

**Position of the External Committee on the “Independent Evaluation on SECO’s Public Financial Management Portfolio” and the corresponding SECO/WE Management Response**

1. Members of the External Committee on Evaluation (the Committee) discussed on 25th of May 2021 the Public Final Report by Oxford Management Policy “Independent Evaluation on SECO’s Public Financial Management Portfolio - Have SECO’s PFM interventions contributed to successful reforms in public financial management and what role did the evidence-based approach play in these processes?” dated March 2021 (the Report) as well as the response by SECO WE’s Management to the Report’s main findings and recommendations (the Management Response).
  
2. The **objective of the Report** was to perform an assessment of SECO WE’s interventions in support of improving PFM either through global initiatives, e.g. the refinement of the Public Expenditure and Financial Accountability (PEFA) Assessment Framework, or via direct assistance to the national and/or subnational governments of selected partner countries. The assessment was to focus on two questions of particular relevance for accountability and future strategy, namely whether SECO’s PFM interventions contributed to successful reforms in PFM and whether the evidence-based approach (of identifying weaknesses and gaps in an existing PFM system with the help of a PEFA or Supreme Audit Institution’s assessment first and then design PFM support tailored to the needs) worked. A portfolio of twenty (20) completed or well-advanced PFM projects was included in the evaluation; four (4) of these were supporting three (3) global initiatives and the remaining sixteen (16) are/were directed at eleven (11) individual countries on four (4) continents. The financing modalities covered bilateral projects, multi bi-projects (with one Development Partner beside SECO and the recipient country) and multilateral projects with SECO as a co-financing contributor to a global initiative or a Multi Donor Trust Fund (MDTF).  
Regarding its **methodology**, the Report provides an analysis that follows the DAC<sup>1</sup> Criteria (revised in 2019) for Evaluating Development Assistance: Relevance, Coherence, Effectiveness, Efficiency, Impact, and Sustainability. The Evaluation team used a mixed method approach to data collection, which i.a. included a project document and external literature review, phone and virtual interviews as well as two country studies (Albania with one (1) project and Peru with three (3) projects). Noteworthy, due to the travel- and contact restrictions induced by the COVID pandemic field visits as well as face-to-face interviews were impossible. To mitigate the problems caused by these restrictions a) the evaluation team was enlarged by a local evaluator for each country study who was remotely guided by an international evaluator; however, even the local evaluators had to conduct interviews virtually, b) the evaluation team made extensive use of digital and virtual methodologies.

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<sup>1</sup> Development Assistance Committee of the Organisation for Economic Co- operation and Development (OECD)

3. The Committee is highly satisfied with the overall **quality of the Report**, particularly against the background of the COVID restrictions. It is well structured and presents a lot of relevant and convincing information, including numerous examples of anecdotal evidence, e.g. quotations from interviews or project documents, to underpin the answers to the evaluation questions, the assessments of individual projects, and the overall judgement. The country studies were of particular help as they provided a deep-dive into the corresponding project settings and results, even if the main messages of the country study on Peru were more difficult to grasp than those of the study on Albania, which might have been caused by the more complex setting in Peru. All in all, the evaluation appears to be well researched, and additionally it is well-written which contributes significantly to its readability. The Committee however recognizes that the complexity of the theme will not make it easy to grasp for a wide and diverse target audience, and supports SECO WE's decision to publish a summary factsheet alongside the Report.
  
4. The Committee **discussed in detail** the evaluation's findings
  - on the challenges of PFM Capacity Development in a context of frequent staff fluctuation (due to unattractive wages in the public sector or the change of personnel following elections and a change in government);
  - on the role of SECO in a MDTF-setting that - according to the Report - in selective cases allowed less than optimal influence. The Committee was informed that SECO WE management has taken up this point already with relevant MDTF-leaders and reached a mutually satisfying agreement on future conduct.
  - on the coordination of SECO with SDC. The Committee was assured that the coordination works very well in general, the case of Albania (the critical example in the Report) being an exception to the rule, at least in the starting phase of the project. Unfortunately, the Albania case gained a disproportionate weight in the evaluation as Albania was chosen for a country study. Actually, the coordination, cooperation and harmonization between the two agencies is better than ever, last and not least due to recent mutual agreements, e.g. on better coordination (a common "Vademecum") or on a common evaluation methodology and rating system.
  - on projects with unsatisfactory results. In this context, it was underlined by the Committee and SECO WE that projects in a development context always go along with a certain risk of failure and taking this risk is an essential part of being a Development Partner. Furthermore, unsatisfactory results offer an ample opportunity for learning. However, the Committee underlined as well the great importance of continual monitoring, and was informed that in the PFM context PEFA indicators as well as the results framework/Theory of Change of each individual project serve the monitoring purpose well. Room for improvement is seen in the use of Change Management tools (e.g. an analysis of the different interests and positions of project stakeholders and actors potentially crucial for change) - an instrument that the evaluation report recommended as useful.

5. The Committee highly welcomes **the Report's overall assessment** that SECO's PFM portfolio led to very satisfying, visible contributions to an improvement of PFM and that the evidence based approach played a significant and very positive role in achieving these impressive results. Furthermore, the evaluation confirms that with its approach to support PFM on the global, the national and the sub national level SECO rightfully earns a leading donor position in the PFM field. Such positive evaluation outcomes along with evaluation recommendations, which largely read as „please carry on with more of the same“, confirm SECO's strategic direction and operational rigor in the field of PFM. This being said, it should be added that the Committee is well aware that some of the interventions in the evaluated portfolio were not as far advanced as expected at the outset of the evaluation because the COVID pandemic caused delays. Therefore, assessments on impact and sustainability often had to rest on probability judgements (or could not be assessed at all). On the positive side: The delays as well as the majority of unsatisfactory results were clearly caused by external factors that could not be influenced by SECO WE management.
6. The Committee welcomes **SECO WE's Management Response**, which is detailed and exhaustive and generally endorses the Report's recommendations. As mentioned above, the general tone of those recommendations calls for a continuation of the existing strategy with slight refinements and does not bring novel, critical challenges. Nevertheless, SECO WE's Management classifies the recommendations as helpful to continue its internal thought process and refine the strategic thrust of the PFM portfolio. This is adequately reflected in the Management Response.
7. Looking at the **future** of SECO WE activities in the area of PFM, the Committee believes that the Report provides a strong basis for the continuation of a similar, slightly refined intervention logic in the coming years.
8. In conclusion, the Committee recommends **disclosure** of the Report "Independent Evaluation on SECO's Public Financial Management Portfolio", as well as 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:

Tiana Moser (President)  
Miges Baumann  
Raphael Schilling  
Eva Terberger  
Martina Viarengo