



SECO's Focus on Increasing Project Sustainability

Results of an external review on how SECO best ensures lasting benefits of its development cooperation projects

The performance of SECO development cooperation projects is the focus of regular and independent evaluations, based on the internationally recognised OECD DAC criteria.

SECO regularly publishes an analysis of all these external project evaluations. This enables identification of the strengths and challenges regarding the implementation and performance of its projects. In these reports, sustainability rankings used to be considerably lower than the results for any other OECD DAC criteria.¹ Low sustainability ratings highlight challenges in maintaining the continuation of project benefits beyond donor support.

SECO thus mandated external experts to take a closer look at project sustainability. In their Sustainability Review, they, on the one hand, inform SECO how other donors use and rate the DAC criteria sustainability. On the other hand, they provide operational guidance on how to capitalise on identified good practices and improve the sustainability of projects.

The Sustainability Review recognises that SECO's increased attention to sustainability aspects in project preparation and implementation over the last few years has reaped benefits: while the last Dispatch on International Cooperation 2013-16 saw only 48% of all independently assessed projects reach a satisfactory or highly satisfactory rating, the number of successful projects rose to 74% in 2017-18.

General Findings of the Sustainability Review:

- SECO is in line with the majority of donors who use the same or a similar definition for project sustainability.
- SECO's sustainability performance is comparable with the results of similar donors.
- The current mix of evaluations is efficient for current accountability purposes.
- SECO has introduced a number of measures to improve the design and implementation of projects, which, in turn, have enhanced the performance of its portfolio to "a level where the possibilities for further improvements are not obvious".

What is sustainability?

In development cooperation, «sustainability» has different meanings: in the context of the **2030 Agenda for Sustainable Development (SDGs)**, it refers to a development path considering the economic, social and ecological dimensions. In the context of the **OECD DAC criteria**, used to evaluate the success of a project, «sustainability» defines «whether the benefits of an activity are likely to continue after donor funding has been withdrawn». This review focuses on the latter definition.

OECD DAC Criteria

Internationally recognised evaluation criteria for development cooperation, established by OECD's Development Assistance Committee (DAC).

SECO definition of sustainability

Results will last beyond or continue after project/programme closure. Local institutions or capacities have been strengthened to sustain results. Financial sustainability has been achieved.

¹ The other DAC criteria used by SECO analyse the relevance, effectiveness, and efficiency of a development intervention.

Evidence-based Success Factors for Higher Project Performance

The Sustainability Review identifies key success factors which have helped to increase project performance on sustainability. The review also illustrates concrete supporting measures, which reflect current SECO practices that can be further strengthened:

- **Strong project ownership by partners and beneficiaries**, for instance through careful and realistic stakeholder assessment or participatory planning. In specific cases, cost sharing by beneficiaries is also considered essential for project sustainability.
- **Reliable partnerships** during the implementation of the project. This can be achieved through pilot phases or regular and intensive exchange with implementing partners.
- **Adequate capacity of partners** to manage the project without external support. A step-by-step approach to testing the capacity of partners can be helpful. Developing stakeholders' capacities is also considered essential.
- **Supportive framework conditions and enabling environment** for projects. This can be enhanced through realistic assessments of the institutional and legal context or of market conditions.
- **Realistic project plans and state-of-the-art management of project**, characterised, for instance, through adaptive management of projects and exit strategies. Moreover, the active involvement of SECO in implementation and the strong SECO offices in partner countries are considered to be key.

Risks to Sustainability

Depending on the development context, SECO has only limited influence on several factors that have a negative influence on project sustainability. Despite a sound project analysis, identification or mitigation of these factors is only possible to a limited extent. These risks comprise:

- **Poor governance in local systems**, such as a lack of commitment of partners or high staff turnover.
- **Poor performance of local systems**, such as inefficient procurement procedures or fiduciary risks.
- **Weak capacity of local partners.**
- **Adverse market conditions**, such as supported companies which are too small to survive; project sustainability can also suffer from adverse incentive schemes created by other donors.
- **Political influence** on the design or implementation of projects.

Key Recommendations and Management Response

- **Post-completion support, for instance with a fund for selected support after project finalisation.**
 - SECO only partially agrees with this recommendation, due to the limited desirability of a separate budget line and related regulatory constraints. SECO prefers to further develop ad-hoc support, designed to be closer to project closure, thus exploiting the existing financial authority of operational sections for targeted post-implementation support.
- **Section-specific improvements, developing a few key measures with the biggest potential for increasing project sustainability.**
 - SECO agrees with this recommendation.
- **Continue capacity building of SECO-staff and partners in areas such as institutional or corporate development.**
 - SECO agrees with this recommendation. It will strengthen internal, demand-based learning, while capacity building and corporate development of SECO partners remains at the core of SECO's operations.
- **Define an optimal mix of types of evaluations depending on future institutional requirements and increase the use of ex-post evaluations. Prepare a plan and concept for ex-post evaluations.**
 - SECO partially agrees with this recommendation. SECO considers the current balanced mix of evaluations appropriate to serve both the needs of steering projects towards success as well as providing accountability. Management is careful not to overburden operational sections with a possibly prescriptive framework, but will ensure that the minimum target of two annual ex-post evaluations is met, if not exceeded.

Key Facts of this Review

Purpose

Provide strategic guidance and a better interpretation of sustainability performance (definitions and ratings used, comparison with other donor frameworks).

Provide guidance for operations to better capitalise on identified best practices in order to improve the sustainability of SECO's projects.

Methodology

Mixed method approach to data collection and analysis including desk study, interviews with SECO staff, implementing partners and other aid agencies, and qualitative text analysis. Review of success factors with SECO's operational sections.

Cost

CHF 68'450

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