in Switzerland, and the country also signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. In this context, Switzerland also supports developing countries to benefit from bilateral and multilateral tax treaties. In addition, Switzerland aligns the return of stolen assets with partner countries' strategies to benefit local communities (Box 1.1).

Box 1.1. Development-friendly returning of stolen assets

Corruption and illegal enrichment reduce countries' development potential: According to the International Monetary Fund (IMF), bribery alone costs between USD 1.5 billion (US dollars) and USD 2 billion annually - approximately 2% of global gross domestic product (IMF, 2016[11]).

To fight corruption and its consequences, the global community has increased scrutiny of bank and tax havens. As a major financial centre, Switzerland responded with a proactive approach to protect the reputation of its banking sector and increase policy coherence for sustainable development. This approach enables recovering and returning stolen assets in a development-friendly way. Assets are returning to the countries of origin through public-interest programmes aiming to improve living conditions or the rule of law. These programmes are typically agreed with the countries of origin; where possible, the approach seeks to include NGOs. In 2018, Switzerland and Nigeria signed a memorandum of understanding to return illicitly acquired assets worth USD 322 million. Switzerland also seeks to react quickly, as seen in the asset freeze of the deposed President of Ukraine Viktor Yanukovych and his inner circle (World Bank, 2018[12]).

These efforts go hand in hand with a strong global engagement. Together with the World Bank-United Nations Office on Drugs and Crime (UNODC) Stolen Assets Recovery initiative, the International Centre for Asset Recovery and the 2014 Lausanne process - a seminar series with international experts - Switzerland responded to the mandate from the UN General Assembly (A/RES/68/195) and the Conference of States Parties to the United Nations Convention against Corruption (CAC/COSP Res. 5/3) by formulating voluntary Guidelines for the Efficient Recovery of Stolen Assets.

Sources: IMF (2016[11]); World Bank (2018[12]).

Global awareness

Peer review indicator: The member promotes whole of society contributions to sustainable development

Switzerland's capacity to communicate and raise awareness of the successes and challenges of development co-operation and global citizenship is limited by the institutional setting. Communication struggles to shape public perception through an open and contemporary narrative.

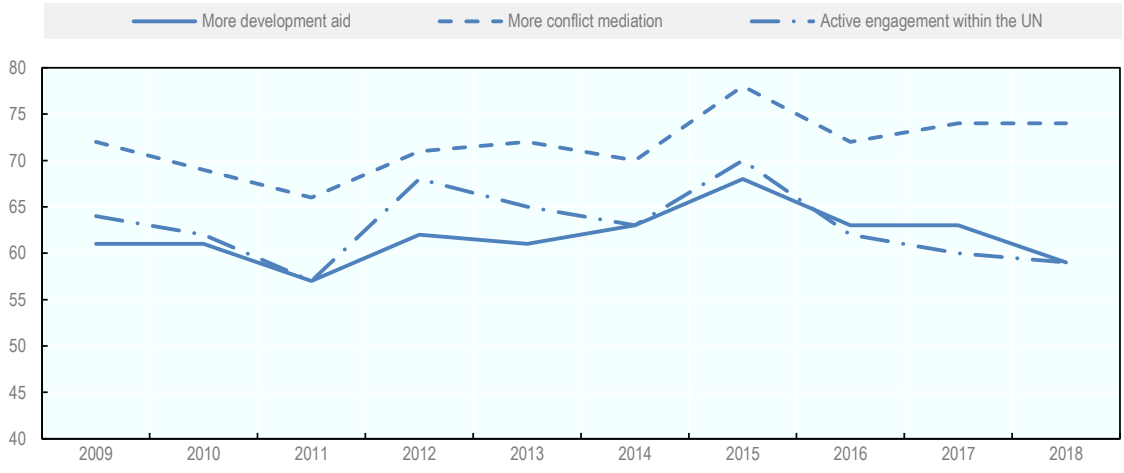
Switzerland's communication on development co-operation and reflection on global citizenship is limited

Public support for development co-operation as a tool of Swiss foreign policy is high. For many years, a stable majority has supported increasing the budget for official development assistance to safeguard Swiss interest and contribute to global security. Following a peak in 2015 (68%), public support for development co-operation returned to average levels in 2018 (59%).[8] By contrast, support for an open and outward-looking foreign policy dropped in 2015, due to an unprecedented number of migrants and refugees arriving in Europe, but is now back to pre-2015 levels (Figure 1.1).[9]

These opposing trends could suggest that Switzerland's development co-operation lacks a captivating narrative to communicate the fruits and challenges of its work. This narrative is especially missing in the public and political debate seeking to associate development co-operation with domestic agendas, such as curbing irregular migration to Switzerland.

Figure 1.1. Public support for strong development co-operation is declining

Public support for defending Swiss interests and contributing to global security (percentage)



Note: The reported figures represent the share of respondents fully or partially agreeing with the statement.
Source: ETH Zürich (2018[14]).

Switzerland's communication challenges - already identified in the 2013 peer review (OECD, 2014[13]) - hamper the capacity to influence public debate. Integrating the SDC

public relations office into the Federal Department of Foreign Affairs' (FDFA) General Secretariat has limited the ability of SDC to communicate with the public: while SDC receives professional support from the FDFA's communication division, the communication division cannot attend exclusively to SDC as it needs to balance requests from all parts of the FDFA, and thus has limited time to engage in strategic communication. SECO, on the other hand, launched a new communication approach in 2018, with one dedicated person in charge of communication. The communication approach identifies the communication objectives, key messages and the target audiences, and provides advice on means to enhance communication products. Overall, the FDFA and SECO do not engage sufficiently in an open dialogue with stakeholders beyond those interested in the topic, and they struggle to extract easily communicable messages from their vast knowledge repository to shape public debate on development co-operation. Communication is reactive rather than proactive - it does not attempt to pre-empt public criticism or steer public debate - and the uptake of new tools (e.g. social media) to disseminate positive messages could be faster.[10]

This is leading to missed opportunities for sustaining public and political support for development co-operation, which will be critical for negotiating the future dispatch. In this light, Switzerland would benefit from following up on the 2009 peer review's recommendation to communicate better the impacts of Swiss development activities and adopt a long-term vision for communication. Switzerland would also benefit from basing its communication and awareness-raising efforts on a better understanding of public opinion. To date, no dedicated study has been undertaken on public support for development co-operation in its own right, rather than as a foreign-policy tool. Alliance Sud, a development advocacy group, plans to commission such a study, which could provide useful information. Moreover, making stronger use of peer-learning opportunities, such as the OECD Development Communication Network,[11] could help Switzerland learn from international good practices.

Switzerland invests insufficiently in awareness-raising

The aim of development education and awareness-raising is to create a stronger sense of global citizenship. The national implementation of the 2030 Agenda is an opportunity for SDC, SECO and the Human Security Division to partner with other government entities to raise global awareness and citizenship at home, thereby ensuring and maintaining support for development co-operation. Furthermore, promoting global citizenship would help to educate the public on the mutual benefit of development co-operation, beyond the current view linking development co-operation with reducing migration. Switzerland conducts some awareness-raising activities – such as the 2030 Dialogue for Sustainable Development, support to an online competence centre and other small measures[12] –, yet it could invest more in raising global awareness and citizenship with the general public. NGOs complement these activities on development education.

Notes

[1] The Quadrennial Comprehensive Policy Review is the mechanism through which the UN General Assembly assesses the effectiveness, efficiency, coherence and impact of the UN development system.

[2] Switzerland heads the cross-regional Accountability, Coherence and Transparency (ACT) group. Comprising over 20 small and mid-sized countries, ACT works towards improving the working methods of the UN Security Council, such as transparency in decision-making processes, opportunities for governments that are not Security Council members to become involved in its work and targeted sanctions taking better account of the rule of law.

[3] The key values enshrined in the Swiss Federal Constitution are solidarity, the fight against poverty, support for human rights and peaceful societies, intergenerational responsibility and the protection of natural resources.

[4] Switzerland hosts numerous international organisations in Geneva. International Geneva is a frequently used term to describe the concentration of international organisations, permanent missions, non-governmental organisations (NGOs) and academia in the city.

[5] Efforts to achieve policy coherence have been particularly visible in education, water, trade and peacekeeping policies.

[6] The new interdepartmental structure will consist of a Board of Directors with representatives from all federal departments. The Board of Directors will be led by a delegate, assisted by a deputy. The Federal Department of the Environment, Transport, Energy and Communications (FDETEC) and the Federal Department of Foreign Affairs (FDFA) will alternate in the leadership and deputy leadership of the board.

[7] The Advisory Committee on International Co-operation comprises 22 representatives from the Parliament, NGOs, private enterprises, and universities. Its role is to advise the Federal Council on international development and co-operation, humanitarian aid and co-operation with Eastern European countries, as well as to examine the goals, priorities and overall plan of development co-operation.

[8] The peak in support for development co-operation, conflict mediation and the United Nations in 2015 is likely to be a consequence of the positive image of the Swiss chair of the Organization for Security and Co-operation in Europe in 2014.

[9] The share of Swiss favouring an open and outward-looking foreign policy (which plays an active role in conflict mediation and stronger development co-operation) dropped sharply in 2016, at the height of the migration crisis; the figures recovered thereafter, reaching pre-migration crisis levels. In 2018, 29% of Swiss favoured an open and outward-looking foreign policy, 35% preferred an autonomous and strictly neutral foreign policy, and 36% favoured active neutrality (ETH Zürich, 2018[14]).

[10] Switzerland informs the public on its development co-operation activities through joint SDC and SECO conferences, biannual public panel discussions on current development issues, an online project database and a quarterly magazine (*Un Seul Monde*).

[11] The OECD Development Communication Network shares development partners' experiences and approaches about development communications.

[12] The online competence centre éducation21 elaborates and disseminates materials for teachers who wish to address sustainable development with students. The FDFA itself also creates materials on development education, such as the free-of-charge card game "Sustainable Development Geek", which tests players' knowledge of the SDGs and encourages discussion.

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Chapter 2. Switzerland's policy vision and framework

This chapter assesses the extent to which clear political directives, policies and strategies shape Switzerland's development co-operation and are in line with international commitments, including the 2030 Agenda for Sustainable Development.

The 2017-20 Dispatch on International Co-operation, supported by new guidance on leaving no one behind, sets a comprehensive vision for development, aligned with the 2030 Agenda, in order to find lasting solutions. The upcoming policies and strategies on gender equality and governance represent an opportunity to develop a transformative approach across the programme.

Further efforts to spell out Switzerland's comparative advantage and rationale would help move away from a strategy that is mainly structured around framework credits. They would help focus the programme further and develop a narrative that is able to respond to the increasing pressure to link the development programme to the objective of preventing migration to Switzerland.

Switzerland appreciates that the global landscape is changing and that it requires engaging with new partners. Overall, partnerships are strategic. Nevertheless partnerships with civil society could focus less on implementing Swiss projects and more on building a strong civil society that can act as an agent of change.

Framework

Peer review indicator: Clear policy vision aligned with the 2030 Agenda based on member's strengths

The 2017-20 Dispatch on International Co-operation sets Switzerland's vision for development. Owned by the government and parliament, this vision presents international co-operation as a tool of foreign and economic policies to tackle global challenges and support sustainable development. As the development co-operation programme faces 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 move away from a strategy that is a sum of priorities set at the level of framework credits, reduce the number of thematic and geographic priorities and focus the programme further.

Government and parliament share a vision for development co-operation

Switzerland's vision for international co-operation is owned at the political level and across the administration. The goals for international co-operation are set in the Constitution and then reflected in federal laws as well as in the strategies for Foreign Policy (Federal Department of Foreign Affairs [FDFA], 2016[1]) and for International Economic Policy (State Secretariat for Economic Affairs [SECO], 2004[2]) The vision, together with the financial means of implementation, are further detailed in the Dispatch on International Co-operation, approved by the Federal Council (the government) and the Parliament every four years. With the Human Security Division (HSD) now included in the Dispatch, ownership across the administration has increased.

The vision is aligned with the 2030 Agenda, but is under pressure to focus on irregular migration

Switzerland's vision for development is aligned with the 2030 Agenda. From the goals set out in the Federal Constitution[1] to the seven strategic objectives defined in the Dispatch (Figure 2.1), Switzerland looks at development in a systemic and integrated manner. Switzerland's efforts to build on the humanitarian-development-peace nexus (Chapter 7) illustrate its comprehensive approach. Switzerland also takes a forward-looking perspective on development for its future dispatches.

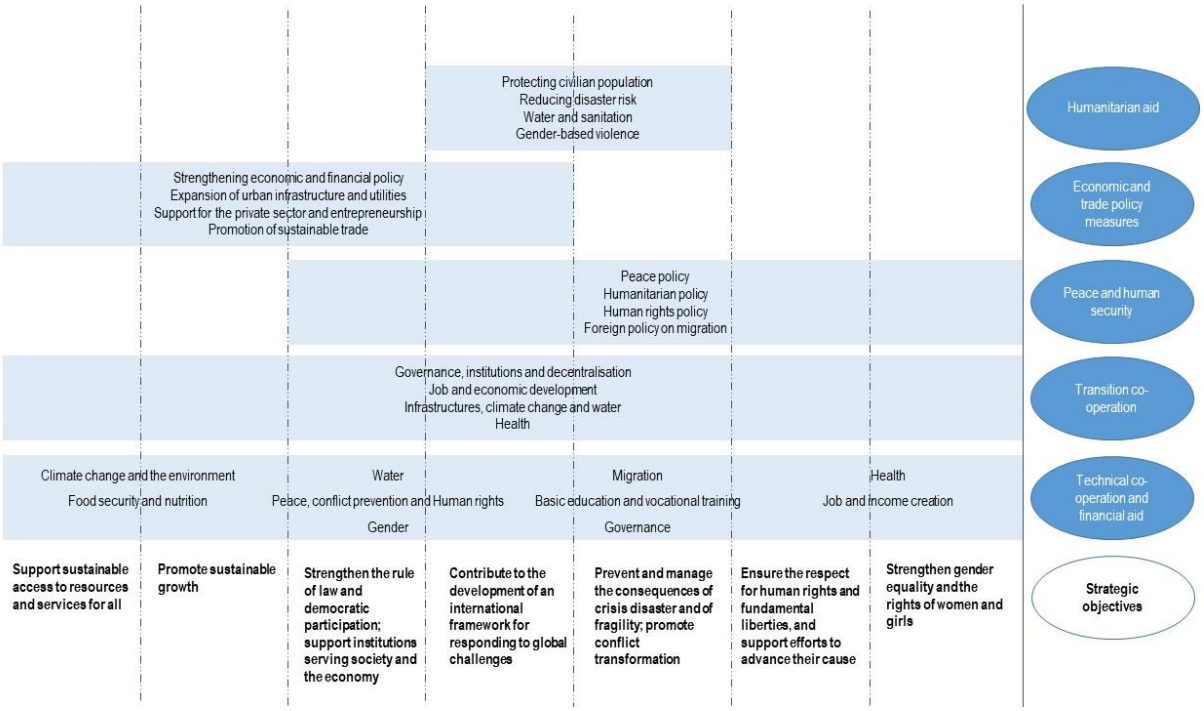
As evidenced in the Foreign Policy Strategy, development co-operation is also an instrument of foreign policy; in addition to addressing development challenges, it must serve national interests.[2] As such, the development and humanitarian programme is under increasing pressure to limit irregular migration to Switzerland. There exists a risk that potentially unrealistic expectations about what development programming can deliver will impact Switzerland's future vision. A programme that focuses on preventing migration at the expense of supporting partner countries' priorities for long-term sustainable development could lead to reputational risk for Switzerland: the country may no longer be seen as a neutral actor, diminishing its influence in global policy debates. A new and well-communicated narrative for development co-operation, highlighting its contribution to shared prosperity and security, could help mitigate these risks.

Multiple priorities do not spell out Switzerland's strengths

Switzerland's priorities are not easily identifiable. Even though the Dispatch outlines geographic and thematic priorities, these are set at the level of the five framework credits.[3] In addition, the broad nature and range of priorities, and the different layers of contextual and transversal themes, lead to a geographically and thematically dispersed programme (Section 2.1 and Chapter 3). In the next Dispatch, Swiss co-operation would benefit from concentrating on its comparative advantages and identifying those areas where the complementary approach of the Swiss Agency for Development and Cooperation (SDC), the Economic Cooperation and Development division of the State Secretariat for Economic Affairs (SECO) and HSD could add unique value.

Figure 2.1. Multiple priorities lead to a dispersed programme

Thematic priorities per framework credit and strategic objectives



Source: Swiss Confederation (2016[3]).

Principles and guidance

Peer review indicator: Policy guidance sets out a clear and comprehensive approach, including to poverty and fragility

Switzerland has developed a comprehensive approach to development, based on a multidimensional understanding of poverty. It has recently published its guidance to reach those left behind. Ongoing efforts to refine results-measurement mechanisms will help SDC assess whether its approach is effectively reaching the most vulnerable. The upcoming policies and strategies on gender equality and governance are an opportunity to be more ambitious and move to a transformative approach across the programme.

Switzerland is defining its approach to leave no one behind

Switzerland considers all individuals or groups excluded from sustainable development and not guaranteed minimum standard of living to be left behind (SDC, 2018[4]). To reach these individuals, it advocates tackling simultaneously the multiple dimensions of poverty[4] and the mechanisms of exclusion in specific contexts, particularly related to gender inequalities.

SDC has recently published guidance to help staff put related principles into practice. The approach rests on determining at the outset of each programme and in specific contexts who is left behind, from what, why and by whom. The most vulnerable are identified using analytical instruments such as poverty analysis, power analysis, political economy and gender analysis, as well as conflict-sensitive programme management. Staff must then select one or two priority groups, and assess the extent to which they will be affected both directly and indirectly by the programme. Complementary measures targeting specific needs can also be designed to enhance inclusion. Current efforts to refine results-measurement mechanisms and evaluation questions will help SDC assess whether its two-track approach of mainstreaming and targeting is effectively reaching the most vulnerable (Chapter 6). Its experience could also be of interest to the OECD Development Assistance Committee (DAC).

Mainstreaming gender equality and governance could support a more transformative approach

The Dispatch identifies gender equality and governance as transversal themes. Building on strong commitment from management, Switzerland developed policies, guidelines, thematic networks and capacity-building activities to integrate these two themes across the development co-operation programme. Learning from SDC's long-standing experience, SECO notably developed comprehensive guidelines for staff. Switzerland also mobilised these tools to raise awareness among implementing partners. Their use by non-governmental organisations (NGOs) illustrates their relevance.

While SDC's efforts to mainstream gender equality go back to the adoption of SDC's gender policy in 2003, accountability has increased since gender equality became a strategic objective of the Dispatch. Country strategies developed after 2017 systematically report on this dimension when previous reporting did not always allow strategic steering. Explicit attention to gender equality at the outset of each intervention has also proven effective in mainstreaming this topic. More projects explicitly targeting

structural changes would help Switzerland to be more ambitious and move from a gender-sensitive approach towards a transformative one (SDC, 2018[5]). The new gender strategy developed by the FDFA, SECO's comprehensive gender guidelines and the upcoming policy paper on mainstreaming governance are opportunities to act more proactively in this respect.

Even though it does not identify them as transversal themes, the Dispatch also points to migration, environment and disaster-risk reduction as topics that should be considered across the programme. The Global Programme Migration and Development has funded international organisations and think tanks to develop guidance on mapping and mainstreaming migration within the Sustainable Development Goals (SDGs), advocating for coherent policies. The Global Programme Climate Change and Environment has developed guidance, to be used internally and by partners, to mainstream environmental concerns. A key feature of the Climate, Environment and Disaster Risk Reduction Integration Guidance (CEDRIG) is that it aims to integrate jointly climate, disaster-risk reduction and the environment in projects and strategies, whereas other donors tend to integrate environmental concerns separately. Although using CEDRIG is not compulsory, more than 500 projects - developed by Switzerland or its partners - have been assessed through this tool since 2016.

Switzerland can step up its political work to address fragility

Preventing and managing the consequences of fragility is one of the seven strategic objectives of Switzerland's international co-operation to be achieved through humanitarian and development assistance. SDC is on track to meet its new target of focusing 50% of its technical co-operation credit on fragile contexts: one-half of all SDC partner countries and territories are fragile. Delivering results in fragile contexts requires working politically, meaning that Switzerland will have to step up this type of work in some cases. For example, the peer review team heard how increased engagement and interest from politicians in Bern could help Switzerland apply more pressure on issues in Ukraine.

Basis for decision making

Peer review indicator: Policy provides sufficient guidance for decisions on channels and engagements

Switzerland understands that the global landscape is changing, and requires engaging with new partners and beyond the country level. Engagement at the global level is strategic and focused on six themes for which global programmes have been designed. The rationale to engage at the regional and country levels is less prescriptive and the programme is dispersed geographically. Switzerland is partnering with a broad range of actors, from think tanks to multilateral organisations. While some partnerships are highly strategic, apart from programme contributions to selected Swiss non-governmental organisations (NGOs), partnerships with civil society tend thus far to focus more on implementing Switzerland's programme. The upcoming policy on engaging with NGOs should provide the rationale for a stronger and more strategic engagement with NGOs.

Global programmes focus on vulnerability and frame global engagement

Switzerland's global engagement focuses on six themes that have been identified as global challenges and have a disproportionate impact on the poorest and most vulnerable.[5] For each of these challenges, Switzerland has developed a global programme aiming to influence policies, promote innovation and support knowledge creation and exchange (Box 2.1). Through these global programmes, Switzerland leverages knowledge gained from activities at the local, national and regional levels to influence policy making at the global level, creating synergies between its bilateral and multilateral portfolios.

The rationale for engaging at the regional and country levels is not prescriptive

The rationale for engaging at the regional level is less clear, failing to emphasise when to develop a regional approach and how it differs from a sum of country programmes. Within the economic and trade policy framework credit, a regional approach can be developed if regional or international organisations implement programmes or multi-donor funding is used. Within the technical co-operation and financial aid framework credit, the Dispatch identifies seven priority regions for bilateral co-operation[6] and four criteria for SDC to engage at the regional level.[7] However, these general criteria provide little decision-making guidance. Furthermore, whether regional programmes are intended to complement or replace country programmes is unclear. As Switzerland further develops its regional approaches, a clear rationale for engaging at the regional level, and how to operationalise an approach that is more than a sum of country-level engagements, would provide useful guidance for staff.

Finally, while the Dispatch states the criteria for selecting and exiting partner countries, seven of the priority countries of SDC only partially meet these criteria (Swiss Federal Audit Office [SFAO], 2017[6]). The overall development co-operation programme is still dispersed across 54 priority countries and territories including countries within priority regions, contrary to recommendations from previous peer reviews to concentrate (Chapter 3); even though SECO did reduce the number of its priority countries. Further, activities developed in the global programmes mainly target countries relevant for the global challenges rather than priority countries. While current discussions to focus the next Dispatch on Africa, the Middle East, Eastern Europe and Central and South Asia, are a step towards greater concentration, care should be taken to ensure that criteria for selecting the new partner countries do not narrowly focus the development programme on preventing irregular migration.

Lastly, even though Switzerland aims to disburse 90% of its support to countries in three domains (four domains when at least two Swiss institutions are present), the broad definition of "domains" does not systematically lead to sectoral concentration. As evidenced in Ukraine, such broad definitions do not prevent Switzerland from implementing multiple projects with limited potential for synergies within the domain, with the risk of increasing the administrative burden on staff to the detriment of strategic and informed steering. By amending its rules for grants to small projects in 2018 to increase their size and link them more strategically to the overall portfolio, Switzerland has taken a positive step that should help overcome these challenges.

Box 2.1. Linking local, regional and global actions - the role of the global programmes

Global programmes were developed in 2008 to fund innovative projects or programmes aiming to influence policies and support knowledge creation. SECO leads the global programme on finance and trade, while SDC manages the programmes on climate change and the environment, migration and development, water, food security and health. Each global programme of SDC has an annual budget of approximatively CHF 30 million (Swiss francs) (USD 29.6 million).

Global programmes combine technical expertise, operational programmes and contributions to the shaping of international norms. Results and evidence from specific projects "on the ground" back Switzerland's advocacy efforts, strengthening its ability to influence policies in multilateral fora. Close collaboration with multilateral organisations and global leaders to leverage resources and develop joint policy strategies on these six global challenges has proved successful in influencing global norms.

Examples of success include Switzerland's influence on defining the SDGs and the Global Compact for Safe, Orderly and Regular Migration (Chapter 1), the implementation of policies on food loss in African countries following SDC-spurred innovations in post-harvest management in Central America, the passing of India's energy-conservation building code for residential buildings based on the construction by Switzerland of prototype buildings, and Switzerland's promotion of water diplomacy in the Middle East.

Source: SDC (2015[7]).

A broad range of partnerships with different levels of strategic ambition

Switzerland is partnering with a broad range of actors. While some partnerships are strategic, presenting synergies with the different funding channels, others tend to be more instrumental in the sense that they are focused on implementing Switzerland's projects. This represents a missed opportunity to leverage each actor's added value to reach higher-level objectives.

The objectives of multilateral co-operation are clear: they aim at complementing bilateral co-operation, while scaling progress and creating global norms. Strategic, results-focused partnerships with multilateral organisations increase Switzerland's capacity to wield global influence and drive a more effective multilateral system. In key multilateral organisations,[8] Switzerland brings its thematic expertise, pragmatism and a drive for results to strengthen the governance of the multilateral system. Assessments conducted by the Multilateral Organisation Performance Assessment Network and the multilateral organisations themselves, as well as core contribution management reviews (looking at the organisations' effectiveness, as well as Switzerland's influence) inform decisions on aid allocations and steering.

Attempts to partner with non-DAC donors are another example of efforts to build common understanding and approaches to development challenges. For instance, Switzerland funds regional organisations to transfer knowledge. It has also signed memoranda of understanding with Argentina, Brazil, Chile, Colombia and Mexico to engage in triangular co-operation[9] in its key sectors, and with China to facilitate learning exchanges.

Civil society organisations (CSOs) are key partners for Switzerland; about 33.7% of bilateral official development assistance is provided to and through these organisations (Chapter 3). There are, however, some inconsistencies between the messages of the Dispatch and funding instruments (Chapter 5). For instance, while the Dispatch promotes an enabling environment for civil society,[10] local CSOs tend to be supported as implementing partners rather than partners in their own right, as observed in Ukraine (Annex C). The forthcoming CSO policy provides an opportunity to clarify the rationale behind the partnerships with Swiss and local organisations, and adjust funding instruments accordingly.

Switzerland has developed a pragmatic approach to partnering with the private sector, and SECO has set a holistic strategy with clear objectives (Figure 2.2). In addition to supporting local private-sector development and a business-enabling environment, SECO engages with private companies and business associations to support sustainable trade and facilitate access to finance. This holistic approach supports knowledge and information sharing, policy dialogue and capacity development while providing financial support. SDC does not have a formal strategy to engage with the private sector, but aims to increase the number of public private partnerships (Chapters 3 and 5). The foreseen strategy "Engaging with the Private Sector" to be developed in 2019 is an opportunity to clarify how SDC instruments differ from or complement SECO's instruments and will provide useful guidance for staff and partners to develop the portfolio (SDC, 2016[8]).

Figure 2.2. SECO adopted a holistic approach to partner with the private sector

Source: SECO (2018[9])

Finally, Switzerland partners with research institutions to strengthen its development programme. The research themes set in the Master Plan For Research In Development Co-operation (SDC, 2017[10]) are aligned with the priorities of the Dispatch (particularly the global programmes) with the objective of creating new knowledge, either as a global good or to inform the strategies of Swiss development co-operation programmes.

Notes

[1] The Federal Constitution states that Switzerland's goals in international co-operation are to reduce poverty, alleviate human suffering, promote peace and respect for human rights, and conserve national resources.

[2] Support for sustainable development, as well as peace and security, should help create a global environment conducive to prosperity. Solidarity and responsibility for tackling global challenges provide added value to increase Switzerland's international influence.

[3] For instance, each of the five framework credits targets a different set of partner countries: least developed countries and fragile countries in the technical and financial co-operation programme, middle-income countries in the economic and trade programme, and central and eastern countries in the transition programme.

[4] SDC applies the OECD DAC definition of poverty, which covers five dimensions of human capabilities: economic, human, political, socio-cultural and protective.

[5] Climate change, food security, water, migration, health, finance and trade.

[6] The seven regions are: Horn of Africa (Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Yemen); Southern Africa (Lesotho, Malawi, South Africa, Kingdom of Eswatini, Zambia, Zimbabwe); the Great Lakes (Burundi, Democratic Republic of Congo, Rwanda); North Africa and the Middle East (Egypt, Lebanon, Tunisia, Syrian Arab Republic, West Bank and Gaza Strip); the Mekong (Cambodia, Lao People's Democratic Republic); the Hindu Kush (Afghanistan, Pakistan); and Central America (Honduras, Nicaragua).

[7] The four criteria are: global or regional challenges must be solved regionally with a cross-border vision; there are regional organisations SDC supports; the regional approach can lead to flexibility and more efficient risk management; and a deep contextual analysis has been conducted.

[8] The Dispatch identifies 15 key partner organisations or funds: World Bank; African Development Bank; Asian Development Bank; Inter-American Development Bank; United Nations Development Programme; United Nations Children's Fund; United Nations Population Fund; International Fund for Agricultural Development; World Health Organization; UN Women; Joint United Nations Programme on HIV/AIDS; Consultative Group on International Agricultural Research; Global Fund to Fight AIDS, Tuberculosis and Malaria; and the Green Climate Fund. A fourth global fund will be selected during the course of the Dispatch.

[9] At the time of drafting the report, Switzerland was engaged in five projects with partners in Latin America and sub-Saharan Africa.

[10] According to the Dispatch, CSOs "provide services, innovate, mobilise, gather, influence, and represent an essential counter-power vis-à-vis the State. They also strengthen individuals in the exercise of their rights and citizenship, and play a fundamental role in the development of the rule of law and democratic structures."

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Chapter 3. Switzerland's financing for development

This chapter considers how international and national commitments drive the volume and allocations of Switzerland's official development assistance (ODA). It also explores Switzerland's other financing efforts in support of the 2030 Agenda.

Switzerland increased its budget for official development assistance (ODA) between 2014 and 2016, fulfilling the objective set in 2011 by the Swiss Parliament to reach 0.5% of its gross national income (GNI) to ODA. However, the 2017-20 Dispatch departs from this target and ODA dropped considerably in 2017.

The impact of Swiss ODA may be weakened by a geographically and thematically dispersed programme. Despite increased budgets committed to gender equality and the environment, funding for cross-cutting issues remains below the OECD Development Assistance Committee (DAC) average.

Non-governmental and multilateral organisations are key partners for Switzerland. Switzerland is a strong supporter of non-governmental organisations (NGO) as actors in their own right, but thus far limits core contributions to Swiss and international NGOs. Allocations to multilateral organisations are focused and predictable, and reflect Switzerland's multilateral strategy. Considering the balance between core contributions to multilateral partners and bilateral co-operation implemented by multilateral partners would help Switzerland assess whether its approach still contributes to an effective multilateral system.

Switzerland uses ODA to leverage development finance by strengthening countries' capacities to mobilise domestic resources, promoting impact investment and seeking partnerships with the private sector.

Overall ODA volume

Peer review indicator: The member makes every effort to meet ODA domestic and international targets

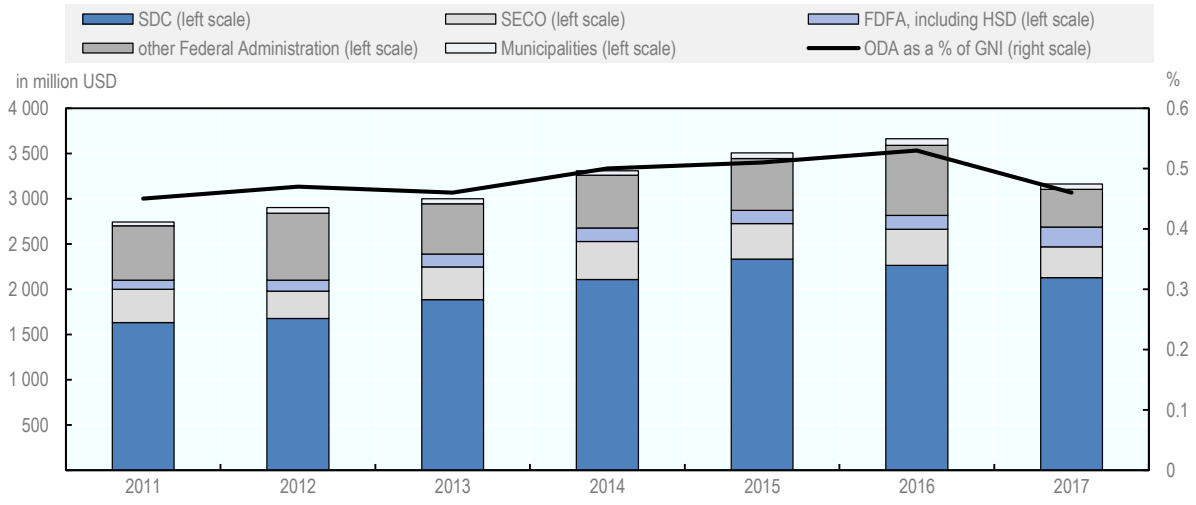
Although Switzerland fulfilled the objective set in 2011 by the Parliament to reach 0.5% of its GNI as ODA between 2014 and 2016, this target was not met in 2017 and the current Dispatch on International Co-operation does not plan to revert to this commitment. ODA dropped substantially in 2017, leading to cuts in partnerships and developing new areas of work at a slower pace. Statistical reporting is rated as fair, and timeliness could be improved.

The 2017-20 Dispatch does not strive to meet Switzerland's commitment to allocate 0.5% of GNI as ODA

Until 2016, Switzerland had steadily increased its development co-operation budget to meet its 2011 commitment to provide 0.5% of its GNI as ODA. Between 2014 and 2016, it exceeded this target (Figure 3.1). Although the expanded budgets of the Swiss Agency for Development and Co-operation (SDC) and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) drove the increase in total ODA in 2014 and 2015, the 0.53% GNI/ODA ratio reached in 2016 resulted from increased in-donor refugee costs borne by the State Secretariat of Migration.[1] Switzerland's ODA contains a substantial amount of in-donor refugee costs: in 2016, the share of total net ODA disbursed in-country to host refugees was the sixth-highest of the DAC (OECD, 2018[1]). This share reached 19.3% of total gross ODA in 2016 - twice the DAC average (10%) (Annex B, Table B.2).

Figure 3.1. Swiss ODA increased until 2016

Switzerland's ODA by agency, gross disbursement in constant 2016 USD, 2011-17



Notes: USD: US dollars. Disaggregated data for HSD are not available, HSD is included in the FDFA.
Source: Based on OECD (n.d.)[20], *DAC International Development Statistics,* https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en.

An unbalanced federal budget led to adopting an expenditure stabilisation programme for 2017-19, triggering cuts in ODA.[2] The budget attached to the Dispatch plans to allocate only 0.48% of GNI as ODA, with no plans to revert to the 0.5% target. However, as the costs of hosting refugees in Switzerland have dropped sharply since 2016, ODA fell below the target in 2017, dropping to 0.46% of GNI (Figure 3.1).

Budget cuts have now been strategically absorbed, limiting wherever possible the negative consequences on existing programmes and partnerships (Section 3.2 and 3.3). Yet new areas of work (e.g. vocational education and training) have been developed at a slower pace than anticipated.

Switzerland does not report ODA figures in a timely manner

Switzerland's statistical reporting on ODA flows to the DAC is rated as fair. ODA eligibility screening is thorough and precise; however, timely reporting remains a challenge: Switzerland has repeatedly submitted the data with significant delays.[3] The ongoing DAC statistical peer review process could offer Switzerland useful insights to overcome this challenge. The reporting on forward-spending plans is rated as excellent. The financial planning of the dispatches on international co-operation include a four-year budget signed by the Swiss Parliament for each framework credit. They explicitly state that multi-annual contracts can be signed even at the end of the Dispatch.

Bilateral ODA allocations

Peer review indicator: Aid is allocated according to the statement of intent and international commitments

The lack of geographic and thematic focus for its development programme could affect Switzerland's efficiency as a donor. Aside from its focus on least-developed (LDCs) and low-income countries, Switzerland's bilateral ODA remains thinly spread across numerous countries; in many of its priority countries, it does not rank among the top donors. Thematic allocations similarly reflect the breadth of Switzerland's priorities. Moreover, commitments to cross-cutting themes, such as gender equality and the environment, are below the DAC average. The limited share of ODA channelled to local NGOs illustrates how they are mostly considered implementing partners rather than partners in their own right.

Switzerland is close to meeting the international commitment to LDCs

The 2011 Istanbul Programme of Action for LDCs commits countries to provide 0.15%-0.2% of GNI to LDCs, and Switzerland is close to meeting this target: in 2017, it provided 0.13% of GNI to LDCs (Annex B, Table B.7). Switzerland allocated 31% of its country-programmable ODA to fragile and conflict-affected countries in 2017, slightly below the DAC average of 35% (Annex B, Table B.7).[4]

Switzerland's bilateral ODA is spread across numerous countries

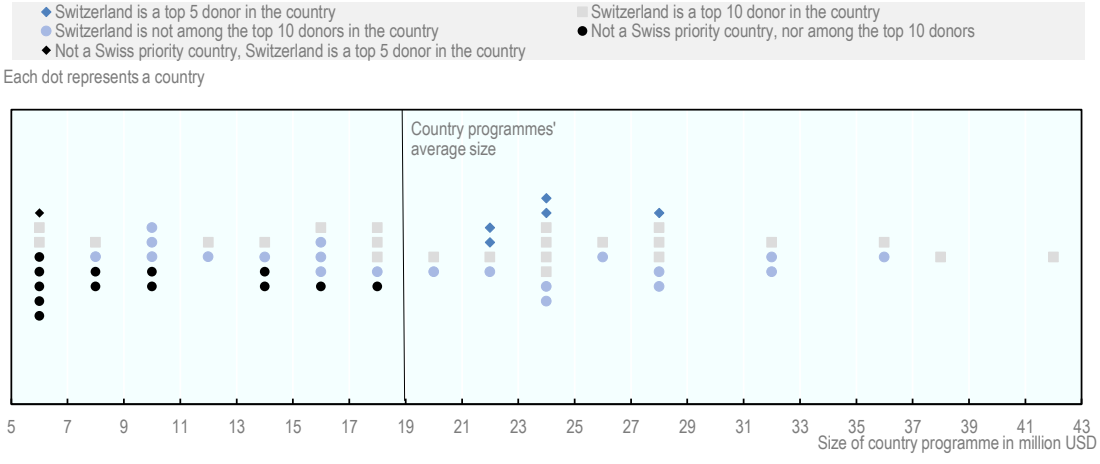
Although 81% of country allocable aid is channelled to priority countries (OECD (n.d.)[2]), the large number of priority countries (54, including countries within priority regions) prevents focus: only 24% of bilateral ODA went to Switzerland's top 20

recipient countries, compared to the DAC average of 40%. As a consequence, Switzerland does not rank among the top 10 donors in 20 of its priority countries and territories (Figure 3.2). Moreover, SDC spends less than USD 20 million (US dollars) on its development programme – SDC target for the annual average budget of priority countries – in 30 countries (including non-priority);[5] and SECO spends less than USD 12 million – SECO annual average budget for countries - in two countries.[6]

Switzerland is taking small steps to increase its geographical focus. The largest framework credit (Technical co-operation and financial aid for developing countries) increased its focus on sub-Saharan Africa from 45% to 50%. However, as other framework credits target different regions, this focus on sub-Saharan Africa is not very visible at the level of the Dispatch. In 2017, for instance, 38% of allocable bilateral ODA went to Africa and 28% to Asia (Annex B, Table B.3). SECO also took steps to reduce the number of priority countries in the transition framework credit from 13 to five, and took complementary measures in Africa, Asia and South America.[7] Moreover, the recent announcement of the Federal Council on the upcoming dispatch indicates additional steps towards greater geographic concentration (Chapter 2).

Figure 3.2. Switzerland does not rank among the top 10 donors in 20 of its priority countries

Amount of development ODA by priority countries, 2016-17 average



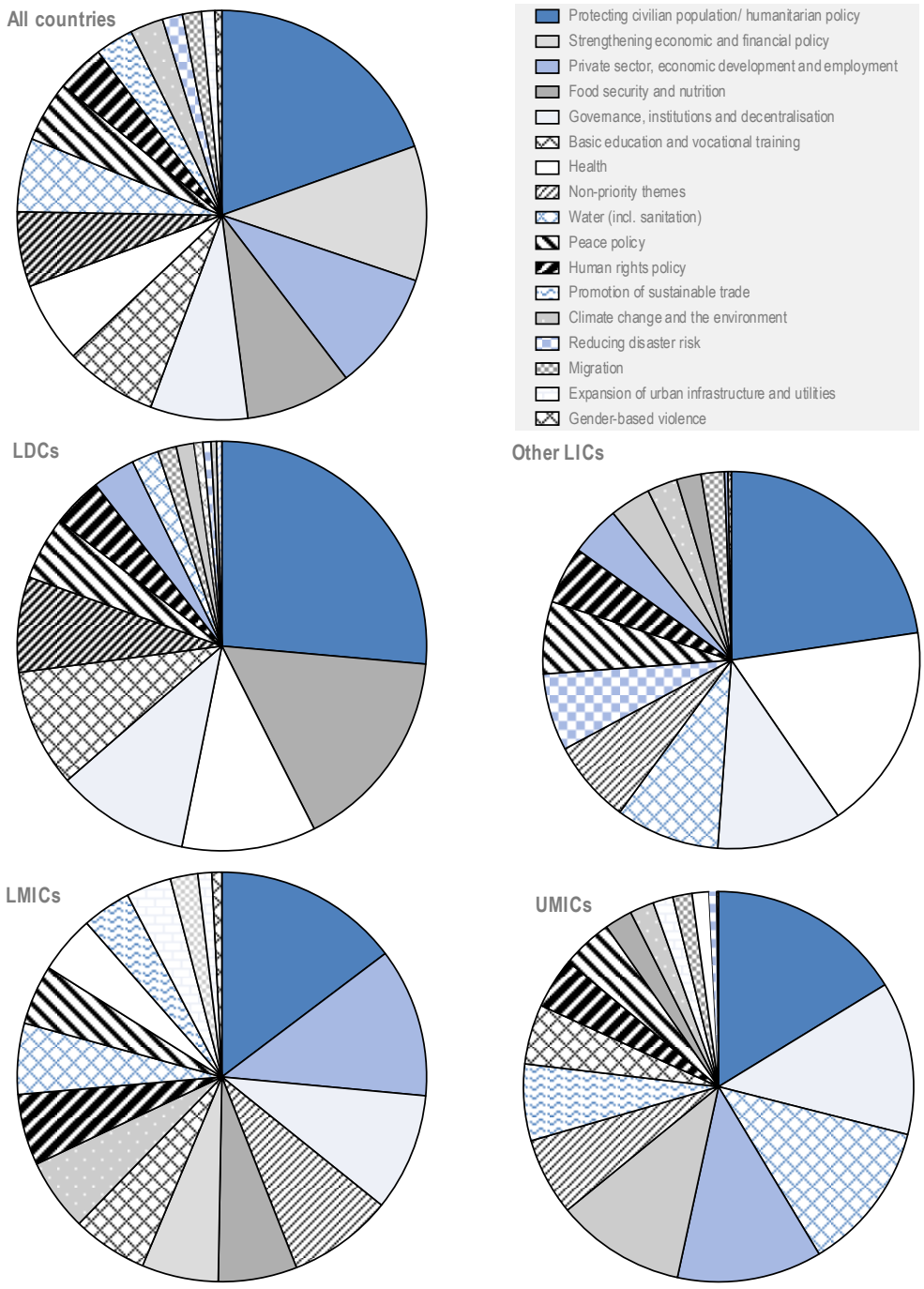
Notes: 1. The figures represented exclude funds for emergency response, reconstruction relief and rehabilitation, and disaster prevention and preparedness.
2. See endnote for list of countries and territories depicted in the graph.[8]
Sources: Based on OECD (n.d.)[2], *DAC International Development Statistics*, https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en; OECD (n.d.)[3], *Aid at a glance charts*, http://www.oecd.org/dac/stats/aid-at-a-glance.htm.

Thematic allocations reflect the breadth of Switzerland's priorities

Bilateral ODA is mostly allocated to the sectors and themes identified in the Dispatch. However, these themes are numerous - a total of 16 for the five framework credits (Chapter 2) - and broadly defined. This thematic breadth, on top of the geographic dispersion, can lead to inefficiencies, constraining Switzerland's voice and visibility within the sectors and countries.

Figure 3.3. Bilateral ODA is spread across the framework credits' thematic priorities

Bilateral ODA by thematic priorities, commitments in percentages, 2016-17 average



Notes: 1. Thematic priorities were grouped together where sensible and for reasons of data availability. See Chapter 2, Figure 2.1 for a complete list of the 16 thematic priorities, including the responsible agencies.
2. These figures exclude multisector, commodity and programme aid; administrative costs; and refugee costs in the donor country; together, these represented 31% of allocable bilateral ODA in 2016-17, mainly attributable to in-donor refugee costs (Annex B, Table B.5).
Source: Based on OECD (n.d.)[20], *DAC International Development Statistics*, https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en.

The thematic dispersion is especially evident in lower middle-income countries (Figure 3.3), in which both SDC and SECO may be present. It is less visible in countries where only one agency is active. The five priorities receiving the most funds represent 73% of bilateral ODA in LDCs, 67% in other low-income countries (LICs) and 64% in upper middle-income countries (UMICs).[9] The dispersion in lower middle-income countries (LMICs) underlines the need to build further synergies between SDC and SECO and focus on common priorities.

Switzerland has taken small steps to reduce this thematic dispersion. New country strategies should focus on three sectors only (four sectors if at least two Swiss institutions are present), and one of these sectors should be a global programme. Meeting this objective, however, will require firm actions from management: the sectors in country strategies sometimes bundle two or more broad thematic areas.

Cross-cutting themes are not fully mainstreamed

The focus on gender equality is only partially reflected in ODA allocations. Although gender equality is both a cross-cutting theme for all framework credits and one of the Dispatch's strategic objectives, the share of Swiss ODA integrating gender-equality dimensions (25.8%) was lower than the DAC average (36.5%) in 2016 (OECD, 2018[1]). This share, however, had increased significantly from 2015 (14.5%). The share of aid with a dedicated focus on gender equality as the principal objective is also lower (1.9%) than the DAC average (4.4%) (OECD, 2018[4]).

Switzerland is strongly committed to the USD 100 billion target for climate action in developing countries.[10] Although the Dispatch does not consider the environment to be cross-cutting theme, it should be considered across the programme (Chapter 2). ODA commitments suggest that SECO includes environmental concerns more than SDC: projects with an environmental objective represent 41% of SECO's budget, compared to only 15% of SDC's budget (OECD, n.d.[2]). Switzerland performs below the DAC average where the environment is concerned: in 2016, 25% of Switzerland's bilateral allocable aid supported the environment, compared with the DAC average of 33%, and 20.9% of Swiss bilateral allocable aid focused on climate change, compared with the DAC average of 25.7% (OECD, 2018[1]).

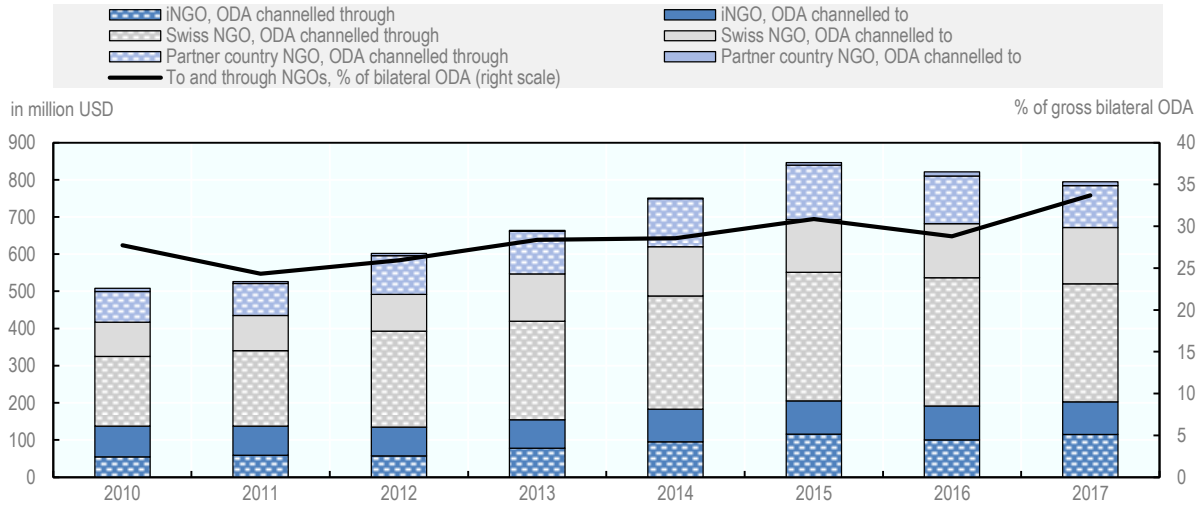
NGOs are key partners

In 2016, Switzerland was the seventh-largest bilateral donor in volume providing ODA to and through NGOs. Since 2011, the share of ODA allocated to or through NGOs has increased steadily, reaching 34% of bilateral ODA in 2017 (Figure 3.4).

By limiting cuts to its contributions to NGOs, despite cuts to the ODA budget, SDC has shown its commitment to these organisations. Switzerland channels relatively more ODA to NGOs (also referred to as programme contributions) than the DAC average. In 2016, it channelled 9% of bilateral aid to NGOs, compared to the DAC average of 3% (OECD, 2018[5]). It therefore recognises their role as actors in their own right. However, it mostly perceives partner countries' NGOs as implementing partners, as they receive very limited core contributions (USD 10.6 million). Most ODA channelled to and through NGOs was allocated to Swiss NGOs (USD 469 million in 2017). Funds channelled to and through international NGOs are highly concentrated, with 82% dedicated to emergency responses.

Figure 3.4. Funds channelled to and through NGOs have been increasing

ODA channelled to and through NGOs, constant USD, 2010-17



Note: iNGO stands for international NGO.
Source: Based on OECD (n.d.)[2], *DAC International Development Statistics*, https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en.

Multilateral ODA allocations

Peer review indicator: The member uses the multilateral aid channel effectively

Switzerland's allocations to the multilateral system reflects its strategy and objectives. Funding is focused (78% of Switzerland's core funding goes to 15 multilateral organisations) and predictable, thanks to multi-year funding agreements. Well-communicated cuts in multilateral ODA are other examples of Switzerland's principled approach. Keeping under review the balance between multi-bi and core contributions to priority UN agencies would help Switzerland remain a knowledgeable donor and a valued partner in the multilateral system.

Multilateral ODA is targeted and focused

Switzerland's allocations to multilateral organisations are in line with its multilateral strategy and objectives (Chapter 2). The 15 priority organisations receive 78% of Switzerland's core contributions, and Switzerland ranks among the top 10 donors to most of them.[11] With USD 804 million, Switzerland is the eleventh-largest donor to development banks, UN agencies and other multilateral organisations (excluding the European Union) (Figure 3.5).[12]

Multi-year funding agreements consolidate Switzerland's reputation as a reliable and valued partner, complementing its informed contribution to the institutions' governance (Chapters 1 and 5). Multilateral partners appreciate the balance between unearmarked and lightly earmarked funding for their core activities. Lightly earmarked funding is always in

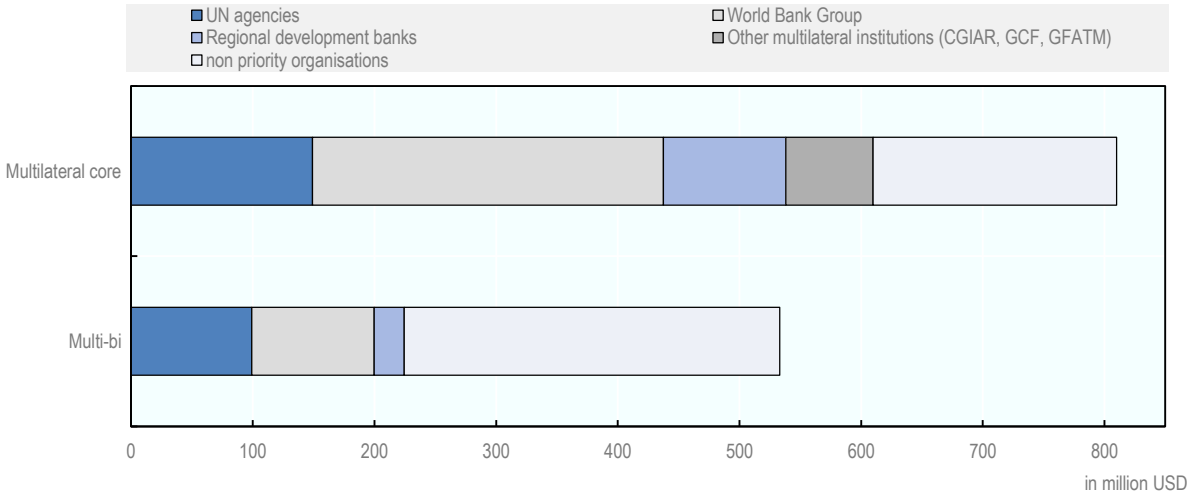
line with the institutions' priorities; it follows standard agreements and light reporting, providing the necessary flexibility.

In addition to core contributions, Switzerland has a high share of bilateral ODA channelled through the multilateral system (multi-bi), an average 16.5% of total ODA in 2016-17 (Annex B, Table B.2). With USD 598 million in 2017, Switzerland's multi-bi ODA represents 43% of total funds channelled to and through the multilateral system.[13] SECO makes more use of multi-bi projects (59% of its total budget in 2017) compared to SDC (17% of its total budget in 2017).

Multi-bi ODA is mostly channelled through non-priority organisations (Figure 3.5). As for multi-bi ODA to priority organisations, while bilateral ODA channelled through the World Bank Group and regional development banks represents a fraction of their respective core contributions, bilateral ODA channelled through priority UN agencies is considerable (USD 116 million multi-bi vs. USD 148 million core contributions in 2016). The high share of ODA channelled through (multi-bi) priority UN agencies could affect their ability to implement their core mandate.

Figure 3.5. Multilateral ODA focuses on priority institutions

ODA flows to key multilateral agencies, 2017, gross disbursement



Source: Based on OECD (n.d.)[2], *DAC International Development Statistics*, https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en.

Cuts to multilateral organisations - stemming from cuts in the overall ODA budget - were well thought through. Switzerland decided to maintain the balance between the three clusters of multilateral organisations (international financial institutions, UN system, and global funds and networks) prescribed in the 2017-20 Dispatch, but political, strategic and impact considerations determined the cuts within the clusters.[14] Switzerland's tools for monitoring and assessing multilateral institutions' performance (i.e. annual reports, the Multilateral Organization Performance Assessment Network, core contribution management and the Annual Multilateral Performance Assessment) provided evidence for decision-making. Switzerland communicated its decisions transparently and in a timely manner, and multi-year funding agreements were not altered.

Financing for development

Peer review indicator: The member promotes and catalyses development finance additional to ODA

Switzerland promotes the use of ODA to mobilise additional development finance. In line with the Addis Tax Initiative, Switzerland doubled the resources dedicated to domestic resource mobilisation. In addition to building on its development finance institution, Switzerland uses innovative instruments (such as impact bonds) to promote impact investing, for which it is becoming an international hub. In this context, SDC is reviewing its guidance for partnering with the private sector. Switzerland tracks and reports flows beyond ODA.

Switzerland has a diverse platform to leverage additional funds for development

In line with the Addis Ababa Action Agenda, Switzerland promotes the use of ODA to mobilise additional development finance. Switzerland leads by example: it tripled its funding for domestic resource mobilisation from USD 7.8 million in 2015 to USD 24.5 million in 2016 (1.6% of bilateral allocable aid), making it the fifth-largest donor in this area (OECD, 2018[1]; OECD, 2017[6]). The focus of SECO on local private-sector development and public financial management helps mobilise domestic resources and create an attractive governance framework for private investment. Additionally, Switzerland committed 22.8% of bilateral allocable aid to promoting aid for trade and improving partner countries' trade performance (OECD, 2018[1]).

Swiss companies invest large sums in developing countries (Annex B, Table B.1). Switzerland has developed public-private partnerships to exploit and steer such investments. Under the 2013-16 Dispatch, Switzerland doubled these partnerships, but few were developed in LICs. While SECO has solid experience partnering with the private sector, SDC is still building its capacities (Chapter 4). Integrated co-operation offices and embassies have the potential to increase encounters with Swiss companies in partner countries, generating public-private projects with positive development impact, as seen in Ukraine.

Switzerland uses a range of instruments (such as the Swiss Capacity Building Facility and the Private Infrastructure Development Group) to facilitate access to finance for entrepreneurs and develop infrastructure in developing countries.[15] It has also developed innovative funding instruments - i.e. development and humanitarian impact bonds - to leverage private funds (Box 3.1). The Swiss development finance institution, Swiss Investment Fund for Emerging Markets (SIFEM), also facilitates finance and investments in developing countries: at least 60% of the annual investment volume of SIFEM is directed to SDC or SECO priority countries. SIFEM contributes indirectly to poverty reduction by investing in small and medium-sized enterprises and fast-growing companies, with the objective of creating lasting and decent employment.[16] Although SIFEM has a positive track record in contributing to job creation and leveraging private funds (SIFEM, 2017[7]), past evaluations indicate that it could improve its impact by setting more ambitious targets and focusing more on inclusive growth (SIFEM, 2017[7]; SECO, 2013[8]). Additional co-operation with the public sector, for example using blended-finance tools, could allow SIFEM to take calculated risks and invert in LDCs.

Box 3.1. Impact bonds and social impact incentives - financial innovations to pay for results

Switzerland is a leader in promoting impact investing and is becoming an international hub of expertise in this area, making the most of its large financial sector and the many multinational enterprises located in the country (Swiss Sustainable Finance, 2015[9]). With impact bonds, the funder (i.e. Swiss development co-operation and/or other funders) makes a conditional pledge to pay the investor for concrete results achieved in a pre-determined time by the service provider: the better the result, the higher the contribution ("pay for success"). Examples include Switzerland's support for the International Committee of the Red Cross' humanitarian impact bond - the first impact bond in the humanitarian sector - and a SECO supported programme in Colombia, which resulted in the first social impact bond in an emerging market. Moreover, together with specialised partners, SDC has developed an innovative "pay for success" instrument - the social impact incentive (OECD, 2018[10]).

Sources: OECD (2018[10]), *Global Outlook on Financing for Sustainable Development 2019: Time to Face the Challenge*, https://dx.doi.org/10.1787/9789264307995-en; Swiss Sustainable Finance (2015[9]), *Swiss Investments for a Better World - The First Market Survey on Investments for Development*, http://www.sustainablefinance.ch/upload/cms/user/SSF_A4_Layout_RZ-1.pdf.

Switzerland tracks and reports flows beyond ODA

Switzerland tracks its other official flows, including amounts mobilised through SIFEM, flows to new Member States of the European Union, private grants and private flows at market terms. In addition, major philanthropic foundations based in Switzerland are starting to report regularly to the OECD following DAC statistical standards, thus providing a more complete picture of the development finance landscape.[17]

Notes

[1] SDC and SECO provided approximately 75% of Switzerland's ODA. Together with the Human Security Division – which is included in the 2017-20 Dispatch – the share of ODA directly covered by the three agencies is approximately 78%. The State Secretariat for Migration is included within "other Federal administration" in Figure 3.1.

[2] The unbalanced budget is a result of lower tax revenues because of an economic slowdown and the strengthening of the Swiss franc in 2015. The Expenditure Stabilisation Programme 2017-19 was adopted to comply with the 2001 balanced budget amendment to the Constitution ("debt break").

[3] Delays are due to late reporting of ODA extended by Switzerland's cantons and municipalities as well as late ex-post reporting of NGOs' activities funded through programme contributions.

[4] SDC's technical co-operation framework credit is about to direct 50% of its budget to fragile countries.

[5] The 2017-20 Dispatch foresees an annual average budget of CHF 25 million (Swiss francs) (approximately USD 25.4 million) per SDC priority country; SDC lowered this target to CHF 20 million (approximately USD 20.3 million) following the expenditure stabilisation programme and the budgetary separation of staff and activity costs.

[6] SECO's annual country budget for technical co-operation and financial are on average CHF 12.5 million (approximately USD 12.3 million); the amount is below SDC's target as implementation mechanisms differ and SECO has a stronger focus on private and domestic resource mobilisation.

[7] SECO stayed in the countries in the transition framework credit that had lost their priority status.

[8] The countries and territories in Figure 3.2. are: Afghanistan, Albania, Armenia, Bangladesh, Benin, Plurinational State of Bolivia, Bosnia and Herzegovina, Burkina Faso, Burundi, Cambodia, Chad, People's Republic of China, Colombia, Democratic Republic of Congo, Cuba, Egypt, Ethiopia, Former Yugoslav Republic of Macedonia, Georgia, Ghana, Haiti, Honduras, India, Indonesia, Jordan, Kenya, Kosovo, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Mali, Republic of Moldova, Mongolia, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Pakistan, Peru, Rwanda, Serbia, Somalia, South Africa, South Sudan, Syrian Arab Republic, Tajikistan, United Republic of Tanzania, Tunisia, Ukraine, Uzbekistan, Viet Nam, West Bank and Gaza Strip, and Zimbabwe.

[9] In LDCs, the thematic priorities receiving most funds are: protecting civilian population/ humanitarian policy, food security and nutrition, health, governance, institutions and decentralisation, basic education and vocational training. In other LICs, the thematic priorities receiving most funds are: protecting civilian population/humanitarian policy, health, governance, institutions and decentralisation, water (incl. sanitation), non-priority themes. In LMICs, the thematic priorities receiving most funds are: protecting civilian population/ humanitarian policy, private sector, economic development and employment, governance, institutions and decentralisation, non-priority themes, food security and nutrition. In UMICs, the thematic priorities receiving most funds are: protecting civilian population/ humanitarian policy, governance, institutions and decentralisation, water (including sanitation), private sector, economic development and employment, and strengthening economic and financial policy.

[10] The Federal Council calculated Switzerland's share on the basis of its economic performance and the climate impacts of activities within Switzerland. Switzerland would therefore provide approximately USD 450 to 600 million per year to the collective goal of developed countries by 2020 and beyond.

[11] Core contributions not directed to priority organisations are also focused: 62% of these funds go to the United Nations Refugee Agency, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Geneva Centre for the Democratic Control of Armed Forces, the International Monetary Fund, the Islamic Development Bank and the Global Environment Facility.

[12] The World Bank Group is the largest recipient of Switzerland's core contributions to the multilateral system (USD 287 million), followed by its priority UN agencies (USD 148 million)

[13] Swiss Cooperation Offices rely on multilateral institutions as implementing partners (Chapter 5). Over 50% of multi-bi funds are dedicated to emergency responses; public finance; decentralisation; conflict, peace and security; and multisector activities.

[14] The 2017-20 Dispatch prescribes directing 66% of Swiss multilateral ODA to international financial institutions, 24% to the UN system, and the remaining 10% to global funds and networks (Swiss Confederation, 2016[11]).

[15] Through technical assistance grants, the Swiss Capacity Building Facility contributes to reducing the entry costs for financial service providers seeking to offer innovative and affordable financial services to low-income earners, smallholder farmers and small businesses (OECD, 2016[12]). Through the Private Infrastructure Development Group, Switzerland and other donors mobilise private-sector investment to finance infrastructure projects in sub-Saharan Africa and Asia.

[16] SIFEM follows an indirect investment strategy, operating through funds managed by financial intermediaries, as well as in other financial institutions.

[17] The Oak Foundation, MAVA Foundation, UBS Optimus Foundation and C&A Foundation.

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Chapter 4. Switzerland's structure and systems

This chapter reviews Switzerland's organisational structures and management systems for its development co-operation and the extent to which they are fit for purpose, with appropriate capabilities to deliver on its development objectives.

Three institutions share responsibility for implementing the Dispatch on International Co-operation. Strong co-ordination among these institutions, and with other parts of the administration, has resulted in a substantive whole-of-government approach. However, there is room to move from co-ordination to collaboration in areas where at least two institutions share similar priorities.

Switzerland has strong mechanisms to assure the quality of its programme and manage risk strategically. Flexible processes, formal and informal incentives to innovate and a culture open to manage risk strategically led Switzerland to engage innovative projects, partnerships and funding mechanisms.

Experienced staff are one of the strengths of Switzerland's development co-operation. The challenges in designing a medium-term plan for future expertise needs might weaken this asset.

Authority, mandate and co-ordination

Peer review indicator: Responsibility for development co-operation is clearly defined, with the capacity to make a positive contribution to sustainable development outcomes

Switzerland's strong whole-of-government approach builds on a culture of consultation and collegiality. Integrating the Human Security Division (HSD) in the 2017-21 Dispatch on International Co-operation has strengthened this approach as three institutions are now jointly accountable to the Parliament for implementing the majority of the development programme while remaining responsible for their own framework credit(s). As Switzerland is preparing its future Dispatch, there are opportunities to strengthen collaboration and better exploit the expertise of each institution.

Shared authority for 78% of the co-operation programme

Responsibility for development co-operation is shared across the administration. Since 2017, two federal departments (ministries) and three institutions are jointly accountable to the Swiss Parliament for achieving the seven strategic objectives identified in the Dispatch on International Co-operation (Swiss Confederation, 2016[1]). These are the Swiss Agency for Development and Co-operation (SDC) and HSD within the Federal Department of Foreign Affairs (FDFA), and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) within the Federal Department of Economic Affairs, Education and Research (FDEAER). Together, they represent about 78% of official development assistance (ODA) expenditures (2011-16 average), but they have no authority over other parts of the administration engaged in development co-operation. The State Secretariat for Migration within the Federal Department of Justice and Police, in charge of costs for hosting refugees, manages the biggest part of the remaining share.[1]

While three institutions share responsibility for the Dispatch, each has authority over its own framework credit(s)[2] - which in turn contributes to all or part of the seven strategic objectives (Chapter 2, Figure 2.1). Such an institutional set-up, with no identified lead authority, does not affect implementation, as responsibilities among the three entities are defined along core competences and priorities are set at the level of the framework credits. Whether the absence of an identified lead authority affects Switzerland's ability to concentrate its efforts is an open question.

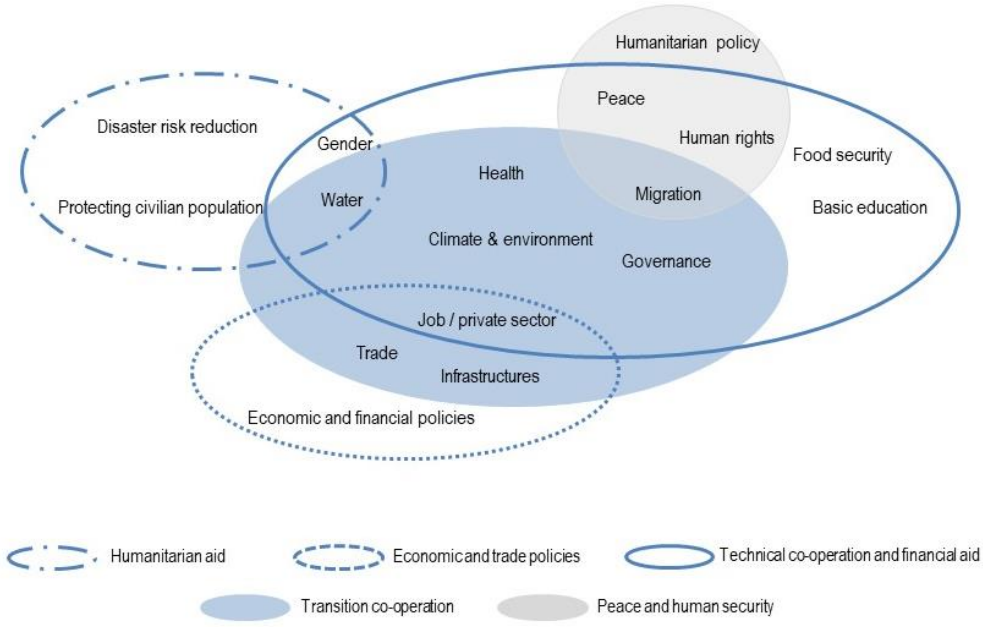
Moving from co-ordination to collaboration

Strong co-ordination among the three institutions has been a key enabler of shared responsibility. Switzerland's approach to multilateral organisations is a good example of successful co-ordination between SDC and SECO: while the core contributions to these institutions are financed under SDC budgets, both agencies are jointly responsible for the international finance institutions.[3] In addition, integrating HSD into the current Dispatch has strengthened Switzerland's approach on the peace and development nexus and improved its ability to analyse contexts comprehensively. However, being part of the Dispatch, HSD is now required to engage more in co-ordination meetings and joint reporting mechanisms, further straining its limited human resources.

The numerous crossovers between the framework credits' thematic priorities indicate that there is room to create more synergies across the programme through increased collaboration (Figure 4.1), bearing in mind the mandates and capacity of each division.

Figure 4.1. Opportunities for synergies

Thematic priorities identified in the 2017-20 Dispatch, per framework credit



Source: Based on the Dispatch on International Co-operation 2017-20 (Swiss Confederation, 2016[1]).

A whole-of-government approach in Switzerland and in partner countries

Collegiality and co-ordination extend beyond the Dispatch, and have been instrumental in building a whole-of-government approach in Switzerland and in partner countries. Operational and strategic inter-departmental committees and working groups facilitate co-ordination across federal departments. For example, Switzerland has developed inter-departmental structures for international co-operation on migration,[4] commodity trading and climate finance. Co-ordination is also strong at the operational level: SECO, SDC, the Federal Office for the Environment and the Swiss Federal Office of Energy jointly manage and fund the Renewable Energy, Energy and Resource Efficiency Promotion in Developing and Transition Countries Platform (REPIC Platform).[5]

In partner countries, integrating all co-operation offices in embassies has further strengthened Switzerland's whole-of-government approach (SDC, 2017[2]), bolstering its capacity to analyse contexts comprehensively and speak with one voice. In Ukraine, for instance, the Swiss embassy operates under a "whole-of-Kyiv" approach, building on its different strengths - development and humanitarian support, diplomacy, advice on human security - to support long-term reforms in the country (Annex C). In key regions, in addition to quarterly meetings in headquarters within the Interdepartmental Structure for International Co-operation on Migration, the co-operation offices work closely with the State Secretariat for Migration and the Directorate for Political Affairs under joint country strategies; they produce joint annual reports, promoting a whole-of-government

approach in local contexts. An evaluation of co-operation in the Middle-East evidenced how such a whole-of-government approach enabled Switzerland to offer a comprehensive response to regional challenges even though there was room for increased synergies across interventions (FDFA/FDJP, 2018[3]).

Systems

Peer review indicator: The member has clear and relevant processes and mechanisms in place

Switzerland has strong mechanisms to assure the quality of its programme and manages risk strategically. Tailored risk strategies and instruments, including in fragile contexts, have proven useful in managing and mitigating risk at the project, country and strategic levels, without impeding Switzerland's ability to innovate. Thanks to a culture of innovation, smart risk-taking, incentives and flexibility, Switzerland has been able to exploit new technologies, and develop innovative partnerships and funding mechanisms.

Strong quality-assurance mechanisms

SDC and SECO have strong mechanisms to assure the quality of their programmes. They have transparent procedures to take decisions at the project, programme and strategic levels; their quality-assurance units provide additional support to staff where necessary.

SECO builds on its ISO-9001 certification to ensure quality. The successive re-certification exercises have helped streamline processes, while increasing their ownership. A dedicated team facilitating procurement and contract management has also proven helpful. Quality assurance within SDC derives its strength from the Quality Assurance Network, embedded within programme teams both at headquarters and in the field, as well as strong knowledge management (Chapter 6), monitoring and reporting, including through audit and evaluation.[6] However, as evidenced in Ukraine (Annex C), the different levels of reporting and rather complex reporting system may lead to headquarters and the field discussing format and processes rather than strategic decisions. Moreover, the administrative burden on programme officers is increasing, reducing the time available to add value to individual projects, as well as ensure adaptability and innovation.

Risk, including risk of corruption, is managed strategically

Switzerland has developed a comprehensive approach to manage and mitigate risk without preventing innovation. This approach rests on the principle of subsidiarity: each administrative unit is responsible for mapping, assessing and managing risks related to its activities. A risk coach is appointed in each division of the administration, and the General Secretariat manages risk at the level of the federal departments. Risks are also discussed yearly at the level of the Confederation.[7]

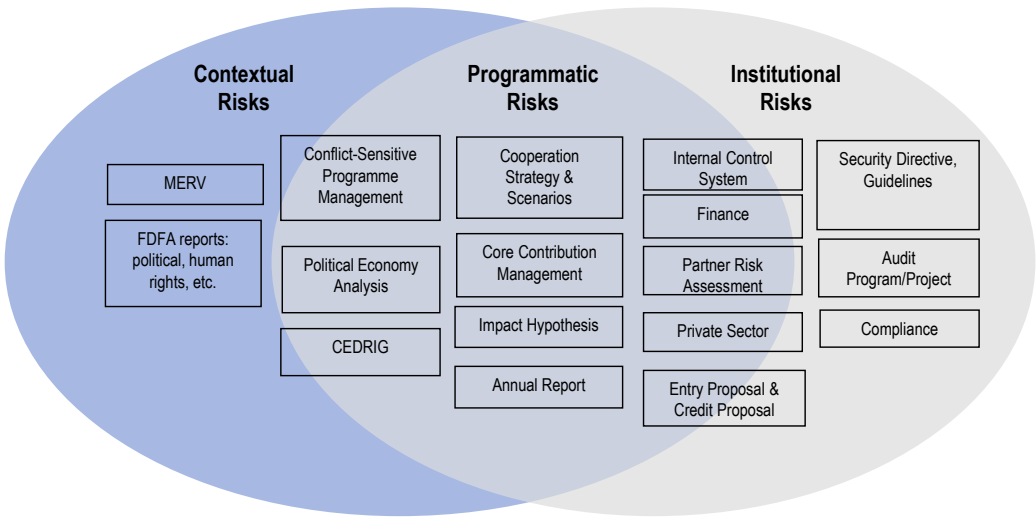
Within this overall approach, SDC, SECO and HSD have developed tailored strategies and instruments aligned with the Federal Council's risk-management strategy (Swiss Confederation, 2017[4]). They regularly assess risks at the country and project levels, considering probability and impact on the programme and context, as well as Switzerland's reputation. SDC has also developed specific tools (Conflict-sensitive

Programme Management and Monitoring System for Development-related Challenges [MERV][8]) to assess risk in fragile contexts (SDC, n.d.[4]) and when selecting partners[9] (SDC, n.d.[6]) (Figure 4.2). The inclusion in such assessments of risk management associated with politically exposed persons is innovative.[10]

Risk assessments include corruption risks. Switzerland supports international monitoring instruments and funds projects that directly or indirectly contribute to the fight against corruption in partner countries. To manage corruption risk in the delivery of aid, Switzerland has trained its staff (including in the field) on preventive measures likely to reduce cases of corruption and diversions, as well as behaviours they should adopt if they discover irregularities or offences. It has also updated checklists for partner risk assessment and the threshold levels at which these are systematically necessary. It has also developed a code of conduct and manual on procurement for implementing partners. SECO, for its part, has developed a brochure for Swiss companies operating abroad (SECO, 2017[7]) featuring advice on how to prevent corruption actively. Efforts to prevent and detect bribery are undermined by the absence of an obligation on the part of bidders in public tenders to declare convictions for foreign bribery, and blacklists are not sufficiently used (OECD, 2018[8]). However, SECO has included, in 2018, such an obligation in awarding its contracts.

To prevent risks of sexual exploitation and abuse, Switzerland has adopted different sets of directives and policies, including two new codes of conducts for staff (FDFA, 2018[9]) and implementing partners (FDFA, 2018[10]).[11] While Switzerland has no specific budgets or dedicated staff working on the prevention of and protection against sexual exploitation and abuse, clear reporting mechanisms are established for staff (through the FDFA Office for Equal Opportunities) - and implementing partners (through the Compliance Office). SDC has also organised dialogue and learning events with non-governmental organisations (NGOs) that receive core funding.[12] It also supports the OECD Development Assistance Committee (DAC) reference group on the matter and contributes to the UN Victims Support Trust Fund.

Figure 4.2. SDC has a comprehensive toolbox for managing risks



Source: SDC (2018[11]).

Switzerland champions innovation

Switzerland has tools to foster and scale up innovative ideas, whether in terms of new partnerships, funding mechanisms or technologies. Examples of innovation include:

- developing energy-efficient technologies, such as electric boats, solar charging stations for public transport or water desalination machines in partner countries
- using information technologies, such as mobile banking and information services on market prices for farmers, free software for health insurance or online technology for e-governance (Box 4.1)
- contributing to innovative funding mechanisms, such as results-based payment through the Global Partnership for Education or insurance mechanisms against pandemics, together with the World Bank.

SDC staff at headquarters and in the field are in a position to develop such innovative projects based on a decentralised programme, strong programming flexibility (Chapter 5) and a comprehensive approach to development challenges.

In addition, Switzerland has developed specific tools to support innovation. SDC launches calls for proposals for innovative projects within its global programmes. One concrete example of such tools is the Impulse Pool which provides staff with seed or co-funding ranging from CHF 50 000 (Swiss francs) to CHF 500 000 (USD 492 500) as angel investments for innovative projects engaging the private sector. Within this pool, SDC staff can submit proposals for projects with the private sector for full or partial funding.[13] SECO has a Start-up Fund which promotes private-sector investment projects in developing and transition countries. The SECO 17 international call for proposal provides technical assistance to investment funds so they develop innovative projects contributing to climate or job creation goals. The REPIC Platform funds innovative projects in the area of energy. Even though replicability and scale-up are part of the projects' selection criteria, both within the global programmes and the REPIC Platform, replication remains a challenge. Finally, SDC has established a task force on promoting innovation across the organisation.

Box 4.1. First e-governance project for accountability and participation (EGAP) in Ukraine

In 2017, SDC developed the first e-governance programme in Ukraine, implemented by the Ukrainian foundation East Europe and the Swiss foundation InnovaBridge. The programme aims to use modern information and communication technologies to improve the quality of government and co-operation between government and citizens, as well as and promote social innovations in Ukraine. The rationale for the project is that e-governance tools will reduce the time and costs of service provision, increase transparency, reduce corruption risks and bridge the urban-rural divide.

Part of this innovative programme aims to develop pilot initiatives in e-democracy, in order to foster more active citizen participation in decision-making processes at the local and regional levels. To this end, the programme launched the EGAP Challenge, intended to produce new mechanisms (e.g. mobile applications and other technologies) to provide citizens with the technical capabilities to use e-democracy tools. International information technology companies (e.g. IBM, Cisco Systems, De Novo and Intel) have provided organisational, methodological and mentoring support for EGAP Challenge activities. Ukrainian innovative platforms (i.e. iHub Vinnytsia, Space Hub Dnipropetrovsk, Impact Hub Odesa and Lutsk Local Development Foundation) have organised and undertaken the EGAP Challenge activities on their own platforms.

Capabilities throughout the system

Peer review indicator: The member has appropriate skills and knowledge to manage and deliver its development co-operation, and ensures these are located in the right places

Experienced staff are one of the strengths of Switzerland's development co-operation. The budget for project implementation in country offices does not include staff costs and there exists no medium-term planning for expertise, potentially weakening this asset.

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

Switzerland's development co-operation programme builds on its experienced and dedicated staff members at headquarters and in the country offices. Partners value the expertise and flexibility of staff, and their 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. Attractive remuneration and delegated programming authority for local staff are all the more relevant as programme implementation relies on their expertise. Even though SECO remains fairly centralised, concentrating project and financial authority at headquarters, it has increased its presence in the field (in both volume and share; Table 4.1). Following the 2013 peer review recommendation (OECD, 2014[12]), it has also delegated some authority for developing country strategies, and identifying and monitoring projects. New positions in the field have increased incentives for SECO staff, especially in light of limited possibilities for vertical progression at headquarters.

Table 4.1. SECO has increased the share of staff in partner countries

		31 December 2012		31 December 2017	
		Expatriates	Local staff	Expatriates	Local staff
SDC (incl. HA)	Head Office	357		430*	
	Embassies/abroad*	132	1039	212*	n.a.***
	Sub-total	**489**	**1039**	**642****	**n.a.*****
SECO	Head Office	79		88	
	Embassies/abroad	23	49	31	n.a***
	Sub-total	**102**	**49**	**119**	**n.a.*****
HSD	Head Office	72		80	
	Embassies/abroad	20	8	20	n.a.***
	Sub-total	**92**	**8**	**100**	**n.a.*****

Note: * This includes the Swiss Humanitarian Aid Unit (SHA), the SHA was not included in 2012.
*** This includes 130 full time equivalent (FTE) for the SHA Unit (was not included in 2012)*
*** The figures cannot be disaggregated in 2017, owing to the integrated embassies and representations. Total FDFA local staff numbered 3 195 (including SDC and all other local staff).
Source: SDC, SECO and HSD (2018[13]).

Although the FDFA integrated the human-resource management of SDC into its central services, SDC managed to retain its valued technical expertise, as development remains a specific career path and thematic career paths are still being developed. However, the Swiss Parliament has set a ceiling for personnel costs (including local staff) for the Swiss federal departments, potentially hampering the ability of SDC to recruit and place

expertise where needed. In addition, despite incentives, staff reluctance to being posted to hardship duty stations forces the FDFA to fill these posts externally on a limited basis. The peer review team also heard staff concerns about duty of care and the lack of confidence in Swiss security procedures in fragile contexts. Switzerland should ensure these concerns are fixed under its Fit for Fragility project (SDC, 2018[14]).

As also noted in the 2013 peer review recommendation, ensuring that Switzerland has the profiles and competencies it will need to deliver an effective aid programme in the medium term remains a challenge. For instance, if SDC decides to increase its partnerships with the private sector, new skills will become necessary. A working group established in 2017 within SDC is assessing profiles and competencies that are required to provide expertise and knowledge with regard to the thematic priorities of the Dispatch and how they can be strengthened with regard to the recruitment process, the long-term career of its collaborators as well as with regard to training. The foresight exercise on the next dispatches could provide useful insights to develop a human-resource strategy and ensure that Switzerland will have the necessary expertise to deliver quality development co-operation in the future.

Notes

[1] The other federal departments involved in development co-operation are the State Secretariat for Migration (disbursing 4.8% of ODA expenditures); the Federal Office for the Environment; other divisions in the FDEAER; and the Federal Department of Defence, Civil Protection and Sports. In 2017, HSD, SECO and SDC managed 85% of ODA expenditures, owing to lower in-donor refugee costs (SDC, SECO and HSD, 2018[13]).

[2] Except for the framework credit on transition co-operation, for which SECO and SDC share responsibility.

[3] Swiss delegations to the Annual Meetings of MDBs are usually joint SECO/SDC, with the Swiss Governor provided by SECO's Federal Department.

[4] The Interdepartmental Structure for International Co-operation on Migration is a platform that discusses and decides on migration policy issues at the strategic and operational level. It consists of a strategic steering body chaired by the State Secretaries of the FDFA, the Federal Department of Economic Affairs, Education and Research (FDEAER) and the Federal Department of Justice and Police (FDJP), an operational steering body chaired by the Ambassadors for Migration of the FDFA and FDJP, and 13 working groups dealing with different regions and topics.

[5] More information on the REPIC Platform is available at: http://www.repic.ch/repic-en/.

[6] SDC reporting requirements along the project cycle are as follows:

Stage in the project cycle	Documents
Identification	Concept note / Entry proposal
Planning	Project proposal / Credit proposal
Implementation	Implementation agreement
Operations	Yearly plans of operations
Monitoring, reporting	Progress report / End-of-phase report / End-of-project report / Programme report
Evaluation	Terms of reference / Evaluation report / Management report

[7] Thanks to software used by all federal departments, the Swiss Confederation is able to identify at any point in time all the risks Switzerland might be facing.

[8] MERV must be conducted annually for low-risk countries; every six months for medium-risk countries in fragile contexts; and at least quarterly for high-risk, fragile and conflict-affected countries.

[9] SDC has developed a "how-to note" for partner risk assessment, as well as specific guidance for risk assessment when engaging with the private sector, focusing on reputational risks.

[10] A politically exposed person is an individual either currently or formerly in high public office or closely associated with such an office for family or personal reasons, or as a result of business relations; certain risks might be associated with being involved in a partnership with such a person.

[11] Other policies and strategies include: i) the 2012 Directive on Protection against Sexual Harassment at the workplace (FDFA, 2012[15]); ii) the 2017 Gender Equality Policy, aiming to combat all forms of sexual harassment, and which includes a clear commitment to a zero-tolerance policy on sexual exploitation and abuse in peace and humanitarian interventions (FDFA, 2017[16]); and iii) the 2018 Swiss National Action Plan on Women, Peace and Security, which includes a commitment and action point on a zero-tolerance policy (FDFA, 2018[17]). Switzerland also signed the outcome document of the 'Putting People First' conference that took place in London on 18 October 2018.

[12] The learning journey started with an initial survey of SDC partners on how they anchored the prevention of sexual exploitation and abuse in their work. The survey results were then presented and discussed at a learning event.

[13] Projects are selected by an investment committee, based on the following criteria: innovation, impact, institutional backing, long-term sustainability, scalability/replicability and organisational learning.

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Chapter 5. Switzerland's delivery modalities and partnerships

This chapter reviews Switzerland's approach to delivering in partner countries and through partnerships to determine whether this is in line with the principles of effective development co-operation.

Switzerland's partners value its expertise, reliability, predictability and flexibility, including in fragile contexts. Switzerland's assets are thorough context analyses, conflict sensitive programme management and flexibility. The upcoming strategies on partnering with the private sector and civil society organisations are an opportunity to better take advantage of the specificity of each partner and design complementary interventions.

Despite advocating for development co-operation effectiveness, Switzerland has room to strengthen mutual accountability and use country systems more. Switzerland maintains a close dialogue with partner countries, but more can be done to increase mutual accountability, and ease access to project and budget documentation.

Partnering

Peer review indicator: The member's approach to partnerships for development cooperation with a range of actors (national and local government, UN agencies, development banks CSOs, foundations, knowledge institutions, media, private sector) reflects good practice.

Switzerland partners with various actors to implement its development programme. Partners appreciate its expertise, reliability, predictability and flexibility. Upcoming strategies on the different sets of partnerships should help Switzerland develop modalities that fit its objectives and its partners' needs. Stronger co-ordination between partners, and increased contributions to pooled programmes with like-minded donors, could increase the impact of the programme. Lastly, easing access to project and budget documentation could help Switzerland become more transparent.

Switzerland could capitalise better on its partnerships

Switzerland has shifted from implementation towards facilitation: rather than implement projects themselves, the Swiss Agency for Development and Co-operation (SDC) and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) rely on numerous actors to carry out their projects. Switzerland counts on many established relationships and continuously adds new partners to its portfolio, following a thorough selection process assessing who is best placed to reach the project's objectives - including through tenders. Aware that the risks associated with some partnerships can undermine results or endanger Switzerland's reputation, field offices spend considerable time identifying appropriate partners (Annex C).

Switzerland partners with international, Swiss and local non-governmental organisations (NGOs). Contributions to the core programmes of NGOs (institutional partnerships) are limited to Swiss and international NGOs; the selection has followed a formal process in recent years (SDC, 2018[1]; SDC, 2017[2]).[1] Local NGOs mainly receive mandates (i.e. official development assistance [ODA] channelled through NGOs).[2] This limits the partnership to implementation, thus missing an opportunity to build a strong local civil society that can act as an agent of change. The upcoming NGO policy plans to provide the rationale for engaging with NGOs, lay out strategic choices and engagement modalities to implement a new strategic approach and thereby help to better reap the benefits of collaborating with such organisations. This policy can also help make institutional partnerships' results frameworks and reporting more consistent, to assess the overall effectiveness and contributions to Switzerland's development goals (SDC, 2017[2]). While the introduction of aggregate reference indicators for programme contributions to Swiss NGOs and better reporting are welcome improvements, it is important to limit the administrative burden. Moreover, there is scope to improve feedback on how NGO consultations and engagement have influenced high-level discussions and decisions.

Both as an implementing partner and a beneficiary of activities targeting its development, the private sector is a natural partner for SECO, which has a range of dedicated public-private partnership instruments (Chapter 3). Partnerships are aligned with the overall development co-operation priorities. They mix financial and non-financial forms of engagement, integrate responsible business practices and build on each partners' strengths (SECO, 2018[3]). SDC is increasingly partnering with the private sector, in line with the

Dispatch on International Co-operation, which envisions expanding public-private partnerships (Swiss Confederation, 2016[4]). SDC is currently building its capacities. Its plan to develop a new strategy should help define the rationale for partnering with the private sector, the engagement mechanisms (instruments) and how these instruments complement what SECO is already doing. The SDC's new competence centre for engaging with the private sector will play an important role in preparing the ground in this respect.

The strategic approach to partnerships with multilateral organisations (including multi-year funding agreements) is good practice. The Dispatch clearly describes which multilateral organisations are equipped to tackle Switzerland's global priorities (Chapters 1 and 2). In projects implemented by multilateral organisations at the country level (multi-bi), Switzerland seeks to bring pilot projects to scale, benefitting from multilateral partners' comparative advantage in terms of size, presence and the ability to disseminate best practices, as evidenced in Ukraine. The Multilateral Network of SDC supports this approach by promoting exchange and mutual learning about the functioning of the multilateral system.

Overall, Switzerland works well with its partners, who praise its expertise, reliability and results-driven approach. Yet the private sector and NGOs are often reduced to implementing partners, as opposed to partners in their own right. In addition, Switzerland could capitalise better on its partnerships and exploit synergies between partners, projects and domains - this is especially true in partner countries. Annual events gathering all implementing partners in partner countries are a step towards tapping those synergies and facilitating exchange between implementing partners. At headquarters, the Institutional Partnership Division (IPD) of SDC seeks to build synergies across non-governmental partners by facilitating joint learning and exchange opportunities and strengthening collaboration within thematic networks. However, synergies should be built across all type of partnerships; thus, the IPD will need to seek and facilitate support from other actors of Swiss development co-operation.

Support for donor co-ordination does not translate into joint approaches

Switzerland seeks to build a consensus between development partners and partner countries. Chairing the thematic Working Group on Local Governance, Regional Development and Municipal Services in Ukraine, and actively engaging in other donor co-ordination groups, are examples of Switzerland's ambition to promote and lead donor co-ordination in at least one sector or domain of its country strategies.

Switzerland's strong support for donor co-ordination is reflected in numerous multi-stakeholder initiatives, but translates less into joint programming at country level. Switzerland sometimes co-finances activities to expand its portfolio into new areas or benefit from insights relevant to Swiss projects. Despite working well with like-minded donors on such occasions, Switzerland rarely co-funds programmes: in 2017, only 13% of country programmable aid contributed to pooled programmes (Annex B, Table B.2).[3] In this light, Switzerland's recent decision to increase its participation in EU Joint Programming (such as aligning and co-ordinating its interventions with the European Union and EU Member States in the Plurinational State of Bolivia and the Republic of Moldova) or triangular co-operation is a positive development (Directorate-General for International Co-operation and Development [DG DEVCO, 2018[5]; SDC, 2018[6]).

Swiss programming and budgeting are predictable and flexible

Swiss budgeting facilitates long-term planning. The Parliament approves a budget plan for the entire four-year period of the Dispatch (Chapter 3), which allows Switzerland to act predictably, sign multi-year funding agreements and include indicative multi-year budgets in the publicly available country strategies. In 2016, 65% of funding in partner countries was covered by forward-spending plans, and 77% of funding was disbursed within the scheduled fiscal year (Figure 5.1). However, medium-term predictability had decreased from 77% in 2010 to 65% in 2016.

Programming and budgeting show the necessary flexibility at the country and project levels:

- Country programme priorities can evolve, based on a thorough monitoring of contexts, trends, emerging opportunities and developments in risk factors. SDC can shift its budget to domains of growing concern to the country, as evidenced in Ukraine (Annex C). The organisation of SECO according to themes allows it to shift a portion of the budget between country programmes, allowing it the flexibility to respond to changing geopolitical situations.
- Implementing partners can adapt projects to achieve the agreed results; this is also true for lightly earmarked funds for multilateral organisations. Partners appreciate the close exchange with Swiss staff - who monitor that projects are on track, but give partners a free hand over implementation, while standing ready to find solutions to unexpected challenges.

Insufficient access to documentation reduces transparency

In line with the Busan principles, Switzerland seeks to be accountable and transparent. Public tenders follow World Trade Organization rules and are published on a central platform.[4] Switzerland informs the Parliament, partner countries and local stakeholders about its activities through annual reports on international co-operation and foreign policy, and its online presence.

However, there is room to increase the availability of information on development co-operation. The 2018 Aid Transparency Index assesses SDC transparency as fair - a position it has held since 2014, after improving its very poor rating in 2013. Switzerland's poor rating in reporting on results and finance are key reasons for this assessment: pre-project impact appraisals, as well as project results, budget documents and capital expenditure are not publicly available (Publish What You Fund, 2018[7]). Although this information is not easily accessible, it is well documented internally. Publishing these documents in a user-friendly manner would be a simple and effective way to increase transparency.

The bulk (94.3%) of Switzerland's aid to LDCs is untied

Switzerland's ODA to least-developed countries (LDCs) and heavily indebted poor countries has been heavily untied for several years: untied ODA (excluding administrative costs and in-donor refugee costs) represented 94.3% of total ODA in 2016 (Figure 5.1). As an open market economy following World Trade Organization rules, Switzerland has created a level playing field for its tenders. In 2015-16, Switzerland awarded 23% of the total value of contracts to Swiss suppliers - well below the DAC overall figure of 64% and 57% of the total value of contracts is awarded to developing country providers, mostly LDCs and HIPCs (OECD, 2018[8]). Consequently, Swiss NGOs

and small enterprises sometimes pressure Switzerland to favour domestic suppliers, arguing that high costs in Switzerland disadvantage them compared to foreign competitors.

Country-level engagement

Peer review indicator: The member's engagement in partner countries is consistent with its domestic and international commitments, including those specific to fragile states

Although Switzerland adheres to the Busan and Accra commitments, it could progress more on development effectiveness. Switzerland maintains a close dialogue with partner countries, and builds consensus between partner countries and development partners. However, more can be done to increase mutual accountability and place partner countries in the driving seat. Switzerland's thorough context analyses, conflict-sensitive programme management and flexible tools are assets when engaging in fragile contexts; these could be further sharpened by including early-warning systems. Additionally, Switzerland could enhance its work by strengthening the economic resilience of partners in fragile contexts. Finally, the pressure to link engagements abroad and migration policies requires a thoughtful response, to comply with agreed principles for effective development.

Mixed progress in development effectiveness contrasts with Switzerland's commitment

Switzerland is committed to the principles of development effectiveness. It has a policy to implement the Busan commitments, and the internal audits conducted by the Federal Department of Foreign Affairs assess compliance with the effectiveness principles.[5] In addition, the SDC Aid Effectiveness Network provides valuable resources and practical guidelines for co-operation offices in the field on how to structure their activities around the Busan commitments. However, Switzerland could progress more on the effectiveness principles; on some aspects (medium-term predictability) it even regressed (Figure 5.1). In addition, as Switzerland mainly relies on third parties to implement its bilateral programme, it will have to clarify how it ensures such implementation still lives up to its effectiveness commitments.

While Switzerland promotes country ownership, it does not live up to its strong commitment to mutual accountability. The development co-operation programme is aligned with partner countries' priorities: 72% of newly approved interventions base their objectives on country-led results frameworks, but only 47.3% of results indicators do so (OECD/UNDP, 2016[9]). Switzerland is instrumental in supporting country leadership in donor co-ordination[6] and advocates for mutual accountability, co-chairing the Global Partnership Initiative on Results and Mutual Accountability.

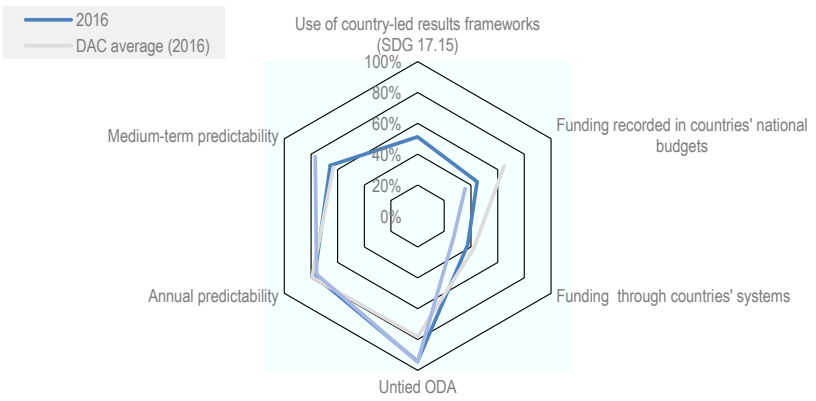
However, partner countries rarely set the strategic course of Swiss development co-operation. In most cases, partner countries and other stakeholders are invited to comment on country strategies only towards the end of the drafting process, and these strategies are not signed together with the partner country (SDC, 2017[10]). Recipient governments do not sit systematically on steering committees and are rarely implementing partners for Swiss co-operation: between 2012 and 2016, recipient governments implemented on average only 11% of Swiss country programmable aid.[7]

In response to the recommendation of the 2013 peer review (OECD, 2014[11]), Switzerland is using country systems more. In 2016, 51.3% of Swiss efforts in partner countries were guided by country-defined priorities and development results (SDG 17.15), 44.6% of funding was included in national budgets, and 37.4% of funding disbursed for the government sector used partner countries' own financial management and procurement systems. Nonetheless, the use of country systems remains low and ranks below the DAC average.[8]

In some partner countries, Switzerland has adopted a "dual-system" approach: it uses country systems to strengthen them and develop a common understanding of the reporting system needed, while applying additional monitoring and controls to access the necessary information. While this dual-system approach may be costlier to use than a single system, it builds capacities, strengthens national systems and safeguards funds.

Figure 5.1. Mixed progress on effectiveness principles

Switzerland's performance on effective development co-operation indicators



Switzerland's performance on transparency (updated)

	Retrospective statistics (OECD CRS)	Information for forecasting purposes (OECD FSS)	Publishing to IATI
2016	fair	excellent	needs improvement
2010 (baseline)	fair	excellent	fair
Trend	=	=	▼

Note: DAC average based on countries included in OECD/UNDP (2016[9]). CRS: Creditor Reporting System. IATI: International Aid Transparency Initiative.
Source: OECD/UNDP (2016[9]).

Thorough context analyses and monitoring boost Swiss efforts in fragile contexts

Up-to-date context analyses and flexible programming are key to the responsiveness of Swiss country strategies and programmes. Scenarios for possible context evolutions and monitoring development-related changes allow co-operation offices in the field to respond to evolving contexts and needs, especially in fragile contexts.[9]

Switzerland has a range of tools to engage in these contexts, which it can adapt and alter to capitalise on new opportunities or tackle increasing risks. The Human Security Division's programmes are the nimblest; they include technical assistance for key ministries (as seen in Ukraine), flexible grants to local civil society and deployments of experts in multilateral organisations.[10] All these tools can be scaled up or back, depending on how the situation evolves. SDC can also adapt modalities to changing circumstances. In Burundi and Nicaragua, for example, Switzerland suspended programmes with the respective governments to send a political signal and transferred funds to multilateral partners. Switzerland sees multilateral partners as important channels in sensitive environments that require neutrality.[11] While SECO works on economic resilience, it is not mandated to engage in fragile contexts unless they are middle-income countries. However, this seems to be a missed opportunity for other fragile contexts, as economic risks and lack of capacity are significant underlying causes of fragility (OECD, 2018[12]).

The conflict-sensitive programme management tool has been in place since 2012, ensuring that programming avoids doing harm. Switzerland also trains partners on this conflict-sensitivity approach, which is good practice. Expected project results are designed to be adaptable as fragile contexts evolve. In Ukraine, this approach helped staff expand their decentralisation programming to ensure stability in the volatile eastern region. Going forward, Switzerland could include early-warning indicators in its strategies for fragile contexts, to step up investment in conflict prevention.

Political conditionalities loom over the public debate

Switzerland does not attach political conditions to bilateral programmes. Conditionalities chiefly focus on the financial accountability requirements the implementing parties need to satisfy.

Nonetheless, Switzerland should act thoughtfully when executing the Parliament's instruction to strengthen the link between engagement abroad and its migration policy, and be cautious not to link a development programme directly to a given country's migration policies. Such an approach would undermine the agreed principles for effective development co-operation, the Dispatch's criteria for country selection, and country ownership and predictability, with potential reputational risks for Switzerland.

Notes

[1] Until recently, SDC determined core contributions to NGOs through bilateral discussions, rather than through a formal process. Strategic decisions about resource allocation were inhibited by the lack of a portfolio-wide admissions and approval process linked to the budgetary cycle (SDC, 2017[2]).

[2] In 2017, Switzerland channelled USD 112.8 million through NGOs and only USD 10.6 million to NGOs.

[3] While Switzerland's contributions to pooled programmes and funds as a share of country programmable aid is in line with the OECD Development Assistance Committee (DAC) country average (11.1%), it ranks in the lower third in a country comparison.

[4] For more information, visit: www.simap.ch.

[5] The internal audits' checklist includes questions on ownership and focuses on results, partnership, transparency and shared responsibility.

[6] For instance, the Government of Ukraine chairs four of the eight donor co-ordination groups in which Switzerland is a main donor.

[7] In 2016, recipient governments implemented on average 31.4% of DAC country programmable aid.

[8] Switzerland's engagement in many fragile countries partly explains this limited use: nearly half of SDC priority countries are in fragile contexts.

[9] The country strategies usually indicate how the co-operation offices should adapt the geographic focus, co-operation office management, policy dialogue, donor co-ordination and aid modalities to changes in the country context.

[10] Including as election and peace observers.

[11] In fragile contexts, partners consistently highlight that Switzerland's role as neutral broker is critical to its peace and security programming. Thus, working with the UN system is often a mutually beneficial arrangement: Switzerland sees UN agencies as a way of increasing its legitimacy, and UN agencies capitalise on Switzerland's neutrality.

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Chapter 6. Switzerland's results, evaluation and learning

This chapter considers how Switzerland plans and manages for results in line with the Sustainable Development Goals (SDGs), building evidence of what works, and using this to learn and adapt.

Switzerland has developed a strong results-oriented culture focused on development outcomes achieved in countries. New standard indicators illustrate its attempt to strengthen result-based management at the corporate level. Balancing the objectives of ensuring accountability with informed decision-making will be the next challenge.

Despite a strong evaluation culture and continued support for its partners' evaluation functions, Switzerland, like other members of the OECD Development Assistance Committee (DAC), seldom engages in joint evaluations with partner countries. Yet joint evaluations could provide an opportunity to strengthen partners' evaluation capacities, the ownership of evaluation findings, as well as mutual accountability.

Institutional learning - supported by management responses to evaluations and thematic networks - is one of Switzerland's strengths. Continued efforts to ensure learning remains a priority will be key to avoid network fatigue.

Management for development results

Peer review indicator: A results-based management system is being applied

Following the 2013 peer review recommendation, Switzerland has institutionalised a strong results culture, with a focus on development outcomes at the country level. Systematic use of standard indicators by the three institutions responsible for the Dispatch on International Co-operation illustrates Switzerland's attempt to strengthen results-based management at the corporate level. Current efforts to refine measurement and management systems should help Switzerland find a better balance between being accountable for results and learning from them.

A strong results culture, focusing on countries' development outcomes

Switzerland has institutionalised a results culture featuring a strong country focus. Country strategies are results-oriented. Results matrices address Switzerland's contribution to the development outcomes of partner countries. Their quality, however, is uneven, especially concerning the theories of change and Switzerland's expected contribution to poverty reduction. The focus on results is comprehensive: it does not only consider what has been achieved through official development assistance, but also through policy dialogue (OECD, 2017[1]). Flexible results systems, combined with processes and guidance for results-based management, make it possible to focus on the outcomes that are relevant at the project level and align with partner countries' priorities (SDC, 2017[2]).

Switzerland has developed a results approach to assess its partnerships with multilateral and non-governmental organisations (NGOs). It assesses the performance of partners who receive core funding through the core contribution management (CCM) instrument, which examines an institution's organisational and development effectiveness, and the commitments made by both Switzerland and its partner for the duration of the grant period.[1]

Finally, Switzerland is strengthening its results approach at the corporate level. Even though the Dispatch on International Co-operation does not set specific results targets, the Human Security Division (HSD), the Swiss Agency for Development and Co-operation (SDC), and the Economic Co-operation and Development division of the State Secretariat for Economic Affairs (SECO) report annually on their contribution to the Dispatch's seven strategic objectives (Swiss Confederation, 2016[3]), based on standard indicators.

- SECO has been using standard outcome indicators for several years for monitoring and reporting purposes. SECO standard indicators are harmonised with Sustainable Development Goal (SDG) targets and will be harmonised, where possible, with SDG indicators in the future.
- SDC recently introduced a set of mandatory and non-mandatory standard indicators (Table 6.1), used for the first time in the 2018 mid-term report on the implementation of the Dispatch.[2] Each of the 40 aggregated reference indicators - a mix of output and outcome-based indicators - is mapped to one of the Dispatch objectives, to a thematic area of SDC and to relevant SDGs. The reference indicators are constantly refined. SDC plans to transition to using the official SDG indicators where relevant, once they are considered as robust and available

by the OECD and the United Nations. However, integrating these reference indicators in the country strategies, while maintaining a context driven and "bottom-up" results-based management approach at the country and project levels remains a challenge.

- HSD has taken steps towards improving its results-based management with the recent development of two corporate indicators.[3] However, the contribution of HSD to the seven overarching goals set in the 2017-20 Dispatch is yet to be measured. Improving monitoring and reporting without diverting limited HSD resources from implementation remains a challenge, also given the political nature of HSD's mandate and the inherent difficulties in measuring progress on its engagements.

Table 6.1. Measuring results at the corporate level

Type of standard indicators, by institution

Institution	Indicators	Uses
SDC	Aggregated reference indicator	Mandatory if a strategy covers the respective thematic area and if relevant
	Thematic reference indicators for conflict and human rights	Mandatory if a cooperation strategy covers a state categorised as fragile
	Thematic reference indicators (outcome oriented)	Voluntary but recommended if a strategy covers the respective thematic area
	Specific country and thematic indicators (outcome oriented)	According to the context, adapted to the local requirements
SECO	Quantitative Standard Indicators (outcome oriented)	Mandatory if relevant for project implementation
	Qualitative Standard Indicators (outcome oriented)	Mandatory if relevant for project implementation
	Project specific quantitative Indicators (output and outcome level)	Voluntary
	Project specific qualitative Indicators (output and outcome level)	Voluntary

Source: SDC (2016[4]), SECO.

Disaggregated data will be necessary to assess whether no-one is left behind

The continued efforts to strengthen results-based management partly focus on refining results measurement. While SDC and SECO monitoring systems draw on qualitative and quantitative information from a comprehensive suite of corporate reporting products - including evaluations - data are not systematically disaggregated, including with regard to gender. The 2018 guidance on leaving no-one behind (SDC, 2018[5]) commits to collect more disaggregated data, duly considering the political sensitivities around disaggregation in specific contexts. Efforts to collect disaggregated data and develop gender-sensitive indicators in country and regional strategies will be critical to assessing whether Switzerland's development programme effectively reaches the furthest behind.

Moving from supporting to using partners' results systems

Switzerland actively supports its partners (countries and organisations) in strengthening their own results system through guidance and finance. Switzerland also supports national statistics in developing and emerging economies, which is good practice. In 2012-16, Switzerland committed a total of USD 74 million (US dollars) to statistical development,

ranking it among the top six bilateral donors in four of the last five years (Paris21, 2018[6]).

To minimise parallel reporting, Switzerland advocates for using indicators and reports designed by its implementing partners and partner countries. While the use of partners' results-based management tools is clearly indicated for multilateral organisations and NGOs that receive core support from Switzerland, it is less clear for partner countries and partners working under mandates. According to the Global Partnership for Effective Development Co-operation, only 47.3% of Switzerland's results indicators are drawn from country-led results frameworks (compared to 61.5% on average for the DAC), and 34.3% are monitored using government sources and monitoring systems (compared to the 52.4% DAC average) (OECD/UNDP, 2016[7]). In addition, partners who do not receive core funding, but implement mandates, apply the indicator approach presented in Table 6.1 (SDC, 2017[2]). As partners are also harmonising their strategies and results frameworks with the SDGs, the gap between partners' and Switzerland's indicators should further reduce overtime.

Rebalancing learning and accountability is key for purposeful results-based management

Switzerland's processes, advice, guidance and organisational structure focus on empowering staff and partners to use results for learning, management and direction at the country and project levels to support development outcomes. The annual meetings with implementing partners to take stock of progress and the results achieved are good practice.

In practice, however, results-based management tends to emphasise accountability over steering and learning. Accountability being a requirement from Parliament for the current Dispatch, the different sets of standard reports focus on this dimension.[4] The first report submitted by SECO to the Parliament that featured aggregated data from evaluations and project results at the management level is good practice. There is no evidence, however, that communicating corporate results has increased public and parliamentary support for development co-operation. For instance, HSD does not use the annual reports produced by its whole-of-government partners to steer its portfolio, relying instead on other internal information, such as conflict analysis. Moreover, in some instances, differences seem to exist between the results frameworks of the country strategies and what is actually being reported annually, reducing the ability to steer the programme at the domain and country levels. The recent changes to the annual country reports should help overcome this challenge and rebalance results-based management towards supporting decision making.

Evaluation system

Peer review indicator: The evaluation system is in line with the evaluation principles of the Development Assistance Committee (DAC)

Switzerland's evaluation systems - in line with the DAC evaluation principles - support learning and decision-making. Despite a strong evaluation culture and continued support for its partners' evaluation function, Switzerland, like other DAC members, seldom engages in joint evaluations with partner countries. Yet joint evaluations could be an opportunity to strengthen mutual accountability and partners' evaluation capacities.

SECO and SDC evaluation systems are in line with the DAC principles

The evaluation functions of SDC and SECO are based on clear evaluation policies, supported by teams with dedicated budgets in charge of multi-year evaluation plans focusing on thematic and strategic issues. Thanks to its financial and human resources, SDC produces four to five evaluations per year, while SECO produces one or two.[5]

Both evaluation units are independent from implementation and report directly to their respective directors, as well as to an independent evaluation committee for SECO. To ensure that evaluations respond to a need-to-know, the SDC board of directors directly commissions external evaluations. Continued attention to the independence of SDC's evaluation function will safeguard accountability.

SECO's and SDC's evaluation policies aim for accountability, learning and support to decision-making [(SECO, 2009[8]), (SDC, 2018[9])]. Both evaluation units have clear mandates to conduct and disseminate independent/external evaluations, and to strengthen the evaluation capacities within their respective institutions. The Quality Assurance and Poverty Reduction Section of SDC supports the Evaluation and Corporate Controlling Division in such tasks. In both institutions, operational divisions and relevant field offices are in charge of project- and programme-level evaluations, self-evaluation and impact studies. These decentralised evaluations are funded through the project/programme budget.

More opportunities to build partner countries' evaluation capacities

Switzerland actively engages in strengthening multilateral partners' evaluation functions. It also funds training on evaluation for evaluators and parliamentarians in developing countries. For instance, SDC is one of the few bilateral donors who collaborate with EvalPartners, the Global Movement to Strengthen National Evaluation Capacities, which offers a variety of training courses and workshops. SDC also finances scholarships to the International Programme for Development Evaluation Training for its partners.

Nevertheless, despite its strong evaluation culture and continued support for partners' evaluation functions, Switzerland seldom engages in joint evaluations with partners - except with multilateral partners.[6] Not engaging aid recipients in evaluation processes is a missed opportunity to further build their evaluation capacities, ensure ownership of evaluation findings, and strengthen mutual accountability.

Institutional learning

Peer review indicator: Evaluations and appropriate knowledge-management systems are used as management tools

Institutional learning is one of Switzerland's strengths. Management responses to evaluations, featuring implementation plans, are one of many instruments to ensure that evaluations are also a management tool. Thematic networks open to Switzerland's partners have proven effective in creating and disseminating knowledge across the development programme. Continued efforts to ensure learning remains a priority will be key to avoid network fatigue.

Evaluations are used as a management tool

Switzerland systematically disseminates the results and lessons of independent and external evaluations, including their management responses. Management responses to independent evaluations also include an implementation plan, monitored annually and reported to the board of directors, thereby ensuring that evaluations are used as a management tool. Annual discussions focusing on how recommendations are implemented are good practice. Evaluation findings are also discussed within SDC thematic networks and capitalisation workshops organised by SECO.[7] SDC's "Core Learning Partnership" - reference groups established for each independent evaluation - increase ownership and learning from evaluations among staff. SECO has also established a Report on Effectiveness where lessons learnt and recommendations of all project evaluations are analysed and synthesised.

To strengthen learning from evaluation, SDC has developed a new approach to evaluating country and regional strategies. These evaluations are carried out by a team featuring an external consultant, acting as the team lead, and Swiss staff not involved in the country programme, acting as peer reviewers. Engaging peers in the process aims to facilitate the dissemination of findings and the transfer of experience. Lessons from this experience, particularly with regard to balancing accountability, learning and reviewer workload, would be of interest to members of the OECD-DAC Evaluation Network.

Thematic networks are useful for building knowledge jointly with partners

Based on annual surveys conducted within SDC indicating that staff mainly learn from peers, SDC has focused its knowledge-management tools on peer learning. Twelve thematic networks - open to headquarters and field staff, and implementing partners - and biennial face-to-face events are the main instruments for peer learning. These networks have proven useful in creating and disseminating knowledge from and to local staff, which is critical in a decentralised system. NGOs appreciate these forms of joint learning. SECO follows a similar approach with learning events, three formal knowledge management networks and thematic groups.

Nevertheless, the staff surveys indicate that knowledge management remains a challenge within SDC, even though it has progressed compared to 2014 (Empiricon, 2017[11]). Continued efforts are necessary to ensure that learning remains a priority for management. Avoiding network fatigue is crucial at a time when staff feel a growing administrative burden stemming from a results-based management that has been focussing more on accountability (Section 6.1).

Notes

[1] CCM is only one of the three tools used by Switzerland to assess its partnership with multilateral organisations. Each multilateral organisation is subject to an Annual Multilateral Performance Assessment, whereby SDC assesses whether the results achieved match its priorities and overall performance objectives, and assigns ratings on the basis of assessments. This assessment is based on: i) the most recent assessment from the Multilateral Organization Performance Assessment Network; ii) the annual CCM report; and iii) the multilateral agency's own performance assessment, based on its internal self-evaluation ratings (OECD, 2017[1]).

[2] Conflict and Human Rights indicators track contribution to movement out of fragility and are mandatory for co-operation strategies covering fragile states. Thematic indicators have an outcome focus and should be used at the country and project levels. For example, an Aggregated Reference Indicator in education is: "yy children (< 15 years) and xx persons >15 years gained access to quality basic education (M/F). Out of these, zy children (9-15 years) and zx persons > 15 years received basic education combined with vocational skills development (M/F)" (SDC, 2016[12]). Project implementers can use these thematic indicators or develop specific ones.

[3] These indicators are: number of peace processes with substantial involvement from HSD based on invitations by the conflict parties, and number of diplomatic initiatives that have been initiated by HSD and are co-financed/substantially supported by other players.

[4] Such as the foreign policy report, annual corporate reports, mid-term and end-term project reports, and the mid-term report on implementing the 2017-20 Dispatch.

[5] The Evaluation and Corporate Controlling Division of SDC is staffed by five full-time employees, including four evaluation staff (three full-time equivalents). The SECO Quality and Resources Division is staffed by four employees, including two evaluation staff (one to two full-time equivalents).

[6] SECO and SDC have conducted joint evaluations with multilateral organisations such as the International Finance Corporation, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.

[7] During capitalisation workshops, the SECO evaluation officer moderates discussions between the operational divisions and the external consultants covering the evaluations' main findings.

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Chapter 7. Switzerland's humanitarian assistance

This chapter looks at how Switzerland minimises the impact of shocks and crises, as well as how it works to save lives, alleviate suffering and maintain human dignity in crisis and disaster settings.

Switzerland has a strong humanitarian tradition and has made progress on humanitarian-development-peace coherence. The cross-government Dispatch on International Co-operation and integrated embassies have proved useful in promoting a whole-of-government approach. Coherence with all actors working in a particular context, both inside and outside the Swiss system, could further increase.

Switzerland engages in strategic, frank and open partnerships, which it monitors according to the principles of mutual accountability and learning. Switzerland also counts on a broad range of humanitarian tools and fulfils its commitments to localisation according to the "as-local-as-possible" principle. Based on the peer assessment in Ukraine, the peer review team considers that it would be useful for Switzerland to review its continued use of in-kind relief aid, including whether this tool is the most effective use of the humanitarian budget, supports Switzerland moves to fulfil its international commitments, including those in the Grand Bargain, and respects the strong Swiss focus on respecting humanitarian principles.

Strategic framework

Peer review indicator: Clear political directives and strategies for resilience, response and recovery

Switzerland has a strong humanitarian tradition. The Swiss Agency for Development and Co-operation (SDC) has made progress towards greater humanitarian-development-peace coherence, which is critical for delivering more sustainable results in fragile and crisis context. The next steps should involve seeking coherence with all actors working in a particular context, both inside and outside the Swiss system. Switzerland will need to pay attention to the risk of a creeping politicisation of its humanitarian aid. For example, it should avoid creating unrealistic expectations that humanitarian aid can - or should - stop the flow of refugees into Europe. Refocusing the narrative on the principled and neutral approach of Swiss humanitarian action will help preserve the non-political nature of Swiss humanitarian aid.

A strong humanitarian tradition, backed by solid public and political support

Switzerland has a strong humanitarian tradition and plays a key role in promoting international humanitarian law and principles, even in the most challenging conditions. It is the depository state for the Geneva Conventions. During this peer review period, it shepherded a major international agreement on the protection of medical personnel[1] and played a leadership role in the Grand Bargain, chairing the first conference and co-chairing the workstream on localisation; it is currently co-chairing the Good Humanitarian Donorship initiative with the European Union. Partners appreciate Switzerland's proactive approach to protection and humanitarian principles.

Humanitarian assistance enjoys strong cross-party political support, evidenced by the high number of parliamentary questions it receives. The humanitarian aid credit is included in the Dispatch on International Co-operation (Chapter 2), recognising its importance in the Swiss aid system and providing the framework for closer humanitarian-development-peace coherence.

Some progress on humanitarian-development-peace coherence (the nexus)

Switzerland takes a mostly internal approach to coherence. It prioritises the coherence of its own humanitarian and development efforts - mostly focusing on SDC - for example, through:

- some joint humanitarian and development funding from SDC for nexus programmes
- joint missions and assessments in some protracted crisis contexts, e.g. South Sudan
- the provision of humanitarian funding to development partners, including the United Nations Development Programme, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, and the World Bank
- an integrated approach to the reforms of the United Nations development system

- joint country strategies developed by integrated country teams, including humanitarian aid in some contexts (e.g. Afghanistan and Myanmar)
- transferring funding to and from SDC humanitarian and development programmes as the situation evolves.

However, this approach will only produce coherence in a limited number of situations, as some of the large humanitarian programmes operate in contexts (e.g. Syria) where SDC technical co-operation credit does not and will not work, ruling out internal coherence. In addition, funding for humanitarian aid has increased at the expense of development envelopes (Chapter 3), reducing the amount available to address the root causes of crises. A more useful approach would be for Swiss humanitarian aid to seek coherence with other actors on the ground (including other donors). The peer review team saw an example of this type of external coherence in Ukraine, where SDC is funding a livelihood programme with development funds, complemented by humanitarian funding from the Department for International Development. An evaluation of SDC efforts on coherence will be available at the end of 2018.

The humanitarian budget has been largely protected from cuts

The humanitarian credit continues to average around CHF 490 million (Swiss francs) per year. Additional funds can be made available for humanitarian action through new credits for new or escalating crises (as with Syria in 2015), or from shifting funds from the technical co-operation credit to the humanitarian credit. Tied humanitarian aid for Swiss milk products is now a thing of the past, which is good practice.[2] In the future, Switzerland will need to pay particular attention to the evolving narrative around humanitarian aid, to conserve a principled approach and neutrality, and avoid creating unrealistic expectations that humanitarian aid can - or should - stop the flow of refugees into Europe. Delinking humanitarian aid from this political focus on national interest may reduce political attention and affect the size of the budget envelope, but it will preserve the continued non-political nature of the humanitarian programme.

Effective programme design

Peer review indicator: Programmes target the highest risk to life and livelihood

Funding criteria are now clearly spelled out in the Dispatch, meeting the recommendation of the 2013 peer review. Cash programming is being scaled up, and Switzerland is fulfilling its commitment to localisation by applying the "as-local-as-possible" principle. Direct funding to local actors is complicated by Swiss audit requirements and institutional risk tolerance levels.

In line with Grand Bargain principles, Switzerland's funding is based more on partnership than "what" or "where"

The 2013 peer review recommended that Switzerland communicate the criteria for its humanitarian interventions and funding, and demonstrate how they have been applied to actual funding decisions (OECD, 2014[1]). The criteria on what to fund are now spelled out in the 2017-20 Dispatch (Swiss Confederation, 2016[2]). In practice, Switzerland allocates approximately one-third of its budget to the International Committee of the Red

Cross (ICRC), one-third to multilateral partners, and one-third to non-governmental organisations (NGOs) and its own bilateral interventions. This is good practice, as it is in line with Grand Bargain commitments around reducing earmarking and instead privileging partnership, over the "what" and "where" of humanitarian decision-making.

Switzerland will need to take care about how some of its in-kind interventions are designed and communicated, however, to avoid the risk of misperceptions about their principled nature. For example, Switzerland's decision to continue bilateral in-kind aid in the Donbass region of Ukraine (Annex C) is widely perceived by other actors in Ukraine as an intervention to primarily underline Swiss neutrality in that conflict, to support its key position in facilitating the Minsk Accords (Section 7.3).

"As local as possible"

Switzerland is stepping up its use of cash programming (allowing people affected by crises to make their own choices) and retooling the provision of direct aid (i.e. standby personnel) to reduce the number of logisticians on the roster and increase the proportion of people skilled in cash programming. Local purchases for non-cash programmes are also prioritised. Less progress has been made on localisation, with the Swiss Humanitarian Aid Unit (SHA) facing audits and other internal procedures that complicate direct funding to local actors. Instead, Switzerland applies the "as-local-as-possible" principle, making every effort to limit intermediaries between itself and the local partner. Switzerland also believes that country-based pooled funds enable greater funding to local actors and has therefore stepped up their use.

Effective delivery, partnerships and instruments

Peer review indicator: Delivery modalities and partnerships help deliver quality assistance

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 multilateral, donor and NGO partners. The peer review team consistently heard that the secondment of experts is critical to an effective response. Going forward, it would be useful for Switzerland to review its continued use of in-kind relief aid, including whether this tool is these most effective use of the humanitarian budget, supports Switzerland moves to fulfil its international commitments, including those in the Grand Bargain, and respects the strong Swiss focus on respecting humanitarian principles.

A broad humanitarian toolbox, but concerns about the role of in-kind aid

Switzerland is adapting the overall humanitarian programme, tools and operations to fulfil its Grand Bargain commitments and make the programme fit for the future. The humanitarian toolbox contains a wide range of modalities, including:

- financing of multilateral and NGO partners, and 14 country-based pooled funds (as at September 2018)
- relief supplies including cash transfer programming

- Swiss Humanitarian Aid Unit, with around 700 people on a roster of thematic experts. The members of the unit can be deployed for a) rapid response activities after sudden onset emergencies; b) the implementation of own projects; c) supporting international organisations with thematic expertise (secondments) and supporting the headquarters and SHA offices in the field
- dialogue and advocacy for international humanitarian law, access and principles

All of these tools are proving useful. Partners particularly appreciate secondments to international organisations, which rapidly fill gaps in the response.

However, Switzerland's continued use of in-kind relief aid merits further review. In Ukraine, the peer review team found that the transports - the trucks and trains delivering water-treatment chemicals and medical material across the Donbass line of contact several times a year[3] - are a visible symbol of Swiss commitment to humanitarian needs in that complex context. Stakeholders in Ukraine agree that the transports also provide value by reinforcing the perception of Swiss neutrality in the conflict, thereby enhancing its diplomatic role in assisting the implementation of the Minsk II accords,[4] a roadmap for resolving the conflict in the Donbass. The supply of relief goods with a Swiss flag also provides greater visibility for the humanitarian programme, including with politicians and the public at home. However, the peer review team also heard that such this form of humanitarian aid is very labour-intensive for those involved on the ground. In addition, there were questions about whether this type of response is in line with Switzerland's commitments under the Grand Bargain, (e.g. its pledge to increase cash-based programming and provide multi-annual financing - which other donors are doing in the Donbass). In light of these findings, but with the understanding that Ukraine provides only one example of the use of the in-kind relief aid tool, the peer review recommends that Switzerland review its provision of in-kind aid to ensure that this is the most effective use of budget, supports compliance with Switzerland's international commitments, and complies fully with humanitarian principles.

A valued and strategic partner for multilateral agencies and NGOs

Partners appreciate their frank and open relationship with Switzerland, which focuses more on strategic issues than minor administrative details. Annual strategic dialogues are held at headquarters, and partners have a close working relationship with desk officers. They appreciate that key staff stay in posts for long periods, helping to cement relationships. Funding is often multiannual and only softly earmarked; funding levels have remained stable and predictable, which is good practice. The administrative burden on partners is universally seen as fair, and the new reporting format - more closely aligned with the SDGs - is considered a useful step. In the field, partners would like more proactive action from Switzerland to support access for the wider humanitarian community, since efforts often seem focused on Switzerland's own access. In addition, partners feel that their difficulty in accessing the Human Security Division (HSD) field staff is a missed opportunity for HSD to pick up on information from organisations working on the ground.

Good co-ordination with other donors, both globally and locally

Switzerland plays a leadership role in promoting the Grand Bargain and Good Humanitarian Donorship on the global stage (Section 7.1). In Ukraine, the peer review team heard that Switzerland participates in planning and co-ordination with the broader humanitarian community, adding value to its funding allocations.

Organisation fit for purpose

Peer review indicator: Systems, structures, processes and people work together effectively and efficiently

The cross-government Dispatch on International Co-operation and integrated embassies in the field have promoted a whole-of-government approach. Processes and systems seem to be working well, and Swiss humanitarian staff are highly regarded. The major remaining obstacle to greater cross-government synergies is the locus of decision-making: some development decisions are taken in the field, but humanitarian decisions remain centralised.

Cross-government coherence has improved

The integrated model - with HSD, SDC and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) included in the Dispatch and co-located in integrated embassies - has promoted greater cross-government co-ordination, encouraged information sharing, and increased opportunities for shared analysis and messaging. The peer review team saw a good example of this in the "Whole-of-Kyiv" approach in Ukraine (Annex C), which could provide a useful model for other contexts. Relations with military actors also seem to be appropriate; there exists clear civilian leadership in emergency responses, and thus little risk of compromising humanitarian principles. As with other members of the Development Assistance Committee (DAC), one obstacle preventing stronger collaboration is the locus of decision-making - humanitarian decisions are taken in Bern, whereas SDC development decisions are increasingly taken in the field. Finding ways to overcome this decentralisation/centralisation obstacle could encourage field staff to find greater synergies in their work.

Processes and systems have been fine-tuned over the years

Peers and partners consider SHA staff to be knowledgeable and professional. Low turnover helps support better partnerships and retain institutional knowledge. Swiss humanitarian systems and processes appear fit for purpose.

Results, learning and accountability

Peer review indicator: Results are measured and communicated, and lessons learnt

Switzerland has an excellent system and approach for monitoring partners, based on mutual accountability, sharing and learning. The SHA Unit is also active in social media and communications through broader media outlets. However, there exists a risk that the narrative around aid will become increasingly politicised. To mitigate this risk, Switzerland might consider how to communicate its results and efforts to politicians and the public, taking into account factors such as the changing political context.

Monitoring based on mutual accountability, sharing and learning

Core contributions to multilateral humanitarian partners are monitored through a mutual accountability system, also used for Swiss development partnerships (Chapter 6). Partners report that programme monitoring focuses on sharing and learning, and considering where Switzerland can support the partner in the future; this is good practice. All deployments from Bern are also reviewed. Independent evaluations of key areas are undertaken, including a review of the Swiss contributions to the ICRC in 2017 and an ongoing evaluation of coherence efforts. Further demonstrating its commitment to the Grand Bargain, Switzerland is also experimenting with simplifying reporting, e.g. through a pilot programme with the Swedish International Development Cooperation Agency in Burkina Faso. However, how Switzerland monitors the results of its own efforts in terms of good practice in funding and partnership is not clear.

A stronger communications presence, but the overall narrative needs updating

The SHA uses social media and other web-based communications to promote its work - particularly its delivery of in-kind relief aid, which it often presents at media events. Like most other donors, it also self-reports to the Grand Bargain process.[5]

Notes

[1] UN Security Council Resolution 2286: Protection of civilians in armed conflict: https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2286(2016).

[2] CHF 20 million in humanitarian aid was tied to Swiss milk products every year; this practice ended in 2017.

[3] Further information on the Transports is available at: https://www.admin.ch/gov/en/start/dokumentation/medienmitteilungen.msg-id-61850.html.

[4] A discussion on Minsk II is available at: https://www.economist.com/the-economist-explains/2016/09/13/what-are-the-minsk-agreements.

[5] Switzerland's 2018 self-report to the Grand Bargain is available at: https://www.agendaforhumanity.org/sites/default/files/Switzerland%20Grand%20Bargain%20-%202018%20Self-Report%20FINAL.pdf.

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Annex A. Progress since the 2013 DAC peer review recommendations

Global efforts for sustainable development beyond aid

Recommendations 2013	Progress in implementation
Switzerland should undertake systematic monitoring and analysis of its national policies, and the international policies that affect developing countries.	Partially implemented
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.	Partially implemented

Strategic orientations - Policy vision and framework

Recommendations 2013	Progress in implementation
Switzerland should set out a clear rationale for selecting new partner countries, engaging in regional programmes, and exiting other countries and regions.	Partially implemented

Financing for development - Volume and allocation

Recommendations 2013	Progress in implementation
As recommended in 2009, Switzerland should: • increase the concentration of its geographical allocations to increase economies of scale in priority countries.	Partially implemented
As recommended in 2009, Switzerland should: • 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	Partially implemented

Structure and systems

Recommendations 2013	Progress in implementation
Switzerland should build on the progress made with whole-of-government approaches and expand them to other partner countries.	Implemented
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.	Implemented
The Federal Department of Foreign Affairs should finalise and implement, as a matter of priority, a human-resource policy that takes into account the staffing needs and competencies that are specific to delivering an effective aid programme.	Not implemented
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	Partially implemented

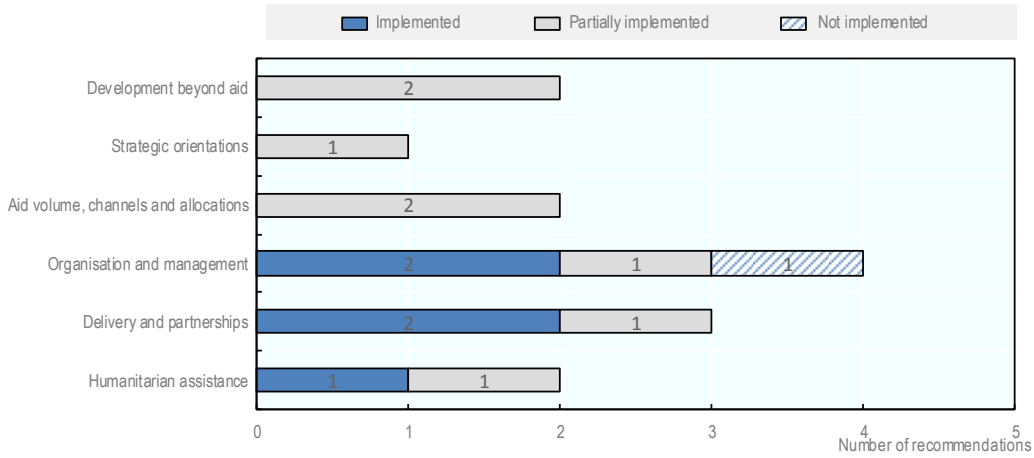
Delivering modalities, results, evaluation and learning

Recommendations 2013	Progress in implementation
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.	Partially implemented
Switzerland should meet its international commitments to provide comprehensive and rolling forward-looking data on its aid flows to partner countries.	Implemented
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.	Implemented

Humanitarian assistance

Recommendations 2013	Progress in implementation
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.	Implemented
Switzerland should review its bilateral interventions and its wide range of response mechanisms, and focus on areas where it has a clear comparative advantage.	Partially implemented

Figure A.1. Switzerland's implementation of 2013 peer review recommendations



Annex B. OECD/DAC standard suite of tables

Table B.1. Total financial flows

USD million at current prices and exchange rates

Switzerland	2003-07	2008-12	2013	2014	2015	2016	2017
					Net disbursements		
Total official flows	**1 593**	**2 550**	**3 200**	**3 544**	**3 556**	**3 599**	**3 270**
Official development assistance	**1 590**	**2 550**	**3 200**	**3 522**	**3 529**	**3 582**	**3 138**
Bilateral	1 211	1 967	2 506	2 779	2 726	2 773	2 330
Grants	1 196	1 949	2 485	2 736	2 734	2 745	2 334
Non-grants	15	18	21	43	- 7	27	- 4
Multilateral	379	583	695	743	803	810	808
Other official flows	**3**	**-**	**-**	**22**	**27**	**17**	**132**
Bilateral: *of which*	3	-	-	22	27	17	132
Investment-related transactions	0	-	-	22	27	-	112
Multilateral	-	-	-	-	-	-	-
Officially guaranteed export credits	**- 191**	**- 342**	**- 34**	**644**	**- 141**	**202**	**410**
Net Private Grants	**325**	**422**	**503**	**420**	**540**	**551**	**548**
Private flows at market terms	**4 496**	**11 723**	**9 624**	**8 123**	**2 563**	**885**	**12 585**
Bilateral: *of which*	5 049	**11 417**	9 624	8 180	3 197	2 047	13 321
Direct investment	5 049	11 417	9 624	8 180	3 197	1 945	13 321
Multilateral	- 552	306	-	- 57	- 634	-1 161	- 736
Total flows	**6 223**	**14 353**	**13 293**	**12 730**	**6 518**	**5 238**	**16 813**
for reference:							
ODA (at constant 2016 USD million)	*2 117*	*2 541*	*2 958*	*3 235*	*3 429*	*3 582*	*3 125*
ODA (as a % of GNI)	*0.38*	*0.44*	*0.46*	*0.50*	*0.51*	*0.53*	*0.46*
ODA grant equivalent	-	-	-	-	*3 538*	*3 593*	*3 142*
Total flows (as a % of GNI) (a)	*1.50*	*2.47*	*1.90*	*1.82*	*0.95*	*0.78*	*2.45*
ODA to and channelled through NGOs - In USD million	297	476	716	817	871	822	798
ODA to and channelled through multilaterals - In USD million	443	906	1 238	1 383	1 430	1 343	1 408

a. To countries eligible for ODA.

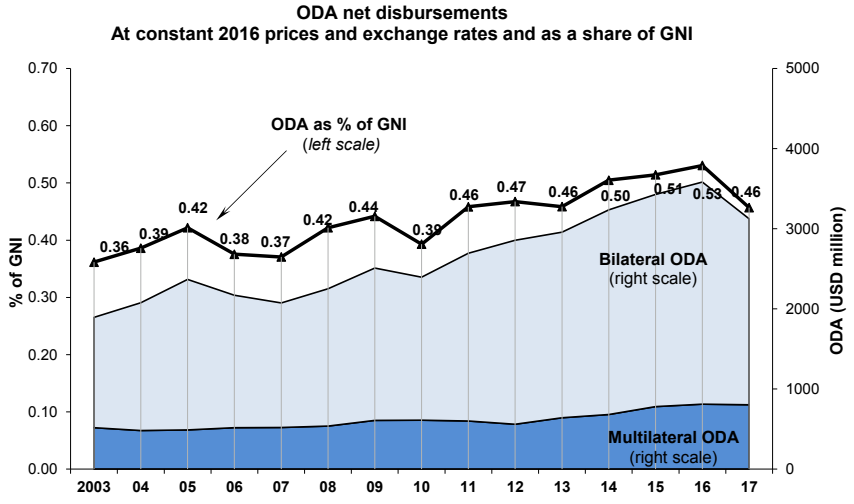
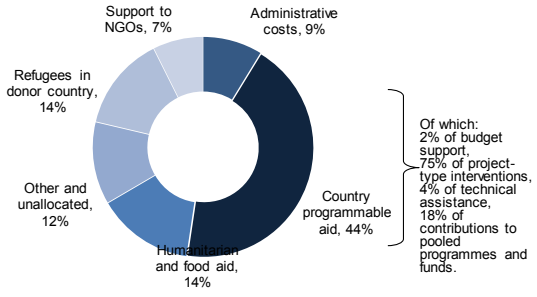


Table B.2. Official development assistance (ODA) by main categories

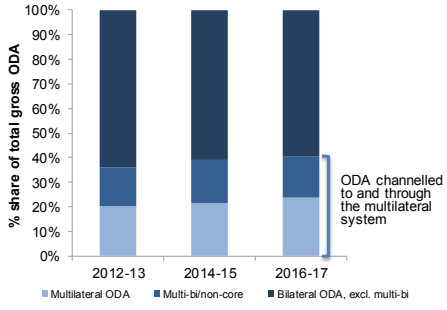
Disbursements

Switzerland	Constant 2016 USD million					Per cent share of gross disbursements					Total DAC
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2017 %
Gross Bilateral ODA	**2 340**	**2 627**	**2 741**	**2 854**	**2 358**	**78**	**79**	**78**	**78**	**75**	**74**
Budget support	42	50	31	31	25	1	2	1	1	1	2
of which: General budget support	28	33	24	21	13	1	1	1	1	0	1
Core contributions & pooled prog.& funds	323	333	408	646	723	11	10	12	18	23	13
of which: Core support to national NGOs	127	133	143	146	151	4	4	4	4	5	1
Core support to international NGOs	79	89	96	102	99	3	3	3	3	3	0
Core support to PPPs	7	8	10	11	8	0	0	0	0	0	0
Project-type interventions	1 228	1 531	1 561	1 234	992	41	46	44	34	31	39
of which: Investment projects	135	183	73	104	34	5	6	2	3	1	13
Experts and other technical assistance	93	100	73	59	60	3	3	2	2	2	3
Scholarships and student costs in donor countries	7	6	7	8	14	0	0	0	0	0	2
of which: Imputed student costs	-	-	-	-	-	-	-	-	-	-	1
Debt relief grants	-	-	-	-	-	-	-	-	-	-	0
Administrative costs	217	145	154	157	205	7	4	4	4	6	5
Other in-donor expenditures	430	462	507	718	339	14	14	14	20	11	9
of which: refugees in donor countries	416	444	483	691	329	14	13	14	19	10	9
Gross Multilateral ODA	**642**	**683**	**780**	**810**	**804**	**22**	**21**	**22**	**22**	**25**	**26**
UN agencies	197	223	231	243	238	7	7	7	7	8	4
EU institutions	-	-	-	-	-	-	-	-	-	-	9
World Bank group	266	245	299	288	287	9	7	8	8	9	5
Regional development banks	74	99	104	124	125	2	3	3	3	4	3
Other multilateral	104	117	146	154	154	3	4	4	4	5	6
Total gross ODA	**2 982**	**3 310**	**3 522**	**3 664**	**3 162**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	43	80	54	78	-	1	2	2	2	-	14
Bilateral	43	80	54	78	-	1	2	2	2	-	12
Multilateral	-	-	-	-	-	-	-	-	-	-	2
Repayments and debt cancellation	**- 24**	**- 74**	**- 92**	**- 81**	**- 37**						
Total net ODA	**2 958**	**3 235**	**3 429**	**3 582**	**3 125**						
For reference:											
Country programmable aid	*961*	*1 149*	*1 174*	*1 107*	*1 028*						
Free standing technical co-operation	*99*	*260*	*240*	*175*	*149*						
Net debt relief	-	-	-	-	-						

Composition of bilateral ODA, 2017, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average



ODA flows to multilateral agencies, 2017

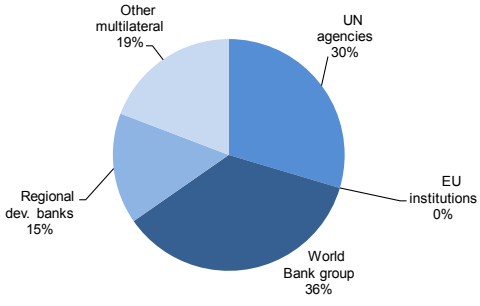


Table B.3. Bilateral ODA allocable[1] by region and income groups

Gross disbursements

Switzerland	Constant 2016 USD million					% share					Total DAC
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2017%
Africa	524	615	652	595	565	37	38	39	37	38	**40**
Sub-Saharan Africa	440	510	548	500	495	31	32	32	31	33	**34**
North Africa	62	70	67	53	48	4	4	4	3	3	**4**
Asia	414	442	472	468	413	29	27	28	29	28	**30**
South and Central Asia	252	288	313	277	275	18	18	19	17	18	**18**
Far East	153	143	149	161	131	11	9	9	10	9	**11**
America	188	222	230	224	199	13	14	14	14	13	**9**
North and Central America	91	116	88	96	89	6	7	5	6	6	**4**
South America	87	97	128	119	103	6	6	8	8	7	**4**
Middle East	100	111	151	123	142	7	7	9	8	10	**13**
Oceania	0	-	1	0	1	0	-	0	0	0	**2**
Europe	191	220	183	180	174	13	14	11	11	12	**5**
Total bilateral allocable by region	**1 418**	**1 610**	**1 689**	**1 589**	**1 493**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	491	547	614	589	588	41	41	43	44	44	**39**
Other low-income	64	64	63	50	51	5	5	4	4	4	**3**
Lower middle-income	425	473	462	427	401	35	36	33	32	30	**35**
Upper middle-income	223	239	277	278	292	19	18	20	21	22	**23**
More advanced developing countries	-	-	-	-	-	-	-	-	-	-	**-**
Total bilateral allocable by income	**1 203**	**1 323**	**1 416**	**1 343**	**1 332**	**100**	**100**	**100**	**100**	**100**	**100**
For reference*[2]*:											
Total bilateral	2 340	2 627	2 741	2 854	2 358	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*922*	*1 016*	*1 052*	*1 265*	*865*	*39*	*39*	*38*	*44*	*37*	***32***
of which: Unallocated by income	*1 137*	*1 304*	*1 326*	*1 511*	*1 026*	*49*	*50*	*48*	*53*	*43*	***39***
Fragile and conflict-affected states (as per DCR of each year)	*631*	*724*	*796*	*731*	*735*	*27*	*28*	*29*	*26*	*31*	***35***
SIDS (as per data provided to UN)	*29*	*33*	*33*	*41*	*39*	*1*	*1*	*1*	*1*	*2*	***2***
Landlocked developing countries (as per data provided to UN)	*403*	*451*	*493*	*458*	*447*	*17*	*17*	*18*	*16*	*19*	***14***

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.
2. 'Fragile and conflict-affected states' group has overlaps with SIDS and Landlocked developing countries and can therefore not be added. For the same reason, these three groups cannot be added to any income group.

Gross bilateral ODA by income group, 2012-17

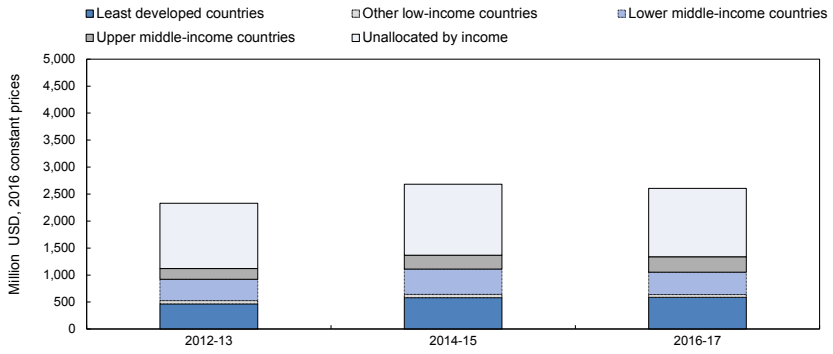


Table B.4. Main recipients of bilateral ODA

Gross disbursements

Switzerland	2012-13 average			Memo:		2014-15 average			Memo:		2016-17 average			Memo:
	Current USD million	Constant 2016 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2016 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2016 USD mln	% share	*DAC [1] countries average %*
Kosovo	66	62	3		Kosovo	49	46	2		Nepal	44	44	2	
Nepal	43	40	2		Nepal	49	47	2		Myanmar	41	41	2	
Burkina Faso	38	35	2		Bolivia	41	38	1		Bangladesh	37	37	1	
Mozambique	37	34	1		Syrian Arab Republic	39	37	1		Colombia	37	36	1	
Bangladesh	34	32	1		Mozambique	39	37	1		Burkina Faso	36	36	1	
Top 5 recipients	**219**	**203**	**9**	**30**	**Top 5 recipients**	**218**	**206**	**8**	**22**	**Top 5 recipients**	**194**	**194**	**7**	**19**
Bolivia	33	31	1		Myanmar	37	35	1		Mali	34	34	1	
Tanzania	33	31	1		Mali	37	35	1		Niger	33	33	1	
West Bank and Gaza Strip	29	27	1		Burkina Faso	36	34	1		Syrian Arab Republic	33	33	1	
Afghanistan	28	26	1		Bangladesh	35	34	1		Tanzania	33	33	1	
Mali	27	25	1		Afghanistan	34	32	1		Afghanistan	31	31	1	
Top 10 recipients	**369**	**343**	**15**	**41**	**Top 10 recipients**	**397**	**376**	**14**	**35**	**Top 10 recipients**	**358**	**357**	**14**	**28**
Tajikistan	26	25	1		Tajikistan	34	32	1		Ukraine	30	30	1	
Niger	26	24	1		West Bank and Gaza Strip	32	31	1		West Bank and Gaza Strip	29	29	1	
Viet Nam	24	22	1		Tanzania	32	30	1		Bolivia	29	29	1	
Kyrgyzstan	24	22	1		Ukraine	31	29	1		Viet Nam	28	28	1	
Ghana	23	21	1		Niger	29	28	1		Peru	28	28	1	
Top 15 recipients	**491**	**457**	**20**	**47**	**Top 15 recipients**	**555**	**525**	**20**	**41**	**Top 15 recipients**	**502**	**501**	**19**	**35**
Lao People's Democratic Republic	23	21	1		Chad	29	27	1		Mozambique	27	27	1	
Nicaragua	23	21	1		South Sudan	29	27	1		Chad	26	26	1	
Colombia	22	21	1		Viet Nam	28	27	1		Benin	26	26	1	
Indonesia	22	20	1		Colombia	28	27	1		South Sudan	25	25	1	
Bosnia and Herzegovina	21	19	1		Kyrgyzstan	28	26	1		Serbia	25	25	1	
Top 20 recipients	**602**	**559**	**24**	**51**	**Top 20 recipients**	**698**	**659**	**25**	**46**	**Top 20 recipients**	**631**	**630**	**24**	**40**
Total (117 recipients)	**1 206**	**1 121**	**48**		**Total (115 recipients)**	**1 448**	**1 369**	**51**		**Total (116 recipients)**	**1 340**	**1 338**	**51**	
Unallocated	1 299	1 208	52	34	Unallocated	1 392	1 315	49	43	Unallocated	1 271	1 268	49	49
Total bilateral gross	**2 505**	**2 330**	**100**	**100**	**Total bilateral gross**	**2 841**	**2 684**	**100**	**100**	**Total bilateral gross**	**2 611**	**2 606**	**100**	**100**

Table B.5. Bilateral ODA by major purposes

At constant prices and exchange rates

Switzerland	2012-13 average		2014-15 average		2016-17 average		DAC
	2016 USD million	%	2016 USD million	%	2016 USD million	%	2016-17 %
							Commitments - Two-year average
Social infrastructure & services	**888**	**32**	**882**	**34**	**746**	**30**	**34**
Education	131	5	119	5	137	6	7
of which: basic education	40	1	38	1	39	2	2
Health	95	3	113	4	98	4	5
of which: basic health	57	2	66	3	61	2	3
Population & reproductive health	20	1	21	1	13	1	6
Water supply & sanitation	217	8	191	7	100	4	4
Government & civil society	372	13	402	15	359	14	10
of which: Conflict, peace & security	121	4	107	4	70	3	2
Other social infrastructure & services	53	2	36	1	39	2	2
Economic infrastructure & services	**169**	**6**	**167**	**6**	**246**	**10**	**18**
Transport & storage	35	1	19	1	19	1	9
Communications	0	0	10	0	1	0	0
Energy	27	1	33	1	29	1	6
Banking & financial services	81	3	57	2	128	5	2
Business & other services	26	1	47	2	69	3	1
Production sectors	**213**	**8**	**184**	**7**	**278**	**11**	**6**
Agriculture, forestry & fishing	137	5	113	4	144	6	4
Industry, mining & construction	27	1	50	2	73	3	1
Trade & tourism	49	2	21	1	61	2	1
Multisector	**369**	**13**	**402**	**15**	**169**	**7**	**9**
Commodity and programme aid	**84**	**3**	**8**	**0**	**15**	**1**	**2**
Action relating to debt	**344**	**12**	**382**	**15**	**365**	**15**	**1**
Humanitarian aid	**7**	**0**	**-**	**-**	**-**	**-**	**13**
Administrative costs of donors	**201**	**7**	**130**	**5**	**168**	**7**	**5**
Refugees in donor countries	**514**	**18**	**464**	**18**	**510**	**20**	**12**
Total bilateral allocable	**2 790**	**100**	**2 617**	**100**	**2 496**	**100**	**100**
For reference:							
Total bilateral	*-*	*-*	*2 772*	*72*	*2 656*	*91*	*100*
of which: Unallocated	*150*	*31*	*155*	*4*	*160*	*5*	*1*
Total multilateral	*489*	*100*	*1 064*	*28*	*266*	*9*	*0*
Total ODA	***489***	***100***	***3 836***	***100***	***2 921***	***100***	***100***

	2012-2013		2014-2015		2016-2017	
	Constant 2016 USD million	% Bilateral Allocable	Constant 2016 USD million	% Bilateral Allocable	Constant 2016 USD million	% Bilateral Allocable
						Commitments
Gender equality	369	*17*	294	*14*	724	*37*
Environment	468	*22*	414	*19*	488	*25*
Rio markers						
Biodiversity	114	*5*	63	*3*	123	*6*
Desertification	81	*4*	95	*4*	74	*4*
Climate change Mitigation only	104	*5*	81	*4*	133	*7*
Climate change Adaptation only	226	*11*	166	*8*	181	*9*
Both climate adaptation and mitigation	99	*5*	78	*4*	76	*4*

Table B.6. Comparative aid performance

	Official development assistance			Share of multilateral aid				Grant element of ODA commitments	Untied aid % of bilateral commitments
				Net disbursements					Commitments
	2017		2011-12 to 2016-17 Average annual % change in real terms	2017				2017	2017
				% of ODA		% of GNI			
	USD million	% of GNI		(b)	(c)	(b)	(c)	% (a)	(d)
Australia	3 036	0.23	-4.3	20.5		0.05		100.0	100.0
Austria	1 251	0.30	7.4	52.0	25.2	0.16	0.08	100.0	50.1
Belgium	2 196	0.45	-0.3	41.0	12.2	0.18	0.05	99.9	95.6
Canada	4 305	0.26	-1.5	27.4		0.07		94.5	93.9
Czech Republic	304	0.15	7.5	73.5	17.1	0.11	0.03	100.0	55.9
Denmark	2 448	0.74	-0.4	29.7	18.2	0.22	0.13	100.0	100.0
Finland	1 084	0.42	-3.0	44.8	21.8	0.19	0.09	100.0	98.3
France	11 331	0.43	-0.7	41.3	20.1	0.18	0.09	81.6	96.0
Germany	25 005	0.67	15.1	20.7	8.8	0.14	0.06	90.2	85.5
Greece	314	0.16	3.1	73.0	12.0	0.11	0.02	100.0	90.6
Hungary	149	0.11	9.4	73.5	16.5	0.08	0.02	100.0	..
Iceland	68	0.28	14.8	20.7		0.06		100.0	100.0
Ireland	838	0.32	0.8	41.2	17.0	0.13	0.05	100.0	100.0
Italy	5 858	0.30	12.2	49.2	19.1	0.15	0.06	98.8	90.9
Japan	11 463	0.23	6.3	29.5		0.07		85.4	82.5
Korea	2 201	0.14	7.8	26.6		0.04		93.2	50.2
Luxembourg	424	1.00	2.7	28.3	19.5	0.28	0.19	100.0	98.8
Netherlands	4 958	0.60	-0.7	28.7	16.9	0.17	0.10	100.0	94.9
New Zealand	450	0.23	1.4	17.6		0.04		100.0	74.6
Norway	4 125	0.99	5.1	24.2		0.24		100.0	100.0
Poland	679	0.13	13.9	67.3	9.5	0.09	0.01	99.6	60.3
Portugal	381	0.18	-8.8	69.9	21.7	0.13	0.04	97.2	68.6
Slovak Republic	119	0.13	10.0	70.3	8.5	0.09	0.01	100.0	62.2
Slovenia	76	0.16	8.0	67.1	11.9	0.11	0.02	100.0	99.6
Spain	2 560	0.19	5.5	73.3	27.8	0.14	0.05	99.1	83.5
Sweden	5 563	1.02	2.8	31.2	23.9	0.32	0.24	100.0	87.8
Switzerland	3 138	0.46	3.9	25.7		0.12		100.0	96.5
United Kingdom	18 103	0.70	7.8	37.4	27.8	0.26	0.19	95.5	100.0
United States	34 732	0.18	0.8	13.6		0.02		100.0	63.5
Total DAC	**147 160**	**0.31**	**4.3**	**28.3**		**0.09**		**93.7**	**82.0**

Notes:

a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

Table B.7. Comparative performance of aid to least-developed countries (LDCs)

	Net disbursements						Commitments		
	Bilateral ODA to LDCs			Total ODA to LDCs (Bilateral and through multilateral agencies)			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
	2017	2017		2017			Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2016	2017	2015-2017
Australia	665	27.6	0.05	851	28.0	0.07	100.0	100.0	c
Austria	63	10.5	0.02	293	23.4	0.07	100.0	100.0	c
Belgium	402	31.0	0.08	645	29.4	0.13	99.3	99.8	c
Canada	958	30.6	0.06	1 469	34.1	0.09	100.0	100.0	c
Czech Republic	13	15.8	0.01	65	21.5	0.03	100.0	100.0	c
Denmark	472	27.4	0.14	715	29.2	0.22	100.0	100.0	c
Finland	166	27.7	0.06	326	30.1	0.13	100.0	100.0	c
France	1 131	17.0	0.04	2 754	24.3	0.10	80.9	75.2	n
Germany	2 423	12.2	0.06	4 081	16.3	0.11	95.9	99.8	n
Greece	0	0.2	0.00	57	18.2	0.03	100.0	100.0	c
Hungary	4	11.0	0.00	29	19.4	0.02	100.0	100.0	c
Iceland	14	25.4	0.06	20	28.8	0.08	100.0	100.0	c
Ireland	248	50.4	0.09	355	42.3	0.13	100.0	100.0	c
Italy	327	11.0	0.02	1 162	19.8	0.06	98.8	97.5	c
Japan	3 358	41.6	0.07	4 974	43.4	0.10	91.5	87.8	n
Korea	588	36.4	0.04	774	35.2	0.05	93.0	94.6	c
Luxembourg	141	46.4	0.33	178	42.0	0.42	100.0	100.0	c
Netherlands	546	15.5	0.07	1 024	20.7	0.12	100.0	100.0	c
New Zealand	102	27.6	0.05	125	27.7	0.06	100.0	100.0	c
Norway	733	23.4	0.18	1 127	27.3	0.27	100.0	100.0	c
Poland	14	6.4	0.00	114	16.7	0.02	80.4	85.0	n
Portugal	43	37.8	0.02	124	32.5	0.06	92.2	94.4	n
Slovak Republic	4	9.9	0.00	22	18.8	0.02	100.0	100.0	c
Slovenia	0	1.8	0.00	13	16.8	0.03	100.0	100.0	c
Spain	99	14.5	0.01	588	23.0	0.04	100.0	100.0	c
Sweden	1 023	26.7	0.19	1 669	30.0	0.31	100.0	100.0	c
Switzerland	574	24.6	0.08	887	28.3	0.13	100.0	100.0	c
United Kingdom	3 319	29.3	0.13	6 046	33.4	0.23	100.0	100.0	c
United States	10 010	33.4	0.05	12 062	34.7	0.06	100.0	100.0	c
Total DAC	**27 439**	**26.0**	**0.06**	**42 548**	**28.9**	**0.09**	**97.0**	**96.2**	..

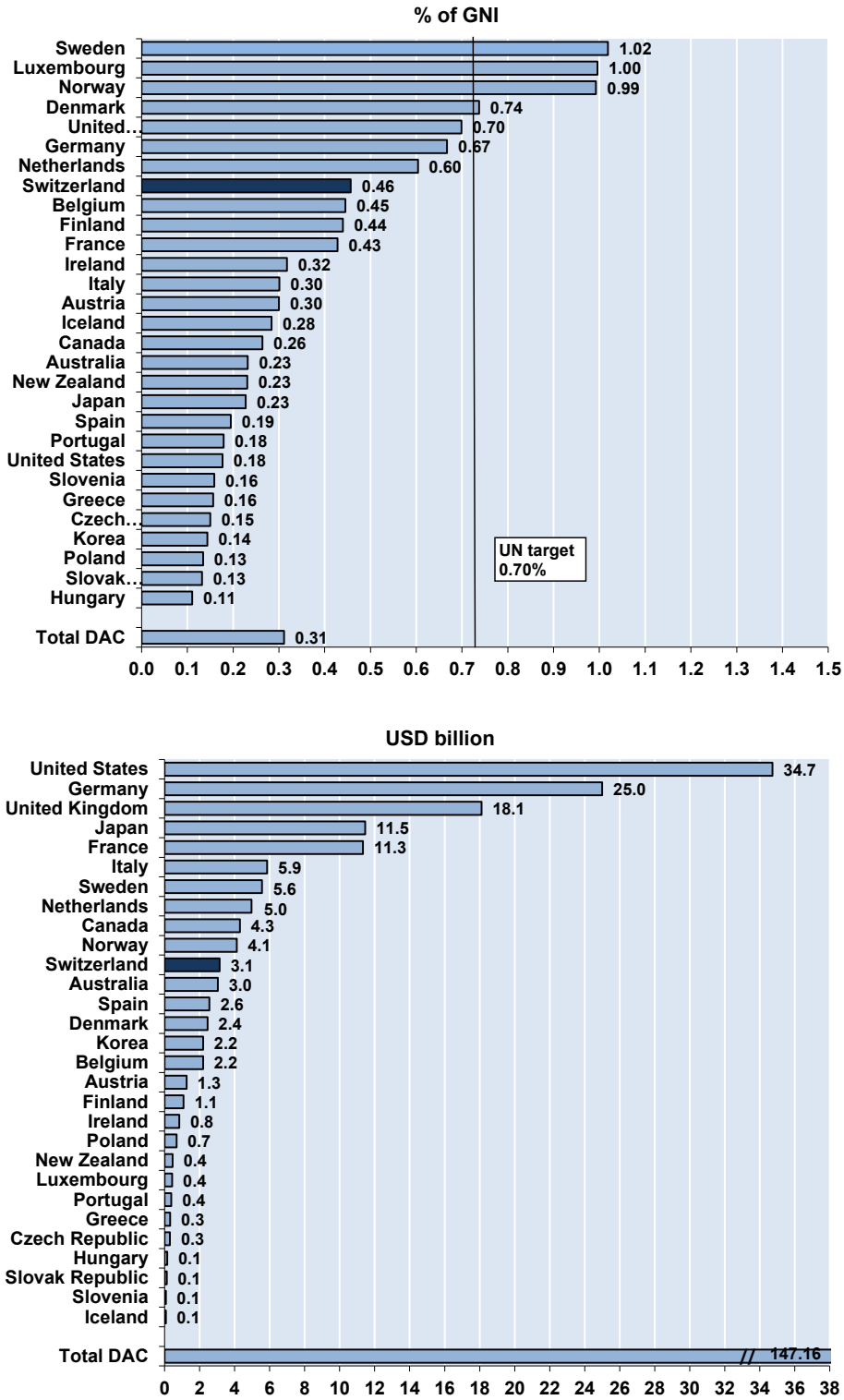
Notes:

a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

Figure B.1. Net ODA from DAC countries in 2017 (preliminary figures)



Annex C. Field visit to Ukraine

As part of the peer review of Switzerland, a team of examiners from Denmark and Portugal, observers from Qatar and members of the OECD Secretariat visited Ukraine in September 2018. The team met the Swiss Ambassador and the Head of the Development Co-operation Office, along with their teams, representatives of national authorities in Ukraine, other bilateral and multilateral partners, Swiss and Ukrainian civil society organisations, the private sector, and researchers.

Development in Ukraine

Economic, political and territorial crises constrain Ukraine's potential

Ukraine is a lower middle-income country and the largest country in continental Europe. The economic transition following independence from the Union of Soviet Socialist Republics in 1991 left its mark on the country: in 2000 Ukraine exited a deep ten-year long economic depression, during which spatial inequalities increased. The population decreased by 10 million to 44 million in 2017, owing to emigration, low birth rates and high death rates.

Following a brief period of economic growth, the rate of growth slowed with the 2008 financial crisis and further decreased with the Government of Ukraine's decision in 2013 to reject closer relations with the European Union, triggering the Maidan protests[1] and the ousting of President Yanukovych in 2014. Since then, Ukraine has witnessed several critical events, including the annexation of Crimea and the outbreak of conflict in eastern Ukraine. In response, total official development assistance (ODA) to Ukraine doubled in absolute terms and tripled as a share of gross national income (GNI).[2]

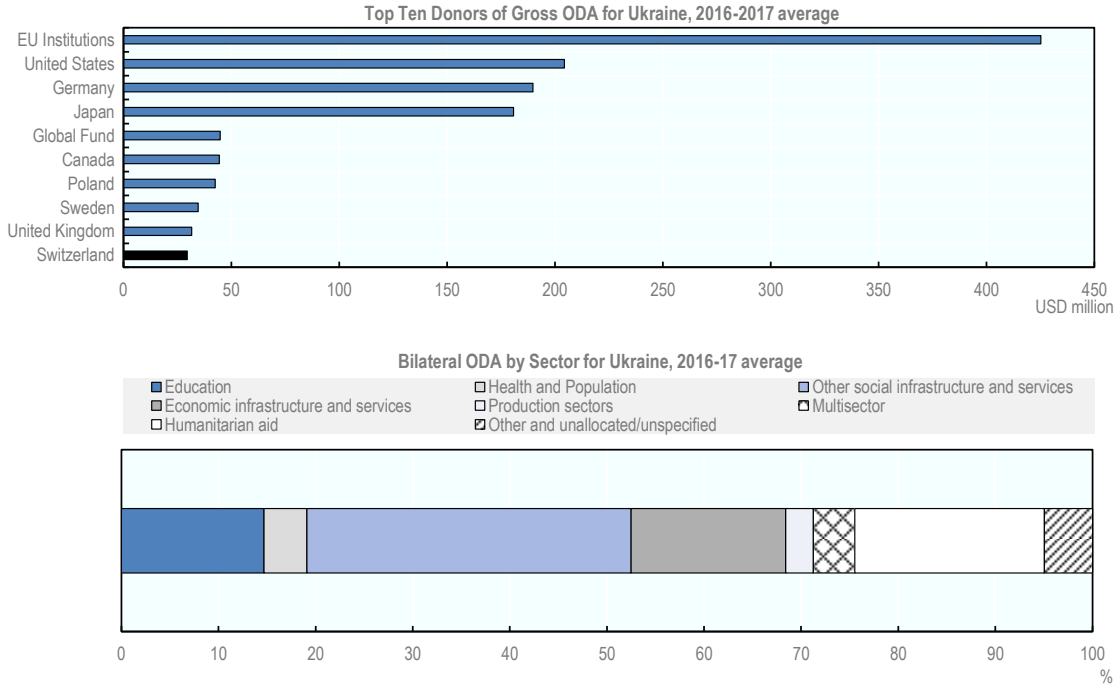
The simmering, protracted conflict in the east and persistent tensions with the Russian Federation have taken their toll on the country's economic, social and political situation. Following a cumulative contraction of 16% of the gross domestic product (GDP) in 2014-15, economic recovery remains weak.[3] Consequently, poverty[4] and unemployment[5] remain above pre-crisis levels. The slowing pace in adopting key reforms, combined with macroeconomic vulnerabilities and uncertainty surrounding the 2019 elections, is not conducive to a speedy recovery.[6]

Building on international support, the Government of Ukraine committed to an ambitious and wide-ranging reform agenda featuring over 60 areas of reform, while contending with powerful vested interests that continue to oppose reforms.[7]

Figure C.1. Aid at a glance - Ukraine

Receipts for Ukraine

	2015	2016	2017
Net ODA (USD million)	1 449.4	1 523.1	1 166.1
Net ODA/GNI (%)	1.6	1.6	1.0
Gross ODA (USD million)	1 472.8	1 582.1	1 190.5
Bilateral share (gross ODA) (%)	79.1	64	65.6
Total net recipients (USD million)	2 528.5	750.3	2 624.5



Source: OECD (n.d.), Aid at a glance charts, http://www.oecd.org/dac/stats/aid-at-a-glance.htm.

Towards a comprehensive Swiss development effort

A long-standing partnership for transition and stability in Eastern Europe

Switzerland has a long-standing and stable relationship with Ukraine. The two countries established bilateral relations soon after Ukraine's independence in December 1991, opening embassies in both countries. In 1995, the Swiss Parliament recognised the importance of supporting Ukraine and other Eastern European countries in their transition in order to decrease disparities, and promote trade and investments, and to ensure stability and peace in Europe. Switzerland renewed this commitment through the Federal Act on Co-operation with Eastern Europe.[8] The 1997 Framework Agreement on Technical and Financial Co-operation and the 1999 opening of a Swiss Co-operation Office (SCO) in Kyiv formalised Swiss development activities in Ukraine.

Prior to the outbreak of the conflict in Ukraine's eastern region, the Swiss Agency for Development and Co-operation (SDC) planned to exit Ukraine between 2015 and 2018.[9] However, these plans were abandoned with the crisis. As Switzerland chaired the Organization for Security and Co-operation in Europe (OSCE) in 2014, the country took the political decision to maintain its full presence in Ukraine. Switzerland also continues

to work closely with the subsequent chairs of the OSCE (i.e. Austria and Germany). In 2016-17, Switzerland was the tenth-largest donor in Ukraine (Figure C.1).

Switzerland's policies, strategies and aid allocation

A conflict-sensitive strategy

The programme in Ukraine demonstrates Switzerland's expertise, good understanding of the context and conflict sensitivity. The 2015-18 Swiss Co-operation Strategy for Ukraine builds on the first 2011-14[10] country strategy (the first joint strategy between SDC and the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs - SECO) and the evolving context.

The definition of the new strategy built on a conflict-sensitive approach to build social cohesion. In practice, this approach meant managing the individuals supporting or opposing reforms in the Ukrainian administration through a human-security advisor (who implements a conflict prevention, peacebuilding and human rights programme); expanding the development programme across the country;[11] and providing humanitarian support focused on water and health. In the context of this strategy, Switzerland's well-recognised neutrality is a clear asset in reaching out to the conflict-affected population; indeed, Switzerland is the only bilateral donor able to work on both sides of the contact line with its humanitarian programme. Nevertheless, there is room to further strengthen the humanitarian-development-peace nexus in the upcoming country strategy.

Technical work supports Ukraine's reform agenda

Switzerland has developed a holistic approach to development in Ukraine. The results of the programme (e.g. better provision of public services, accountability and participation) are tangible at the local level, enhancing public support for the reforms outlined in the 2020 Ukraine Action Plan, which Switzerland backs at the national level. Nevertheless, while the co-operation strategy is strongly aligned with Ukraine's priorities, it is not formally negotiated, nor has it been signed with the government.

The strategy is spread across broad themes

Switzerland nearly doubled its commitment as a direct response to the 2014 crisis: the Embassy has a development co-operation budget of CHF 99 million (Swiss francs) (USD 97.5 million) over 2015-18, compared to a disbursement of CHF 57 million (USD 56.1 million) over 2010-14 (SCO Ukraine, 2015[1]). However, ODA is not systematically included in the Government of Ukraine's budget, and Swiss ODA is not directly channelled through the government.

All Swiss activities in Ukraine contribute directly to the thematic priorities identified in the 2017-20 Dispatch on International Co-operation (Figure C.2). Moreover, the Swiss country programme in Ukraine is aligned with and covers four of the country's ten national priorities (below), in addition to humanitarian aid:[12]

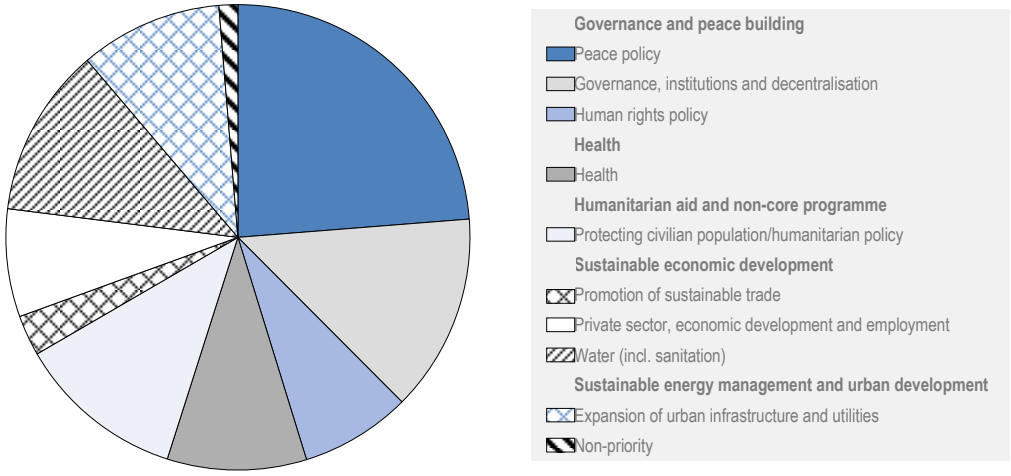
- governance and peacebuilding (CHF 33.9 million) (USD 33.4 million)
- health (CHF 9.5 million) (USD 9.4 million)
- sustainable energy management and urban development (CHF 39 million) (USD 38.4 million)

- sustainable economic development (CHF 18.1 million) (USD 17.8 million).

The thematic orientation of Switzerland's co-operation programme is fully reflected in its ODA flows, with 99% of bilateral ODA expenditure disbursed to themes covered by the strategy. While the Swiss country programme formally complies with headquarters' instruction to focus on a maximum of four sectors (Chapter 2), the domains (e.g. sustainable economic development) remain broadly defined. Further concentration within each domain could help build more coherence and synergies between SECO and SDC programming and instruments, a challenge identified in the country strategy's mid-term review.

Figure C.2. Swiss activities in Ukraine are aligned with the Dispatch

Swiss ODA to Ukraine by sector, commitments in percentages, 2016-17 average



Note: The activities in non-priority sectors are scholarships.
Source: Based on OECD (n.d.)[2]), *DAC International Development Statistics*, https://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics_dev-data-en.

Efforts to mainstream gender equality are not fully translated in programming

Gender equality is a transversal topic within the country strategy,[13] and the co-operation office is committed to building implementing partners' awareness on gender mainstreaming.[14] The SDC Gender Equality Network provides valuable resources; biennial face-to-face meetings are a good learning opportunity for the Embassy focal point. Gender-specific indicators and gender audits as well as the gender network have further promoted gender sensitivity. However, only 11.6% of Swiss bilateral ODA to Ukraine included a gender-equality dimension in 2016-17 (OECD, n.d.[2]), and no projects directly target gender inequality. In addition, the Embassy focal point has limited time to work on the issue,[15] and staff awareness could be strengthened.

Organisation and management

An integrated Swiss embassy offers new opportunities

Since 2017, the SCO has been integrated in the Swiss embassy's premises, and all parts of the administration work under a "Whole-of-Kyiv" approach.[16] Given the political

nature of its work, the local team of the Human Security Division (HSD) reports directly to the ambassador and not to the co-operation section. Co-ordination and exchange, however, remain strong. For instance, the presence of HSD provides additional insights and expertise pertinent to the governance and peacebuilding domain. Since its integration, the co-operation section has been able to leverage further political influence, for the benefit of the programme. This influence is important to help maintain the support of policymakers in Bern, whose attention might be directed to newer conflicts; it also helps advance the reforms in Ukraine's politically fragile and conflictual context.

Despite different degrees of decentralisation, SDC and SECO collaborate well in Ukraine (Chapter 4). The practice of senior managers supervising two domains - one each under SDC and SECO - nurtures ownership of the whole strategy and cross-agency collaboration.

Staff are an asset of the Switzerland's development co-operation

The Swiss development co-operation programme benefits from experienced and dedicated staff members. To support the conflict-sensitive approach, the Embassy recruited staff from different regions in Ukraine, to maintain a balanced and critical view on the situation in the country. Partners value the close collaboration with staff in overseeing project implementation, thereby ensuring continued relevance and delivering on results. However, the considerable number of small projects and new regional projects managed by individual staff members increases the administrative burden on programme officers, potentially limiting the time available for adding value to individual projects and strategic planning.[17]

The Embassy provides a competitive employment package for local staff, and national programme officers are given significant project responsibility.[18] Professional development opportunities are an important aspect of the employment package and help maintain staff satisfaction. Corporate thematic networks have proven useful in disseminating knowledge from and to local staff.

Partnerships, results and accountability

Flexible programming and partnering enhance impact in fragile contexts

Switzerland's development co-operation is valued by the Government of Ukraine, development partners and implementing partners, who view it as flexible and reliable. The co-operation section of the Embassy is in a position to identify where it can add value (e.g. in the field of mental health) and take risks to develop innovative pilots, such as e-governance (Box 4.1).

A key instrument to remain flexible, detect changing contexts and needs, and adjust programmes accordingly is the Monitoring System for Development-Related Changes. With this system, development-related changes are assessed twice a year in a retreat. Based on these assessments, the Embassy can adjust its engagement to respond to emerging opportunities and adapt to an evolving context. For instance, the Ukrainian government's low political will and continuity in the health domain prior to 2016, compared to its good progress and popular acceptance in the governance (decentralisation) domain, spurred the Embassy to rebalance SDC's portfolio in favour of governance in 2017 (SCO Ukraine, 2017[3]). Programmatic flexibility and traditional Swiss neutrality also help HSD and the co-operation section humanitarian branch to seize opportunities allowing them to be active in areas not under government control.

A labour-intensive instrument to carry out the humanitarian programme

The humanitarian deliveries "transports" are a visible symbol of Swiss engagement in the conflict-affected area of eastern Ukraine. However, such humanitarian aid is labour-intensive (including for field staff needing to undertake local procurements) and does not progress some of Switzerland's international commitments (like the Grand Bargain) to increase cash-based programming, aid for local responders and multi-year funding. The upcoming country strategy may provide a useful opportunity to review the future of this type of humanitarian aid.

Partners' full potential is not used

In all domains, Switzerland engages with a diversity of partners. Given the high prevalence of corruption in Ukraine, insufficient local capacity and slow disbursements, the Embassy chiefly relies on international organisations and international or Swiss NGOs as implementing partners; it is currently seeking to broaden its partnership portfolio.[19] Entering into new partnerships demands carefully identifying the right partner based on Switzerland's partner risk assessment (Chapter 5).

Switzerland's increasing work on the humanitarian-development-peace nexus contributes to broadening partnerships. The Embassy recently decided to engage in a livelihood support programme of the Danish Refugee Council, and to further fund existing (the United Nations Development Programme's Recovery and Peacebuilding Programme) or emerging (the World Bank's Multi-Partner Trust Fund for Peacebuilding and Recovery in Ukraine) multilateral platforms. These engagements will improve infrastructure and social services, promote economic recovery, and support social resilience, peacebuilding and community security.

Non-governmental organisations (NGOs) are important partners when engaging in conflict-affected areas. For instance, Switzerland works with NGOs with ties to Crimea to obtain reliable information on the human rights situation on the peninsula and to keep the situation on the public agenda, and supports NGOs' anti-corruption activities. Switzerland's non-governmental partners value its flexible and results-oriented small grants. Yet Ukrainian NGOs are supported as implementing partners, rather than as partners in their own right receiving programme contributions. A strong civil society at the local level is crucial to advancing and enshrining decentralisation efforts, as it holds local politicians accountable; not supporting the development of local civil-society watchdogs through programme contributions seems a missed opportunity. The forthcoming NGO policy developed at headquarters should help guide a new approach to partnerships.

Finally, the integration of the embassy and the SCO has increased the chances to engage with Swiss companies. This can lead to public-private projects, such as the existing projects with Nestlé or Geberit.[20] While these projects represent good opportunities, they require strong engagement from the co-operation section, to ensure stability and maintain development as the principal objective. Hence, a more strategic vision for private-sector engagement is important to mobilise additional funds for development.

Donor co-ordination boosts activities

Switzerland is helping to build a foundation for sustainable reforms in Ukraine. This approach includes engaging in donor co-ordination for development and humanitarian

actions (including EU co-ordination meetings in Brussels), convening key stakeholders to discuss sensitive political issues, and promoting country leadership and ownership.[21]

With the overall increase in ODA channelled to Ukraine, Switzerland recognises the potential to advance key issues beyond its own scope and means. In the case of decentralisation, Switzerland has been spearheading reform since the early 2000s and has paved the way for other development co-operation providers to engage in this key priority for Ukraine.[22] It significantly contributed to establishing a donor board and continues to fund the donor board secretariat. In 2018 it passed the baton to the European Union to lead together with the Ukrainian Ministry of Regional Development this board, while continuing to chair the thematic working group on local governance, regional development and municipal services. Drawing from its experience and results, Switzerland encourages partners to serve the whole of Ukraine, including less accessible territories in the east. Furthermore, Switzerland is also very active in co-ordinating donors' activities in the areas of energy efficiency, agriculture and private sector development.

In addition, although the country programme does not have specific funding for nexus activities, the Embassy has partnered with the United Kingdom's Department for International Development (DFID) in a livelihood programme, financed by the Embassy's development funds and DFID humanitarian funds.

Evaluations and results information steer projects

The Embassy uses evaluations and results information to steer projects. During implementation, regular exchanges with implementing partners, as well as annual meetings convening them to review progress and results, are a good practice. Additionally, Switzerland provides support to implementing partners' results-based management systems and funds some training on evaluation. However, Switzerland does not conduct joint evaluations with the Government of Ukraine. This is a missed opportunity to support Ukraine and honour the commitments made in Busan.

Results-based management at the level of the country portfolio could improve. Current good practices include an upcoming peer review of the current strategy to inform the definition of the next strategy and the production of annual reports with a results dimension. However, the current format of these reports does not adequately reflect the results framework[23] of the country strategy. This reduces the ability to steer the programme at the domain and country levels; it also focuses the discussions between headquarters and the Embassy on processes rather than strategic decisions. The current redesign of the annual reports will make them more useful for steering and engaging in substantive discussions with headquarters.

Notes

[1] Also known as Euromaidan Revolution.

[2] Total ODA to Ukraine doubled from USD 703 million (United States dollars) (in constant prices) to USD 1 523 million in 2016 (OECD, n.d.[19]). In the same period, the net ODA Ukraine received as a percentage of GNI tripled from 0.4% to 1.6% (World Bank, n.d.[4]).

[3] GDP grew by 2.3% in 2016 and 2.5% in 2017.

[4] 6.4% at USD 5.50 per day, 2011 purchasing power parity, in 2016.

[5] 9.4% in 2016.

[6] Despite modest improvements in recent years, corruption remains a major concern. In 2017, Ukraine ranked 130 out of 180 countries in Transparency International's Corruption Perceptions Index (Transparency International, n.d.[70]).

[7] The ten most important areas for reform are: reducing corruption; the judicial system; law-enforcement bodies; state governance and decentralisation; the tax system; deregulation and development of entrepreneurship; security and defence system; the healthcare system; energy independence; and international promotion of Ukraine.

[8] The Federal Act is the basis for Switzerland's co-operation with former communist countries in Eastern Europe and includes support to new EU Member States, with the objective of reducing disparities within the European Union. It was adopted by popular vote in 2006 and reconfirmed in 2016.

[9] According to the initial plan, the Economic Co-operation and Development Division of the State Secretariat for Economic Affairs (SECO) was supposed to continue its activities alone in the country.

[10] The current situation in Ukraine remains unchanged, prompting Switzerland to extend the current strategy, originally planned for 2015-18, to 2019 as the strategy remains pertinent. This extension is fully funded.

[11] Including areas bordering conflict-affected areas not under government control.

[12] The budget figures correspond to the new disbursement plans, following the mid-term review of the co-operation strategy.

[13] The Swiss portfolio seeks to address structural gender imbalances in political participation, entrepreneurship and life expectancy.

[14] Each implementing partner is required to have a gender focal point.

[15] The Embassy gender focal point is only a part-time position (equivalent to 30% of a fulltime position). Given the limited time available, the focal point's activities are restricted to facilitation, rather than contributing substantive analyses to projects.

[16] The integration process was well managed and included a joint team-building event, skilfully facilitated by two local NGOs, offering a good platform for informal introductory exchanges and networking between the two teams (the embassy and the co-operation section).

[17] Although the 2015-18 country strategy doubled the available funds for Ukraine, the staff numbers did not increase at the same pace.

[18] The Embassy seeks to offer a competitive salary for national programme officers, situated just below the salary international organisations pay to their national officers.

[19] For instance, Switzerland contributed to a World Bank trust fund on health. Such action increases external monitoring, reduces corruption risks and pools limited resources to achieve greater development impact.

[20] The project with Geberit aims to improve vocational training in sanitary technology. The project developed a new training model, based on practical training and market needs, and tested it in pilot schools. Following the successful pilot, the project was rolled out nationwide to 25 vocational schools, with the support of Ukraine's Ministry of Education. In addition, Nestlé and the Embassy are discussing a potential pilot project to improve sustainable farming, through agricultural extension services to farmers.

[21] At Switzerland's suggestion, the donor community in Ukraine created several donor co-ordination and thematic working groups, some of which are placed under the leadership of the Government of Ukraine. The donor community also mapped all co-operation activities against government priorities. It created a dedicated website to present activities in each sector and detail how donors co-ordinate among themselves and with the government.

[22] One example of an important project is the Swiss-Ukrainian project on Decentralization Support in Ukraine. For more information, visit: http://despro.org.ua/en/.

[23] The 2015-18 Swiss country strategy for Ukraine included for the first time a detailed results framework.

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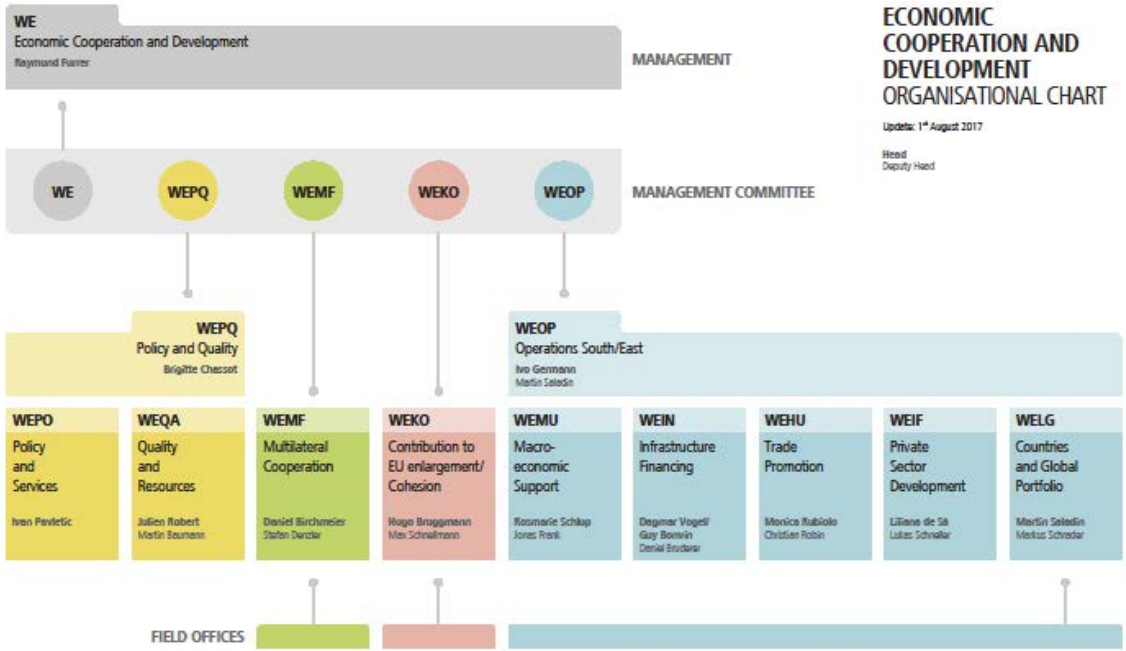
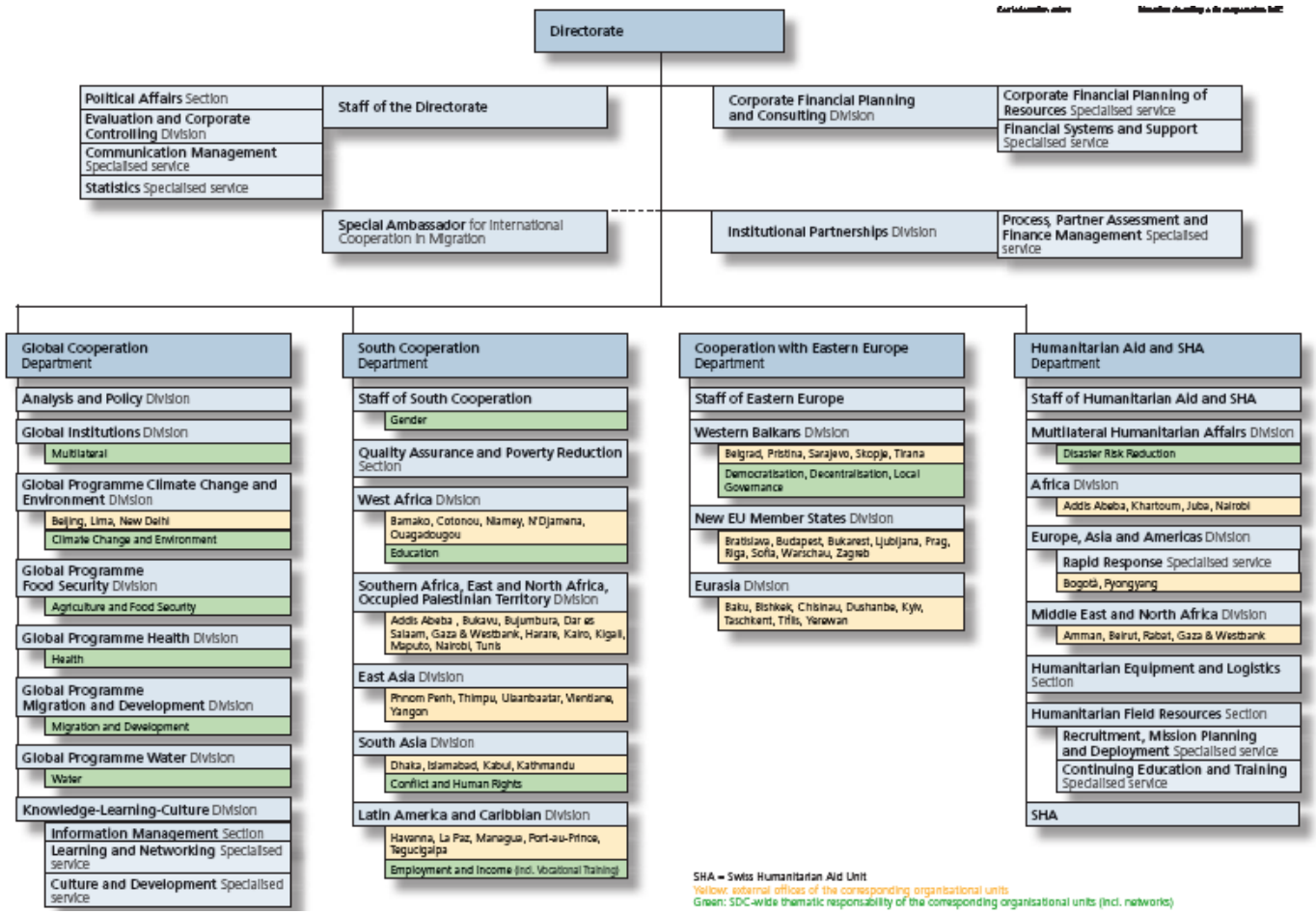
Annex D. Organisational charts

Figure D.1. SECO organisational chart



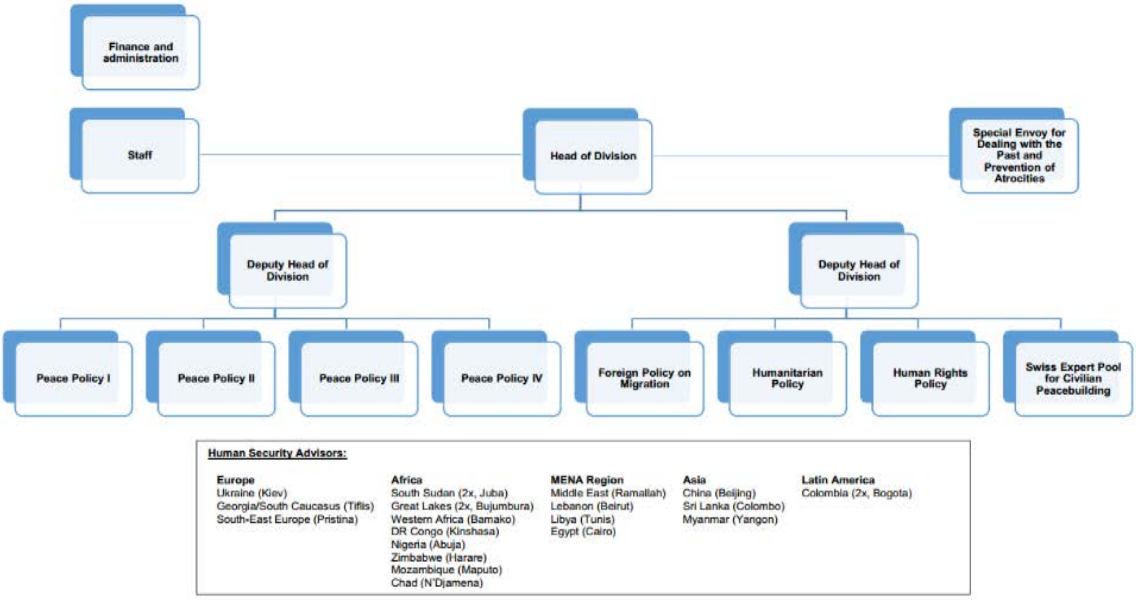
Source: SDC, SECO and HSD (2018[38]).

Figure D.2. SDC organisational chart



Source: SDC, SECO and HSD (2018[38]).

Figure D.3. HSD organisational chart



Source: SDC, SECO and HSD (2018[38]).

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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SWITZERLAND

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This review assesses the performance of Switzerland including its strategic support to multilateralism in order to tackle global goods and challenges, its comprehensive vision for development and partnerships and the current pressure on development and humanitarian programmes.

Consult this publication on line at ***https://doi.org/10.1787/9789264312340-en***.

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