

Position of the External Evaluation Committee

on the

„Independent evaluation on the engagement of SECO’s economic cooperation division with the private sector during 2013-2021“ and the corresponding SECO/WE Management Response

1. On the 10th of November 2022 the Members of the **External Evaluation Committee** (the Committee) discussed the Public Final Evaluation Report by orange & teal titled „Independent evaluation on the engagement of SECO’s economic cooperation division with the private sector during 2013-2021“ dated 20th September 2022 (the Report) and the corresponding response to the Report’s main findings and recommendations by SECO-WE’s Management (the Management Response).
2. The **objective of the Report** was to perform an assessment of SECO WE’s 2013-2021 interventions following **the modality of „Private Sector Engagement“ (PSE)**. It is to be noted that it was the first evaluation commissioned by SECO-WE that seeks to assess the success of a modality of delivery, namely the PSE modality, that is being applied in a rising share of SECO-WE’s interventions in project numbers and volume over time, by 2022 reaching a share of almost 20% in numbers and just under 40% in volume. Accordingly, the portfolio to be covered was very diverse, comprising more than 140 projects belonging to various business lines (e.g. access to finance, integration into value chains, urban development and infrastructure) in diverse geographical regions (Africa, Asia, South America) implemented with different types of partners (e.g. World Bank Group, NGOs, private sector in partner or provider country). The common feature of all these interventions was the application of the PSE modality. Reflecting the objective of evaluating a modality, the assessment was to focus on three main areas (underpinned by 14 evaluation questions):
 - a) How well were SECO-WE’s processes for the engagement with the private sector designed, and how well did they work in the reality of implementation?
 - b) Did PSE rise up to the expectations that it will enhance the leveraging of the private sector’s know how, innovative strength and capital in the pursuit of the Sustainable Development Goals (SDGs) and improve the sustainability of project results (sustainability in the sense of the same name OECD DAC criterion, assessing results’ durability, i.e. whether the benefits of an intervention will last)?
 - c) Can particular circumstances be identified that foster PSE success, and what is the added value of SECO-WE’s involvement?

The Committee’s discussions of the Report and related conclusions are summarized below in the following structure: general remarks (3.) followed by more detailed comments ordered by the three evaluation areas above (4.), the Committee’s reaction to the Management Response (5.), and finally the Committee’s position on disclosure (6.).

3. General remarks

- The Committee acknowledges that the Report is clearly structured and well written, and the evaluation team used an adequate mix of quantitative and qualitative methods (document study, portfolio analysis, semi-structured interviews, online questionnaire, case studies).
- The Committee welcomes that with this evaluation and its corresponding Report SECO-WE has contributed to the accumulation of knowledge about the role of PSE in development cooperation. This is of great importance because so many hopes are placed in PSE as a vehicle to reach the SDGs that according to prevailing estimates and assessments cannot be achieved without a rising engagement of the private sector in their favour.
- All members of the Committee share the opinion that the evaluation produces valuable insights, in particular comprehensible findings and recommendations concerning the SECO-WE processes of PSE implementation, which will help SECO-WE to sharpen its approach and offer guidance towards how PSE interventions can add even more value.
- The Committee is pleased that the Report portrays a predominantly positive picture of the development results achieved by SECO-WE via the PSE modality. However, the Committee recognizes that this rather favourable impression of PSE results relies primarily on self-assessments of stakeholders (interviews, questionnaire, internal completion reports) and the secondary data extracted from a limited number of external project evaluations, which never aimed at evaluating the modality as such. An explicit evaluators' judgement of SECO-WE's PSE interventions concerning relevance, coherence, effectiveness, efficiency, impact and sustainability is missing throughout the Report. The evaluating team's renunciation of an own judgement manifests itself not only in the lack of a rating (highly satisfactory, satisfactory, unsatisfactory or highly unsatisfactory), but also in the replacement of the phrase „assessment of (relevance, effectiveness...)“ by „reflections on“.
- Even if the Committee had appreciated „firmer“ evaluation results (e.g. presenting more hard facts, not just reflecting the views of the interviewed stakeholders, but rather focusing on the evaluators' own conclusions), it respects the decision of the evaluating team to withhold an explicit assessment as an apparent outflow of the team's own awareness of the limits of the collected evidence. Considering the complexity of the evaluation task due to the diversity of the underlying portfolio as well as the focus on a modality and in view of the limited resources assigned to tackle this task, the Committee accepts the presented Report as satisfactory. However, for any future evaluations of a similar complexity, the Committee advises SECO-WE to bear in mind that either substantially higher resources or a restriction of the evaluation's scope are a necessary precondition for more satisfying results.

4. Comments in detail

a) Evaluation findings on PSE processes and implementation

- The Committee was impressed by the thorough elaboration of a Theory of Change (ToC) that can serve as an overarching guidance for all PSE interventions. The Committee particularly welcomes the participatory mode that was adopted when developing the ToC as this ensures, at least to a certain extent, the acceptance and use of the ToC by the operational staff of SECO-WE in practice.
- The Committee shared the view of the evaluation team that the PSE Approach Paper with its outline of the principles for PSE projects offers a good, however

improvable basis for PSE project design. With some simplification and streamlining it most likely would be a more useful guideline than currently the case for practical PSE work, foremost because there would be less room for differing interpretations of the PSE principles. Particularly, the Committee remarked on the opaque boundary between the principles of subsidiarity and additionality and suggests to check whether subsidiarity could be subsumed under additionality. Consequently, the Committee is in favour of SECO updating the PSE Approach Paper and actively informing its stakeholders about it.

- The Committee discussed in depth the evaluation finding that stakeholders revealed insufficient knowledge about the guiding papers and PSE principles. It pointed out that similar shortcomings are found in other contexts, where a multitude of background papers and guidance notes threatens to lead to an information overflow. A revision and shortening of the material concerning PSE alone cannot sufficiently address this problem. Instead, a strategy to prioritize and limit the information material in all areas of work is required.

b) Evaluation findings on PSE results

- All Committee members regretted the lack of „harder“ evidence on PSE results, although the Committee is aware that limited resources stood against this (also see the last two general comments).
- The Committee perfectly understands that the evaluation of a modality in combination with a very diverse portfolio does not offer itself for a rigorous impact evaluation with a control group design, even if resources had been more plentiful. However, with some extra resources more evidence could have been collected to triangulate the self-assessments, e.g. via comparative studies of similar projects in the same business line with and without the PSE modality or by analyzing trends over time or by giving information on lower and upper boundaries concerning project efficiency or by interviewing and questioning people who were not directly involved in a SECO-WE PSE project (which would have overcome, among other things, the problem of low representation of the NGO sector in the group of interviewees) etc.
- Particularly the case studies, which were highly valued by the Committee, would have offered themselves for a more in-depth analysis. To give an example: Even a rough outline of the counterfactual in the form of a plausible narrative (what would have happened without the SECO-WE project?) would have allowed a deeper understanding of project results, e.g. why the fishery project (case study Annex 4) was considered successful, although it went along with a decline in jobs during the pandemic.
- The Committee was surprised by the fact that representatives of the private sector most often named ethical motives as the primary motive for their engagement in SECO-WE interventions. The Committee's discussion about the strategic relevance of this result illustrates the shortcomings of information generated by self-assessments and interviews if it is not triangulated by other, more objective information sources. Contrasting the self-assessment of the private sector on the importance of ethical motives is a remark on sustainability found in the Report on p.48: „...a common theme has been that projects achieve sustainability when there is a clear business case and opportunity to reap profit for the private sector.“

c) Findings on favourable settings and SECO-WE's added value

- The Report offers only limited information on these topics. It has to be positively mentioned, however, that the evaluation team clearly points out when conclusions

concerning certain topics would overstretch the informative value of the performed analyses.

- The Committee acknowledges that with more resources invested into (in depth) case studies, it is likely that more evidence on the innovative power and the added value of SECO-WE's interventions is revealed. The case studies that are included in the Report give reason for this assumption.

5. The Committee welcomes **SECO-WE's Management Response**, which is detailed and exhaustive and agrees, partially agrees or disagrees with the Report's recommendations for reasons that in view of the Committee are comprehensible and convincing. The Committee welcomes the full agreement of the Management to recommendations 2, 3 and 4 aiming at sharpening the PSE approach by enhancing the common understanding of key concepts, supporting the application of key PSE principles and enhancing support and learning structures. In the view of the Committee, the corresponding measures planned by the Management are suitable and feasible. In particular, the Committee endorses the fact that SECO created an internal focal point for PSE in autumn 2020. The focal point dedicates around 10% of its time to PSE. Although this is not much compared to the resources SDC dedicates to PSE, it can still help to improve the flow of information and standardize the application of the PSE approach. The Committee fully backs the decision of the Management to disagree with the recommendation of conducting a sustainability review of PSE projects as a comprehensive external sustainability review was conducted in 2019 and the trend in sustainability ratings, which is closely observed by the Committee, has been very positive in recent years. None of the evaluation findings and recommendations gives reason to question SECO-WE's PSE strategy in general. On the contrary, the evaluation suggests positive results that call for a continuation of the existing strategy with slight process refinements. The Committee strongly believes in the development potential of PSE. It looks forward to observing SECO-WE's future PSE activities and learning more about SECO-WE's PSE results in the years to come.
6. In conclusion, the Committee recommends **disclosure** of the Report „Independent evaluation on the engagement of SECO's economic cooperation division with the private sector during 2013-2021“, as well as the corresponding SECO-WE's Management Response, an explanatory factsheet and the present Position of the External Committee on Evaluation on SECO's internet website.

The Committee members:

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