



# SECO's Focus on Increasing Project Sustainability

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

Quality and Resources Section, 2019





## **Context**

The Economic Cooperation and Development Division at the State Secretariat for Economic Affairs (SECO) undertakes regular and systematic evaluations of on-going and/or completed projects, programs or policies for learning and accountability. In addition to independent portfolio evaluations, covering its main target outcomes, SECO mandated in 2018/19 external experts to take a closer look at project sustainability, i.e. how results of SECO interventions last beyond the end of a project. In this 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.

## **Contents**

- Summarising factsheet
- Management Response to the Report
- Position of the external Evaluation Committee to the Report and the Management Response
- Sustainability Review Report





# 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.<sup>1</sup> 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.

---

<sup>1</sup> 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

---

Follow us on



[www.linkedin.com/company/seco-cooperation](https://www.linkedin.com/company/seco-cooperation)





# **WE Management Response**

## **to the Sustainability Review**

### **1. Introduction**

The performance of SECO WE's projects is of utmost importance to WE's Management. For more than a decade, SECO WE has been publishing the performance of its project portfolio in its annual effectiveness report, based on a meta-analysis of all external evaluations and along the OECD DAC criteria. This transparent way of communicating the performance of its projects towards the Independent Evaluation Committee, the Parliament and a wider audience allows SECO WE to identify the strengths and challenges regarding the implementation and the performance of projects.

The ratings across the four OECD-Criteria (relevance, effectiveness, efficiency and sustainability) fluctuates quite substantially over the years. However, a common denominator in all the effectiveness reports of the past was the considerably lower rating for the sustainability criteria, which highlights the continuation of project benefits beyond SECO's support. Sustainability has therefore remained a key focus in the Operations Committee, which approves every SECO WE project as well as in the SECO WE effectiveness reports and the new Bi-Annual Performance Report (which replaced the former report since 2017-18).

The measures implemented in the wake of these discussions have reaped numerous benefits, as illustrated in a continuous improvement of the annual sustainability ratings. However, at the time when the "Sustainability Review" was commissioned, sustainability was still identified as a weakness in many projects. WE therefore mandated this study to analyse success factors for better project performance and indicate which of these measures have already been successfully implemented and where gaps for further improvement still exist. In addition, the study aimed at providing more conceptual clarity about the different interpretations of sustainability within other development organizations, to compare sustainability ratings across organizations and to look at a possible benchmark.

### **2. Overall Statement**

We are pleased to note the improvements of the sustainability of SECO WE's project portfolio over the last decade. This improvement is clearly highlighted in SECO WE's effectiveness reports and the new Bi-Annual Performance Report, which base their assessments on all external evaluations of SECO projects. While during the last Dispatch on international cooperation (2013-16) only 48% of all independently assessed projects reached a satisfactory or highly satisfactory rating regarding the DAC criteria of project sustainability, the number of successful projects rose to 74% over the last two years (2017-18). We welcome that the report highlights these improvements and links this positive development to measures implemented by the operational staff of SECO-WE.

While the report clearly highlights an upwards trend of sustainability rates, SECO-WE's management is well aware that continuous attention is also required in the future to maintain this

level. It also recognizes that these results are based on the continued efforts and strong commitment of colleagues in headquarters, in cooperation offices and of partners in implementing agencies or beneficiary institutions.

We also would like to highlight that a 100% sustainability rating cannot and should not be the ultimate objective. As a development agency, SECO-WE is ready to tackle projects with higher risks and therefore needs to accept (partial) failures, in particular in the case of innovative projects, new approaches or projects implemented in a difficult context.

Over the last years, the **sustainability rating has increased** to a level which is not only comparable to major development organizations and similar agencies, but even exceeds their ratings. WE Management however recognizes that this rating can fluctuate substantially and needs continued efforts to be maintained at such a level. We take note of the statement that a methodologically sound comparison with other donors is difficult to achieve and that the development of an international benchmark makes little sense.

We take note with satisfaction that **SECO WE is in line with a majority of donors which use the same definition of sustainability**. We share the understanding of the study that the ongoing revision of the DAC criteria could (depending on the outcome) warrant a modification of the definition used by SECO, to stay in line with the practices of other major donors and partners of SECO.

We see the **current mix of evaluations confirmed as efficient** for reporting overall SECO-WE performance to an external audience (accountability) and welcome the suggestion to look at further methods that assess actual sustainability, such as ex-post evaluations, post-completion monitoring or capitalizing on other existing practices of SECO WE.

Last but not least, the report highlights that **SECO-WE has introduced a number of measures** to improve the design and implementation of projects and thus the performance of its portfolio which have reaped benefits to a point where “SECO has reached a level where the possibilities for further improvements are not obvious.” We welcome the evidence for a more differentiated use of the sustainability criteria, both in the assessment of sustainability as well as for achieving sustainability in project implementation.

### 3. Main Findings and recommendations

The review formulates recommendations to the operational sections and to the evaluation function. SECO WE's management response to the main findings and eight recommendations are outlined in Annex 1.

SECO-WE's Management agrees with the gist of most recommendations. However it will be necessary to nuance their implementation depending on the context or instrument used. Therefore, SECO-WE's Management does not consider an overly prescriptive framework as the best way forward to support higher sustainability of projects, but rather a supportive environment within the institution to build on and disseminate existing best practices. This report is considered as an important contribution to support further exchanges on best practices of SECO-WE but also of other donors to increase the sustainability of projects.

SECO-WE's Management welcomes the identified success factors for improved sustainability (chapter 5.1) as well as the risks which can endanger it (chapter 5.2). In particular, we want to highlight the importance of strong governance in local systems. As indicated in the chapter on risks to sustainability, lack of strategic orientation or poor commitment of partners as well as high staff turnover can severely affect the success of a project. WE Management notes that this does not translate into a separate recommendation on – for instance – a stronger due diligence of partners or a recommendation to avoid such projects altogether.

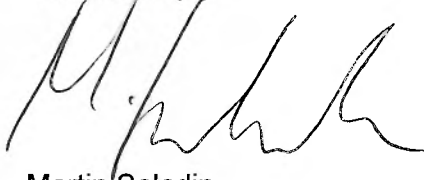


Bern, October 2019



Raymund Furrer

Head of Economic Cooperation  
and Development, SECO



Martin Saladin

Head of Operations, Economic  
Cooperation and Development,  
SECO



Brigitte Chassot

Head of Policy and Quality,  
Economic Cooperation and Development,  
SECO

Annexe

- 1) Management Response to the Specific Recommendations



**Annex 1 to WE's Management Response: Management Response to the Specific Recommendations**

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIO- RITY
<p><b>Recommendation 1: DAC definition</b></p> <p>Considering the trend in the discussion of the DAC criteria (i.e. no fundamental change), we recommend that <b>SECO adopts the revised DAC criteria</b>, provided a majority of donors do the same. This would help to compare performance over time while keeping adjustments of the reference system at a minimal level.</p>	<p><b>WE Management agrees with this recommendation.</b></p> <p>We consider the OECD DAC evaluation criteria as the key standard for evaluating the performance of our projects and portfolio. We will continue to closely follow and participate to the discussions concerning the revision of the DAC criteria and assess, after their publication the merits of the changes for our own purposes, in close coordination with SDC (see response to recommendation 3.4). SECO will also strive to stay in line with the evaluation practices of comparable donors and its major partners, such as development banks. Comparability of SECO WE's performance results over time will also be duly considered wherever changes to the current framework are envisaged.</p>	WEQA		
<p><b>Recommendation 2: SDG-Agenda</b></p> <p>Regarding the SDG-agenda, we recommend <b>reviewing the link between standard indicators used by SECO-WE and SDG-targets</b>. This should help to identify standard indicators that cover SDG-objectives and thus show the contribution of SECO-projects to the SDGs.</p>	<p><b>WE Management agrees with this recommendation.</b></p> <p>WE Management has already mandated its RBM and Policy teams in early 2019 to develop a new results framework for the coming years, covering the period of the new Dispatch on international cooperation 2021-24. The new results framework will identify the key SDG goals and specific targets to which SECO projects make a major contribution in partner countries and enable to better assess SECO's support to the implementation of these SDGs. This will ensure a traceable link between projects and the SDG-targets, through monitoring and reporting with a new set of standard indicators.</p>	WEPQ		

<sup>1</sup> Highlights inserted by SECO WE to facilitate reading

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIO- RITY
<p><b>Recommendation 3: Criteria</b></p> <p><b>Continue the current approach to assessing the sustainability of SECO's project portfolio with the following adjustments</b> to get more robust results:</p> <p>1) <b>The ToR for evaluations should include the criteria and sub-criteria specified in the scoring charts for all DAC-criteria.</b> SECO-WE should oblige the evaluators to use these criteria for their assessment. In addition, where indicated and available, sustainability sub-criteria or features that are relevant for a particular business line, should be mentioned in the ToR. The ToR should also state clearly if sustainability as a whole or specific sub-criteria need not to be assessed.</p> <p>2) <b>Projects need to consider these (sub-) criteria while setting up the monitoring</b> (with relevant indicators) and implement the monitoring reliably, to be able to provide the necessary information for assessing sustainability of projects. This should help the evaluators to have appropriate information available for the assessment.</p> <p>3) <b>Develop a list of business line specific sub-criteria or features relevant for sustainability.</b> We recommend, that each section defines them in cooperation with</p>	<p><b>WE Management generally/partially agrees with these recommendations.</b></p> <p>3.1 The draft ToR for evaluations will be revised in light of the recommendations of this review and the ongoing harmonization of the scoring chart with SDC (see response to recommendation 3.4). This has also been a recommendation of the Bi-Annual Performance Report 2017/18 (recommendation 3).</p> <p>The revised scoring chart will contain a limited selection of 3-4 sub-criteria for assessing the sustainability performance of a project. However, depending on the type of evaluation, a certain flexibility to focus on the most important issues (and relevant DAC criteria) must prevail.</p> <p>3.2 For project monitoring (recommendation 3.2) and evaluation (recommendation 3.1), a limited number of specific sub-criteria for a project, business line, or section can be added at the discretion of the project manager or the responsible operational section. However, due attention needs to be paid to cost-benefit considerations and to the buy-in of project partners.</p> <p>3.3 Management invites the operational sections to assess in cooperation with WEQA the merits of this recommendation, by giving due consideration to the cost-benefit dimension and a possible operational preference for project-specific or sector-specific sub-criteria. For this purpose, the meaning of sustainability in the context of each business</p>	<p>WEOP, with support from WEQA</p>		

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON-SIBILITY	TIMING	PRIO-RITY
<p>WEQA, which will harmonize them with the criteria used in the scoring charts.</p> <p>4) <b>Harmonize the approach to assessing the DAC-criteria with SDC.</b> The two approaches are not too different. Using the same criteria and sub-criteria and the same method for rating and ranking would allow a direct comparison. Differences may remain regarding the type of projects and the sample of projects selected for an assessment. Except for the harmonization between SECO-WE and SDC, we recommend not to invest in the idea of benchmarking at the level of agencies and organizations. The methodological challenges are too big to overcome.</p>	<p>line (or project type) could be assessed to allow for a better assessment of this specific DAC criteria. This could be done by deriving sub-criteria from the objectives set in the new results framework 2021-24 and/or by defining sub-criteria in sector-specific policy papers. Any new sub-criteria will build on the general factors, which were identified in this study, that positively influence project sustainability.</p> <p>3.4 In view of the new Dispatch on international cooperation 2021-24, Management has already mandated WEQA to assess together with SDC the harmonization of the assessment of the DAC-criteria. The objective is to provide more transparency on the adopted approach, to facilitate comparison between SECO and SDC, but also to indicate the limits of an institutional performance comparison due to the specific contexts of each organization. This limitation is also highlighted by this review (see chapter 4.3).</p> <p>Management agrees that the merits and possibilities to introduce an international benchmark for different types of agencies and organizations is very limited and will not embark in such an exercise.</p>			
<p><b>Recommendation 4: Mix of evaluations</b></p> <p><b>Since there is no benchmark regarding an optimal mix of MTRs and EoP evaluations for assessing sustainability, SECO-WEQA needs to decide based on reporting requirements.</b> If the assessments mainly aim at improving sustainability, a bigger number of MTRs is recommended, because at this stage MTRs can still influence the performance of the particular projects. If the main purpose is ac-</p>	<p><b>WE Management supports the general thrust of and partially agrees with this recommendation.</b></p> <p>WE considers evaluations as important tools for steering as well as for accountability. Therefore, the current balanced mix of evaluations is deemed appropriate to serve both the needs of steering projects towards success as well as providing accountability towards Parliament and a wider audience.</p> <p>Based on a bi-annual roadmap, WE's evaluation function closely coordinates with WE's Head of Operations the planned evaluations and seeks a careful balance between MTRs and EoPs. In line with recommendation 2 of the Bi-Annual Performance Report 2017/18, which was</p>	WEOP with support from WEQA		

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIO- RITY
<p>countability, more EoP-evaluations are recommended, because they can assess sustainability more reliably.</p> <p><b>Use ex-post evaluations more frequently.</b> Their main purpose is to document examples of actual sustainability for the sake of accountability. In addition, they are useful to identify lessons learned with regard to specific business lines or sector approaches. Considering the special challenges of ex-post evaluations (e.g. access to information, cost, timing) we recommend establishing a concept and a plan for ex-post evaluations. In consultation with the sections, SECO-WEQA should establish a plan specifying the number of ex-post evaluations (based on budgetary space), the sections or business lines where ex-post evaluations are most pertinent and the timing. In the long run, such a longer-term plan will allow preparatory steps (e.g. ensure continued monitoring) already during project implementation. We recommend SECO-WEQA to prepare a guideline or concept for ex-post evaluations.</p>	<p>approved by Management in May 2019, WE also confirms the target of at least 2 ex-post evaluations per year. While WE Management believes that the current mix is largely adapted to the needs of WE, this arrangement is subject to a regular assessment.</p> <p>Regarding the part of the recommendation related to a specific plan and guidelines for ex-post evaluations, WE's Management is cautious not to overburden operational sections with a new or possibly prescriptive framework or to formalise further by establishing a longer term planning beyond the forthcoming two years. While both Management and Evaluation Function see the merits of an increased use of ex-post evaluations, the current ad-hoc coordination between the Head of Operations and the Evaluation Function is preferred, as it allows to quickly react to the needs of SECO WE. The Evaluation Function will keep a close eye on projects where ex-post evaluations can be planned and budgeted at an early project stage and ensure with the Head of operations that the minimum target of 2 annual ex-post evaluations is met if not exceeded.</p> <p>SECO WE will take up the suggestion to further elaborate supporting criteria for selecting ex-post evaluations, based on an existing internal list which can be further elaborated in the future on the basis of WE's increasing experiences with ex-post evaluations.</p> <p>Although not mentioned in this recommendation, for specific projects SECO has piloted Results-Oriented Monitoring (ROM). ROMs are considered helpful to increase the sustainability of project results and SECO will continue to implement ROMs where appropriate.</p>			
<p><b>Recommendation 5:</b></p> <p><b>Explore the potential of post-implementation support</b> as a possibility to consolidate project results and thus improve sustainability.</p>	<p><b>WE Management partially agrees with this recommendation.</b></p> <p>We agree with the potential to improve sustainability by offering adequate post-implementation support. WE is interested to further analyze the need and possibilities for such an approach. Doing so, aspects like</p>	WEOP		

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIORITY
<p>In spite of the critical feed-back from the sections and of a lack of relevant experiences or examples, we recommend WEQA to pilot the idea. This can be done in the context of ex-post evaluations. We recommend planning 2 or 3 ex-post evaluations well ahead of time and then pilot 2 or 3 approaches to post-completion support. One possibility is to design the last formal phase of a project such that it provides minimal support which is phased out preferably before the end of the phase, combined with a robust clearly specified monitoring which ideally is extended beyond the phase. Another possibility is to establish a fund/budget out of which limited, selected support (technical and financial) can be financed after the last phase of projects. This 'stand-by' support can be requested by the (earlier) partners and needs to be justified. These pilots will allow to identify the formal challenges (e.g. budgetary procedures) and practical challenges (e.g. how to identify needs, how to collect information) of the approach.</p>	<p>the feasibility of a separate budget line and related regulatory constraints have to be considered. Furthermore, existing human resources at SECO (HQ and field) must be able to absorb the workload of post-implementation support.</p> <p>In general, we believe that the operational sections are best placed to foresee adequate measures and corresponding funding in the individual projects. For most projects, it is difficult to anticipate long in advance if, when and to what extent post-completion support is needed. Such needs usually materialize during the years of project implementation and should be designed closer to the time when they are needed. This has repeatedly happened in the past: WE financed measures after project completion to protect earlier investments in the Western Balkans following heavy floods or when groundwater was threatening the sustainability of a wastewater project in North Macedonia. Also, the option for post-implementation support is part of an ongoing Financial Programming Project.</p> <p>In addition, heads of operational sections have themselves at any time the possibility to engage in additional post-implementation support by utilizing their financial authority.</p>			
<p><b>Recommendation 6: Section-specific Improvements</b></p> <p>We recommend, that <b>the sections develop some of the challenges identified during the review/feedback workshop further</b> (see working paper: 'Supplementing Input from the</p>	<p><b>WE Management agrees with this recommendation.</b></p> <p>Sections will take up these points individually and according to the gaps identified by themselves. The Operations Committee will continue to scrutinize these points in its regular project approval deliberations.</p>	WEOP		



RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIO- RITY
<p>Sections”). Since there were some contradictions between the assessment of the relevance of a measure and the quality of their application, the sections will have to <b>screen the measures for a few key measures, where they see the biggest potential for further improvements and develop an action plan for implementing necessary changes.</b> WEQA may support them in methodological issues.</p> <p>Examples for such measures are:</p> <ul style="list-style-type: none"> <li>- more systematic assessments of stakeholders, institutional framework</li> <li>- participatory planning</li> <li>- policy dialogue</li> <li>- realistic design of lines of interventions</li> </ul>				
<p><b>Recommendation 7: Theories of Change / PCM-Tools</b></p> <p><b>Improve the project design, namely the consideration of sustainability early on by exploiting the potential of Theories of Change.</b> While some sections mention the use of ToCs in the project design, we would rather recommend using the instrument at the level of business lines. Preparing a generic ToC for each business line would provide a valuable reference for the project design. At this level the ToC could be elaborated to a greater extent than at the project level. It could provide a</p>	<p><b>WE Management agrees to look closer into the merits of this recommendation.</b></p> <p>In view of the new Dispatch on international cooperation 2021-24, WE Management has mandated a revised results framework. The latter will contain an impact hypothesis at the level of business lines. This is suggested as a starting point for further developing impact hypothesis or theories of change at project level. However, the feasibility and cost/benefit of such new measures needs to be further analyzed before being mainstreamed across all SECO WE business lines. As part of a recent portfolio evaluation, a theory of change for a business line was developed. WEQA will jointly assess with the operational section how</p>	WEQA		

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRO- RITY
<p>better understanding of all relevant interdependencies and by that could facilitate and systematise the project design, namely logframes.</p> <p>WEQA may support the sections by providing guidance and good practice for developing ToC. Likewise, WEQA should consider providing guidance (i.e. guidelines, training on demand, coaching) for other important PCM-tools where the quality of application is not so clear, e.g. stakeholder, institutional assessments. Based on the success with the coaching provided for the introduction of the logframe, we would strongly opt for this form of guidance.</p>	<p>this approach can be helpful to further develop a project rationale, and whether a mainstreaming should be considered.</p> <p>In this process, the Evaluation Function will continue to closely cooperate with the operational sections and provide individual coaching and trainings for new staff. The need for targeted trainings for operational staff will be closely assessed at the beginning of the new Dispatch on international cooperation 2021-24 period when the revised results framework will be implemented.</p>			
<p><b>Recommendation 8: Capacity Building</b></p> <p>Capacity building in various topics remains the 'core business' of SECO. <b>We recommend to further reinforce the capacity building of SECO-staff and partners in the fields of institutional and/or corporate development, policy development</b>, since these have been identified as a major building block for sustainability of project results. Capacity building also involves clarifying the understanding of the underlying concepts such as sustainability to make sure that SECO and partners work on the same assumptions. This is not always simple, when implementing partners have their own concepts which are not necessarily in line with SECO's approach. In these cases, it is</p>	<p><b>WE Management agrees with this recommendation.</b></p> <p>However, the recommendation seems to address different issues:</p> <ul style="list-style-type: none"> <li>a) capacity building of SECO-staff: trainings are part of SECO WE's internal training curriculum for new staff. Further and more targeted trainings are implemented depending on the requirements of operational sections and for the development of new thematic expertise. For instance, a recent independent portfolio evaluation recommended to closer look into capacity development of SECO WE's partners, leading to a two-day training for this operational section.</li> <li>b) capacity building / corporate development of SECO WE's partners: This is at the core of WE's operations. For most programmes and projects, capacity building is part and parcel of the engagement, implemented and monitored over the entire</li> </ul>	<p>WEPO with support from WEPQ</p>		

RECOMMENDATIONS <sup>1</sup>	MANAGEMENT RESPONSE	RESPON- SIBILITY	TIMING	PRIO- RITY
<p>even more important to clarify the understanding, to observe whether this has an impact on the implementation.</p> <p>WEQA will have an important role in setting priorities, providing methodological guidance and relevant material.</p>	<p>project cycle according to pre-defined programme logframes. As an example, WE's infrastructure projects usually include substantial corporate development when it comes to support for utilities. Also in trade promotion, capacity building at institutional level is at the core of WEHU's projects where an indirect Business Support Organisations (BSO-) approach is applied (e.g. SIPPO). In macro-economic support, all projects are geared towards building capacities, through training as well as institutional capacity building. The latter is achieved through workshops, peer learning or working in tandem with authorities. Furthermore, SECO Management is aware that staff retention or changing priorities according to political developments are challenging factors to be addressed by appropriate incentive schemes or awareness building.</p> <p>c) Policy dialogue: this concept is more encompassing than capacity building or corporate development. It covers the dialogue between stakeholders involved in moving forward the reform agenda of a (sub-) sector. Policy dialogue is taking place in varying dimensions depending on the issue. It can cover reforms of an infrastructure sub-sector like renewable energy. It can also cover larger fields like sound macro-economic management.</p>			

Zurich, 29 November 2019

### **Position of the External Committee on the SECO Sustainability Review**

1. Members of the External Committee on Evaluation (the Committee) discussed on October 26, 2019 in Bern the Sustainability Review as well as the accompanying response by SECO-WE Management (the Management Response) to its main findings and recommendations. The review was commissioned by the Committee and conducted by KEK /CDC Consultants in Zurich. The aim of the review was to provide strategic guidance for better interpretation of the sustainability performance and to provide advice to the operational staff on how to improve performance regarding sustainability of projects.
2. In general, the Committee welcomes the study, its conclusions and the pragmatic recommendations as well as the WE Management Response. It confirms that WE has a sound performance on an international level, comparable or even outperforming other donors', being well aware that a direct comparison is not possible.
3. The Committee recognizes the additional value of the review especially in view of awareness rising on the success factors of projects, although many of the report's findings have been previously known. Nevertheless, the list of success and risk factors for project sustainability represents a valuable support on an operational level, providing a good basis for further attention by project staff on factors positively or negatively influencing the sustainability of projects.
4. The Committee took note of the discussions on the different definitions on sustainability used within the framework of the Agenda 2030 on the one hand and the OECD /DAC on the other hand. It appears that the confusion between the two definitions has not been entirely resolved in this review, as the OECD was revising its own definition of sustainability in a parallel process.
5. The Committee considers possible and necessary to make the two definitions of the sustainability compatible. A proof of a development in this direction is the new criteria of the "net benefit" of the revised DAC sustainability criteria, offering a suitable entry point for the Agenda 2030. The Committee recommends a revision of the sustainability criteria used by SECO aiming to better integrate the SDGs.
6. The Committee is pleased to note that the sustainability rates of SECO's development project portfolio have been progressively increasing from 35 % to 74 % in the last ten years. The committee recognizes also that the 74% rate is, compared with the performance of other donors, a good result although there are methodical limits to such comparisons.
7. The Committee recommends to ensure, that SECO should not have a too conservative approach when selecting projects or defining sustainability score targets. High-risk projects

could also lead to high benefits. The Committee acknowledges that the SECO WE direction traces the higher sustainability rate back on the improved attention to project design and set-up, such as pilot phases or closer collaboration with the different departments involved, and not necessarily on a lack of risk appetite.

8. The Committee additionally strongly recommends a further harmonisation of the methodological approaches of SECO-WE and SDC. It agrees with the recommendation of the reviewers that the two approaches do not differ significantly. A further coordination between the two agencies would allow direct comparison.
9. The Committee welcomes the constructive positions and feedbacks included in the Management Response, and fully understands the careful and responsible stance towards the recommendations made by SECO WE's Management, in view of their practical, budgetary and operational implications.
10. In conclusion, the Committee recommends to publish the Sustainability Review as well as the SECO-WE Management Response and the present Position of the Committee.

The Committee members:

Tiana Angelina Moser (Chair)

Thomas Meyer

Katharina Michaelowa

Bruno Stöckli

---

**SECO Economic Cooperation and  
Development**

# **Sustainability Review**

**Final Report                      September 3, 2019**

---

Authors                      Markus Engler  
   Roman Troxler  
   Basil Schläpfer

# Executive Summary

## Objectives of the review

The State Secretariat for Economic Affairs, section Quality and Resources commissioned this review to

- provide strategic guidance for better interpretation of sustainability performance;
- provide guidance to the operational staff on how to improve performance regarding sustainability of projects.

## Evolving definition of sustainability

According to the OECD Development Assistance Committee (DAC), “sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable”. In the context of a broader debate about the future of development evaluation, a discussion has begun on revising the DAC evaluation criteria, including the sustainability criteria. The revised DAC criteria should ensure coherence with the broader definition of sustainable development and its three pillars: ecological, social and economic sustainability.

## Measurement of sustainability

A survey conducted for this review examined different methods of measuring and assessing sustainability. While mid-term and end-of-project (EoP) evaluation look at the likelihood of sustainability, ex-post evaluations assess actual sustainability. By nature, ex-post evaluations are more demanding to manage. Combining them with post-project support may be an option to better use the instrument of ex-post evaluation.

## Sustainability performance at SECO-WE

SECO- Economic Cooperation and Development regularly assesses the performance of its portfolio regarding the DAC criteria of relevance, effectiveness, efficiency and sustainability. In the past, sustainability lagged behind the performance of the other criteria. However, through a range of measures SECO-WE managed to improve the performance of its portfolio regarding sustainability. The share of projects that are considered sustainable has risen from 35% to 74% over the past 10 years. A comparison with the performance of other donors suggests that this is a good result despite methodological limits of this comparison.

## Success factors

In order to further improve the performance of the SECO-WE portfolio regarding sustainability, the review has identified success factors based on interviews and document analysis. It should be noted that, by definition, sustainability depends to a great extent on the context in which the project

is implemented. Consequently, the extent to which SECO-WE can contribute – within its sphere of influence – to a higher sustainability score is subject to its ability to adapt the project design and its implementation to the context factors.

The most relevant context factors are ownership by beneficiaries, implementing capacities of partners, strong partnerships between implementing partners and SECO-WE, and, in the case of projects of commercial nature, market-related factors. Thus, in order to increase sustainability, SECO-WE staff is encouraged to plan projects as realistically as possible by taking these context factors into account. In concrete terms this means that

- project designs should be based on a Theory of Change,
- exit strategies should already be outlined before the projects starts its operations,
- assumptions should be validated during pilot or inception phases,
- capable and sustainable partner organizations are necessary,
- all involved actors and stakeholders should closely interact, and
- good monitoring of the projects' operational progress and impact should be in place.

## Recommendations

Over the last few years, SECO-WE successfully took measures that have contributed to substantially improve the performance of its portfolio in terms of sustainability. In order to maintain or even raise the level, further steps should be taken. The results of this review suggest focusing on two aspects: measuring sustainability and achieving sustainability.

For measuring sustainability, the review recommends adapting the upcoming new DAC definition and basically continuing the current approach, thus allowing the comparison of performance over time. For the same reason, a harmonization of the SECO and the SDC approaches is recommended. To increase the reliability of the assessment, a certain standardization of the Terms of Reference (ToR) of evaluations in terms of (sub-)criteria to be monitored and assessed is recommended. At the same time, more specific sub-criteria will increase the accuracy of the assessments. To learn more about real sustainability, more ex-post evaluations should be implemented whereby the effect of post-completion support could be piloted.

Regarding the achievement of sustainability, the review recommends identifying specific sub-criteria of sustainability for the different business



lines to better target measures in the design and implementation of projects. In line with a more specific consideration of sustainability, the identification of section-specific improvements in design and implementation is recommended, combined with a more systematic use of Theories of Change. Finally, capacity building needs to remain high on the agenda namely to develop a mutual understanding among staff and partners of the concepts in use.

# Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Performance of the SECO Portfolio	1
1.2	Sustainability of Projects	2
1.3	Scope of the Review	3
1.4	Objectives of the Review	3
1.5	Conceptual Framework of the Review	3
1.6	Methodology	5
<b>2</b>	<b>Definition of Sustainability</b>	<b>6</b>
2.1	DAC Definition	6
2.2	SECO Definition	8
2.3	Practice of Other Donors	8
2.4	Conclusions	9
<b>3</b>	<b>Measurement of Sustainability</b>	<b>10</b>
3.1	Methods for Measuring / Assessing Sustainability	10
3.2	Conclusions	14
<b>4</b>	<b>Sustainability Performance International Comparison</b>	<b>14</b>
4.1	Methods for Rating / Measuring Performance	14
4.2	Comparison of Performance	16
4.3	Conclusions	18
<b>5</b>	<b>Evidence-based Success Factors</b>	<b>19</b>
5.1	Measures Ascertaining Sustainability	19
5.2	Risks to Sustainability	27
5.3	Conclusions on Factors Influencing Sustainability	28
<b>6</b>	<b>Summary of Conclusions</b>	<b>29</b>
<b>7</b>	<b>Recommendations</b>	<b>30</b>
7.1	Definition of Sustainability	30
7.2	Assessing Sustainability	30
7.3	Achieving Sustainability	31
Annex 1	Objectives and Key Questions of Review	33
Annex 2	Evaluation Questions / Questionnaires	35
Annex 3	Basis of Review	39
Annex 4	Key Documents analysed	40
Annex 5	Results / Comparison Definitions and Performance	41

## List of Tables

Table 1: SECO-WE Performance Ratings over time.....	1
Table 2: Advantages and disadvantages of ex-post evaluations.....	11
Table 3: Advantages and disadvantages of MTR and EoP evaluations.....	12
Table 4: Overview of ratings for sustainability of projects of various donors.....	18
Table 5: Risks to sustainability and their frequency and relevance.....	27

## List of Figures

Figure 1: Meanings of Sustainability.....	3
Figure 2: Main factors influencing project performance regarding sustainability.....	4
Figure 3: Nexus between DAC criteria.....	6
Figure 4: DAC criteria and Sustainable Development Goals.....	7
Figure 5: Rating scales of different donors.....	16
Figure 6: Comparison of ratings for sustainability of projects of various donors.....	18

## List of Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
BMZ	[Deutsches] Bundesministerium für Zusammenarbeit / Federal [German] Ministry for Economic Cooperation and Development
COSA	Committee on Sustainability Assessment
DAC	[OECD] Development Assistance Committee
DC	Development Cooperation
DCED	Donor Committee for Enterprise Development
DEval	Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit / German Institute for Development Evaluation
EoP	End of Project
GIZ	[Deutsche] Gesellschaft für Internationale Zusammenarbeit / [German] Society for International Cooperation
HQ	Headquarters
HS	Highly Satisfactory [Rating Value]
HU	Highly Unsatisfactory [Rating Value]
IEG	[World Bank Group] Independent Evaluation Group
IFC	[World Bank Group] International Finance Corporation
IFI	International financial institutions
JICA	Japan International Cooperation Agency
KfW	[Deutsche] Kreditanstalt für Wiederaufbau / [German] Credit Institute for Reconstruction
M4P	Making Markets Work for the Poor [Approach]
MTR	Mid-Term Review
NGO	Non-governmental Organization
NPO	National Program Officer

OECD	Organization for Economic Cooperation and Development
PCM	Project Cycle Management
PIU	Project Implementation Unit
PM	Project Manager
ROM	Results-oriented Monitoring
S	Satisfactory [Rating Value]
SC	Swisscontact
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SECO	[Schweizer] Staatssekretariat für Wirtschaft / [Swiss] State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation Agency
ToC	Theory of Change
U	Unsatisfactory [Rating Value]
UNIDO	United Nations Industrial Development Organization
WB	World Bank Group
WE	[SECO Leistungsbereich] Wirtschaftliche Zusammenarbeit und Entwicklung / [SECO division] Economic Cooperation and Development
WEHU	[SECO-WE-Ressort] Handelsförderung / [SECO-WE section] Trade Promotion
WEIF	[SECO-WE-Ressort] Privatsektorförderung / [SECO-WE section] Private Sector Development
WEIN	[SECO-WE-Ressort] Infrastrukturfinanzierung / [SECO-WE section] Infrastructure Financing
WELG	[SECO-WE-Ressort] Länder und Globales / [SECO-WE section] Countries and Global Portfolio
WEMU	[SECO-WE-Ressort] Makroökonomische Unterstützung / [SECO-WE section] Macroeconomic Support
WEQA	[SECO-WE-Ressort] Qualität und Ressourcen / [SECO-WE section] Quality and Resources

# 1 Introduction

## 1.1 Performance of the SECO Portfolio

The evaluation activities of SECO-WE aim at (a) learning by compiling lessons learned, disseminating knowledge and strengthening the impact of SECO's development assistance; and (b) accounting for results achieved for internal and external stakeholders. Projects are evaluated according to principles of the OECD Development Assistance Committee (DAC). These comprise an assessment<sup>1</sup> of *the relevance, effectiveness, efficiency* and *sustainability* of projects and a rating of the performance on a four-level scale ranging from highly satisfactory to highly unsatisfactory.

	2009 – 2012 (n = 94)	2013 – 2016 (n = 91)	2017 – 2018 (n = 45)
Relevance	93%	93%	95%
Effectiveness	78%	81%	86%
Efficiency	56%	73%	84%
Sustainability	35%	48%	74%
<b>Note:</b> Percentage figures indicate share of reviewed projects that were rated as satisfactory or highly satisfactory.			

Table 1: SECO-WE performance ratings over time

The performance ratings for sustainability were substantially lower than the ratings for relevance and effectiveness, but they have improved continuously. In 2017 – 18, the sustainability of 74% of the reviewed projects was rated as 'satisfactory' or 'highly satisfactory' (n = 45 projects). However, a gap remains between sustainability and the other three evaluated DAC criteria (Relevance: 95%, Effectiveness: 86%, Efficiency: 84% for 2017 – 2018). This positive trend is likely a result of the various measures taken over the past years to improve the sustainability of SECO projects.

Even though a comparison with the performance of other donors is difficult due to methodological challenges (see chapter 4.1), it is safe to say that SECO is among the good performers in terms of sustainability for the observed period 2017 – 2018. Sustainability remains an important criterion in terms of continued benefits or results from projects, and as such a measure for the effective use of resources. Therefore, the aim is to maintain at least this level and strive for further improvements where possible.

SECO-WEQA commissioned this study in order to get an outside interpretation of sustainability performance and a better understanding of the factors that influence sustainability positively or negatively.

---

<sup>1</sup> OECD DAC defines a fifth criterion, 'impact', but this criterion is not included in SECO's approach. (See 'Evaluation Guidelines' SECO-WE.) It is expected that only a few impact evaluations will be undertaken for SECO development interventions, as such evaluations require important resources for their design and their undertaking.

## 1.2 Sustainability of Projects

For several reasons, assessing sustainability is more complex compared to the other DAC evaluation criteria:

### ***Different Definitions***

The term *sustainability* has different meanings in different contexts. In the context of assessing the results of development projects and programs, the DAC definition is broadly used. It defines sustainability as a condition where “*project results continue after the external support by donors has come to an end*”. This definition puts the focus on the durability and continuation of the benefits of a project.

The Agenda 2030 with its Sustainable Development Goals (SDG)<sup>2</sup> refers to sustainable development as “*meeting the needs of the present generation without compromising the ability of future generations to meet their own needs*”. This is a much broader definition, which includes the three dimensions of *ecological, economic and social* sustainability, the so-called triple bottom line of sustainability.

In the context of a broader debate about the future of development evaluation, a discussion has been initiated on re-thinking the DAC evaluation criteria. A global consultation is still ongoing at the time of writing this report with the goal of exploring how the criteria might best be adapted to today’s development context, notably in the light of the SDGs. The above-mentioned differences in the definition of sustainability are also considered in this revision.

### ***Different Characteristics of Sustainability***

The characteristics that determine the sustainability of a project depend on the type of project. There is no one-size-fits-all definition. The following examples illustrate the diversity of these characteristics of sustainability. The sustainability of a water supply project or system is characterized by the level of service maintained and by a functional financing mechanism which ensures the operation of the system. For a macro-economic project such as public finance management, sustainability depends on the existence of sound legislation and reliable compliance.

### ***Sustainability Risks are Inherent to Development Projects***

For development projects that are often carried out in fragile contexts, sustainability cannot always be the ultimate goal. To support the access to finance for marginalized groups, development projects may work in unsustainable markets that are not served by the private sector because the mandate of the projects is governed by a development and not a market logic.

Likewise, cooperation involves projects which improve the access to or the use of public goods. To guarantee that these are really public goods, i.e. available for everybody, there is often a need for continued subsidies, a fact which is a given in high performing economies too.

This means that a 100% performance in terms of sustainability in a portfolio of development projects cannot be expected.

---

<sup>2</sup> 192 members of the United Nations, including Switzerland, have adopted the Agenda 2030 with its 17 Sustainable Development Goals.

### 1.3 Scope of the Review

Due to the ongoing revision of the DAC evaluation criteria, it is not yet possible to refer to potential new DAC guidelines. Therefore, sustainability of project results as per the existing DAC definition (i.e. continuation of benefits beyond donor support) is taken as reference for this review.

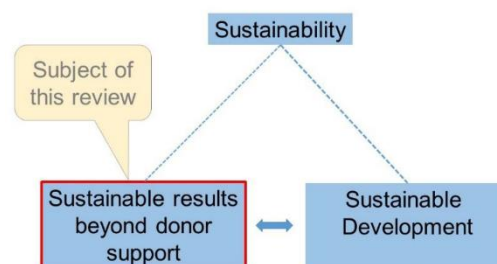


Figure 1: Meanings of Sustainability

### 1.4 Objectives of the Review

- **Providing strategic guidance** for better internal interpretation of sustainability performance by analyzing the internationally available information and debates on sustainability. This includes:
  - an in-depth assessment of definitions used internationally;
  - a comparison of SECO-WE's approach and measures taken so far with the international donor community;
  - a recommendation of needed adjustments (e.g. of internal definition and general measurement approach).
- **Providing guidance for operations** (specified for each role such as project manager, Swiss Cooperation Office (SCO), etc.) about how to implement capitalized knowledge along the project cycle by collecting, reviewing and structuring existing knowledge and experiences (in-house, national and international) in order to improve sustainability ratings across SECO-WE's project portfolio. This includes:
  - assessing evidence-based sustainability success factors and linking them – if possible – to the context (country, economic and political conditions, etc.);
  - proposing feasible sustainability indicators and measurement practices and efficient ways to get data (e.g. ex-post monitoring);
  - proposing ways to implement them along the project cycle (knowledge management).

### 1.5 Conceptual Framework of the Review

In this review, we look mainly at three dimensions that are closely interlinked as shown in figure 2 below.

- 1) The **methodology** for assessing sustainability and for rating the performance of the project. This includes the question of how sustainability is defined: either more narrowly as a continuation of project benefits or more broadly along the three dimensions of sustainable development (see chapter 2.1). The methods used for assessing and rating the performance depend on the underlying definition. The review assesses the method used by SECO and compares it with the methods used by other agencies.



- 2) **Design and implementation** and related issues, such as type of project and implementation modalities, have a direct impact on the sustainability. Along with the assessment method, these are the areas where SECO has the strongest influence on the performance.
- 3) The **context** in which the program works affects sustainability positively or negatively in ways that can only be influenced partly by the design and implementation of the project. Some factors will be strong while possibilities of the project to influence them may be limited, or vice versa. Therefore, design and implementation must build on a sound and realistic assessment of the context relevant for the project.

The review investigates these interdependencies to identify the risks and success factors as shown in the figure below.

The Terms of Reference (ToR) for this review define four key questions (see Annex 1). Key questions 1, 2 and 4 relate to the definition, measuring and rating of sustainability, thereby providing the insights for objective one of the review, i.e. *better interpretation of the sustainability performance*. Under key question three, the review examines the interdependence between context and project design and implementation, thus producing the information related to objective two, i.e. *guidance for operations aiming at improving sustainability (ratings) of SECO projects*.

The report is structured along the four key questions.

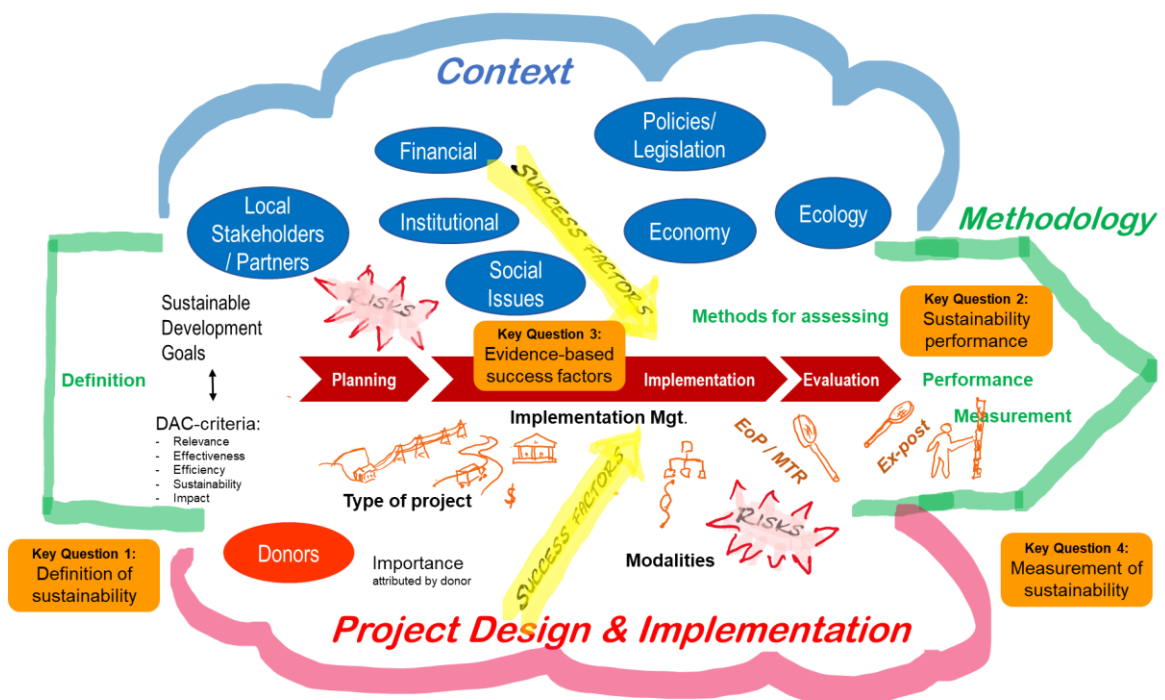


Figure 2: Main factors influencing project performance regarding sustainability

## 1.6 Methodology

The review is based on the following elements:

- **Review of SECO guidelines and reports**  
Guidelines (e.g. result-oriented monitoring (ROM)), effectiveness reports, previous reviews of the sustainability aspect (“2010: Re-visiting the Sustainability Criteria, 2017: Study on Project Performance in Sustainability – comparison of donors”)
- **Analysis of SECO 2017 evaluations and 2016 risk data** (most recent data)  
Qualitative content analysis of 125 ‘lessons learned’ and recommendations of 16 evaluations made in 2017  
  
Qualitative content analysis of risk data collected between 2016 and 2018 (n=381 risk observations related to sustainability) to identify success factors for sustainability
- **Review of documents from other agencies**  
Documents related to evaluating and rating of sustainability
- **Interviews with SECO staff**  
Management, project officers headquarter (HQ), country representatives, national program officers
- **Interviews with staff from other agencies**  
Development banks, multi- and bi-lateral organizations, Swiss agencies, implementing organizations
- **Review of success factors and of preliminary recommendations for all operational sections**  
Based on the draft report, staff working in the operational sections were asked to assess the identified success factors and related measures with regard to relevance and implementation. Their feedback was used to better understand the specific features of each section and of business lines in terms of sustainability. In addition, they were invited to comment the preliminary recommendations. Their comments were used to increase the practical relevance of the recommendations. The detailed summary of these assessments is available in the working paper “Supplementing Inputs from the Sections”.

For all the reviews and interviews, a set of evaluation and capitalization questions (see Annex 2) were formulated and context-specifically applied.

## 2 Definition of Sustainability

Sustainability is a term broadly used with manifold interpretations. Therefore, clarifying the underlying definition of the term is critical for a systematic assessment. A clear definition is even more important if assessments of different entities/agencies should be compared, as was expected from this review. Accordingly, key questions of this study are:

- What are the existing sustainability definitions of large international donors and Swiss non-governmental organizations (NGOs), and how do they differ from SECO-WE's own understanding?
- Which definition is most common among the donor community?

### 2.1 DAC Definition

Since 1991 (with a revision in 2002), the DAC definition has been the standard for most development agencies. In the "Summary of Key Norms"<sup>3</sup> from 2010, an addition was made regarding environmental and financial sustainability in an attempt to broaden the definition:

***Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.***

While the 5 DAC criteria<sup>4</sup> were seen previously as rather independent, the nexus between the criteria is being more considered recently, as is illustrated in the following figure:

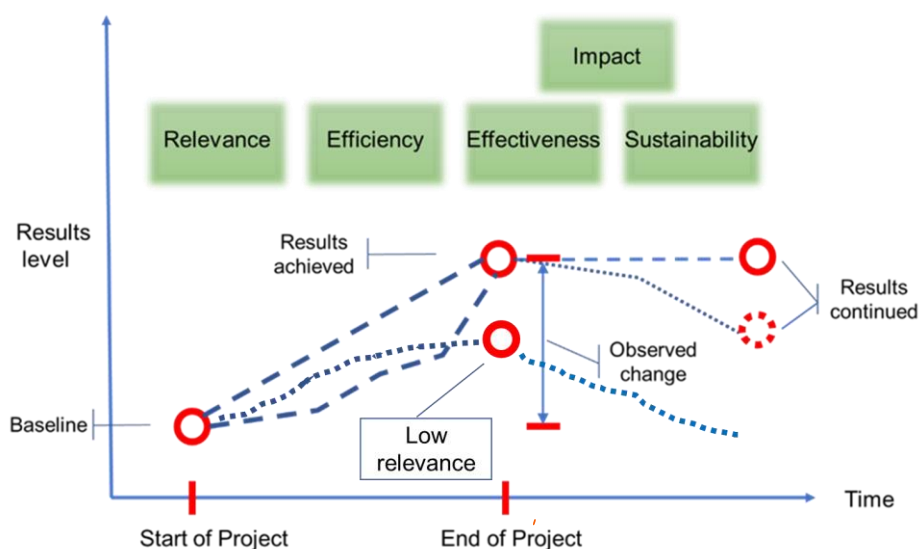


Figure 3: Nexus between DAC criteria

<sup>3</sup> OECD DAC Network on Development Evaluation: Evaluating Development Cooperation – Summary of Key Norms and Standards, 2<sup>nd</sup> Edition June 2010

<sup>4</sup> Relevance, Effectiveness, Efficiency, Sustainability, Impact

The figure implies that relevance is considered as a precondition for good performance regarding the other DAC criteria. Efficiency is relevant during the implementation. High effectiveness and impact mean that results achieved at the end of the project are sound and therefore are likely to produce continued benefits. In a project that is not effective, fewer results are achieved, and the probability that they are sustainable is smaller. This concept of the interdependence of the DAC criteria is supported by the findings of the meta-evaluation conducted by the German Institute for Development Evaluation (DEVal)<sup>5</sup>. It shows that a better rating of sustainability correlates with a better rating of relevance, effectiveness, efficiency and impact.

The current DAC definition basically focuses on the continuation of project results. It mentions the ecological dimension of sustainability explicitly, but it does not refer to the other dimensions (economic, social) of sustainable development as stipulated by the SDGs of the Agenda 2030.

In other words, whereas the DAC definition addresses the durability of results, the SDGs define (project) objectives which lead to sustainable development.



Figure 4: DAC criteria and Sustainable Development Goals

This has triggered a debate on the need to adjust the DAC criteria such that they address the different dimensions of sustainable development. The trend in this debate is an adaptation of the DAC criteria rather than a replacement, considering the valid benefits of these criteria as against the risk of a new method, which may become more sophisticated without a guarantee that it produces better results. The DAC criteria are well established and used broadly not only for development projects. However, the criteria sustainability is not very elaborate, i.e. it does not capture specific aspects of sustainability in different types of interventions.

The results of a broad-based consultation<sup>6</sup> on the revision of the DAC criteria confirms that 93% of respondents prefer to “*retain the criteria ‘sustainability’ and its definition in its current form or retain the criteria and adapt the definition*”. An adaptation is recommended to “*include a recognition of the SDGs and the complexity (of the criteria) as well as the inter-relationships between the 5 DAC criteria*”.

Draft one of the new DAC guidelines proposes to keep 4 of the 5 criteria, replace ‘impact’ with ‘long-term changes’ and ‘synergies’ and describe (for each of the criteria) 3 to 5 dimensions which help specify the criteria in more detail. For ‘sustainability’, the dimensions ‘preparation for sustainability’, ‘building the enabling environment,

<sup>5</sup> ‘Nachhaltigkeit in der deutschen EZ’, Deval Evaluierungssynthese, Noltze et al., 2018, Page viii

<sup>6</sup> OECD DAC Evaluation Criteria; Summary of consultation responses, November 2018

'continuation of positive effects' and 'scalability/replicability' are proposed. The glossary refers to continued long-term benefits and to the resilience against risks of net benefit flows. It also mentions that projects need to be environmentally and financially sustainable. The proposed adapted definition is basically the old definition supplemented by "the potential for scale-up/or replication". It is not obvious whether and how this definition establishes a link to the understanding of sustainability according to the Agenda 2030.

The debate focuses strongly on the definitions. This bears the risk that the influence of the evaluation methods on the assessment results is not sufficiently considered. Therefore, some critics point out that innovation should look beyond the issue of criteria to the evaluation methods (see also chapter 3.1).

## 2.2 SECO Definition

In the process of developing the statistical analysis of external and internal evaluations for the SECO "Report on Effectiveness", recommendations led to improvements in assessing and rating the sustainability of projects. One of the products is the "Scoring Chart for WE Effectiveness Report",<sup>7</sup> which gives the following definition of sustainability:

- Results (outputs/outcomes/benefits) will last beyond/continue after project/program closure
- Local institutions/capacities have been strengthened to sustain results
- Financial sustainability has been achieved

In principle, this definition is in line with the DAC definition, except for the ecological aspect, which is not explicitly covered but implicitly targeted in the project objectives. On the other hand, the SECO-WE definition emphasizes institutional sustainability as an essential factor for sustainability, going beyond the DAC definition on this aspect.

## 2.3 Practice of Other Donors

Among the 13 agencies interviewed, 9 (ADB, AfDB, IFC for advisory projects, UNIDO, SDC, SIDA, BMZ, KfW, GIZ) follow the DAC definition. Like SECO, they focus on the continuation of benefits after major development assistance has been completed. However, each of them has specific details and/or formulates the definition slightly differently. AfDB looks not only at the continuation of the long-term benefits. It also considers the resilience of the system regarding possible risks to sustainability. KfW formulates the criteria as: "*Sustainability is achieved if the implementing partner or the beneficiaries are capable to produce positive results over an adequate period of time, after external financial, organizational and technical support of the activities has stopped*".

IFC distinguishes between advisory projects for which it applies the DAC definition and investment projects, which are assessed in terms of corporate governance, social, economic, and environmental aspects.

The agencies that do not apply the DAC definition have the following specific features in their definition of sustainability.

---

<sup>7</sup> Scoring Chart Version 2018-08-13

The World Bank's (WB) **Independent Evaluation Group (IEG)**, which used to measure sustainability until the 2000s, has replaced its approach with an assessment of the "Risk to Development Outcomes",<sup>8</sup> i.e. "*at the time of the evaluation, the resilience to risks of future net benefits*" is assessed. The assessment focuses on the context factors that influence the situation after project support has been stopped. It also focuses on the measures put in place to mitigate negative impacts. It uses a substantially different approach, as it looks at the actual risks to sustainability rather than making a projection of whether and how benefits will continue to accrue. According to a WB interviewee, it allows better acknowledgement of what can realistically be assessed. Since 2017, this dimension has not been measured with a rating anymore but rather with a comment mentioning possible risks to sustainability.

**Japan International Cooperation Agency's (JICA)** approach is not substantially different from the above-mentioned group of 9 agencies. It rather goes into more detail regarding the dimensions that need to be assessed, i.e. it specifies the institutional, technical, financial and the operation and maintenance dimensions. Like with other donors, the definition and the assessment used do not include the social and environmental dimension.

**Swisscontact (SC)** builds on a systemic approach to project implementation (value chains, making markets work for the poor (M4P)), which has implications for the way sustainability is considered. The underlying assumption of the approach is that if the demand is given and the supply adjusts to this demand, a product will be well established in the market, hence sustainable. Accordingly, in private sector development, SC works with partners mainly on the demand rather than the supply side. In other words, if the right incentives are in place for the suppliers to deliver a product/service, the value chain will be sustainable.

This approach applies only if there are no distortions in the market relevant for the value chain. Therefore, it is less suitable for technical and vocational education and training projects, where the system of demand and supply is often distorted. In these cases, SC works mainly with exit strategies to ensure sustainability and with a special tool to assess the situation at the end of the project.

## 2.4 Conclusions

A majority of donors use basically the same definition of sustainability as SECO. Most people interviewed at SECO agree that the currently used definition of sustainability is well established in the minds of staff and is generally useful and appropriate for the purpose of project management and evaluation. However, differentiating between definitions for specific types of projects is favoured.

The debate on the revision of the DAC criteria shows that a majority of development practitioners are opting for a moderate revision that would use the same criteria except for impact, however with a better definition of the different dimensions of the criteria. Through these adaptations, the DAC criteria should integrate the concern for sustainable development defined in the Agenda 2030. In the current draft proposal, this link is not yet very prominent, however.

---

<sup>8</sup> WB IEG: Project performance ratings codebook

The substantially different approaches used by some agencies (e.g. WB: Risk to Development Results, SC: Systemic approach) differ more in terms of the assessment method than in terms of the project characteristics that support sustainability.

If the revision of the DAC criteria just leads to a more detailed definition of the currently valid criteria, SECO might adjust its own definition accordingly to remain in line with other donors applying the DAC criteria. Switching to alternative, substantially different approaches, such as the WB approach, is not really an option, even though these approaches have some specific and convincing elements. However, these would not compensate the loss of continuity in the assessment (method) and the fact that SECO is following the mainstream with its current method. The advantage of following the DAC revision is that it is highly probable that other donors will also go for this option. Internally, this option would require few changes, thus allowing for a continuation of the assessment of sustainability performance without a major rupture.

### **3 Measurement of Sustainability**

This chapter looks at methods used for measuring or assessing the sustainability of projects. It covers the following key questions:

- What are feasible sustainability indicators and measurement practices used in the international donor community?
- What are successful in-house experiences with measuring sustainability in ex-post evaluations and ex-post monitoring?

#### **3.1 Methods for Measuring / Assessing Sustainability**

##### **Ex-post Evaluations**

Ex-post evaluations are the most suitable tool to assess sustainability because they assess the situation a few years after the project support has ended. All other forms of evaluation evaluate sustainability at a time when only the probability of sustainability can be judged, based on an assessment of factors which contribute to sustainability.

A number of organizations interviewed for this study assess projects with ex-post evaluations. The WB selects 30 to 50 projects per year (out of 280 – 300) for an ex-post evaluation. JICA assesses 80 – 100 projects per year with ex-post evaluations that are implemented 2 – 3 years after completion of the project. Likewise, KfW works with ex-post evaluations. For a sustainability study (“Special Evaluation on post-Completion Sustainability of ADB-assisted Projects”), ADB conducted ex-post evaluations in 2010.

Nevertheless, most organizations assess sustainability in the context of mid-term and/or end-of-project (EoP) evaluations. At these stages, it is only possible to assess the likelihood of sustainability.

Ex-post evaluations usually require a local presence of the donor beyond project completion and a good relationship with the partners. JICA states, for example, that ex-post evaluations are possible due to the “*strong role of its overseas offices, which oversee*

*the process. ...and even if PIUs [Project Implementation Unit] do not exist anymore, there are strong ties with the supported organizational units of the counterparts”.*<sup>9</sup> The experiences of the organizations interviewed with ex-post evaluations are summarized below.

Advantages
<ul style="list-style-type: none"> <li>• They assess the actual situation with regard to sustainability.</li> <li>• Lessons learned are mainly for the strategic level.</li> <li>• They are suitable for identifying lessons learned regarding particular approaches or types of projects, rather than for the project evaluated.</li> </ul>
Disadvantages
<ul style="list-style-type: none"> <li>• Organizing an ex-post evaluation is more demanding if the agency no longer has a base in the country.</li> <li>• The legitimacy of evaluation teams may be questioned by the local organization because there a contractual relation with the donor organization no longer exists. In South Africa, a SECO evaluation team was not accepted by the local organization, which ultimately prevented a full-fledged evaluation (for details, see “In-house Experiences of SECO”).</li> <li>• Access to relevant data (e.g. business figures in the private sector) becomes difficult once the relationship with the project has been terminated. Data may no longer be available, or partners may consider data as confidential and are unwilling to provide them to evaluators without seeing/having a tangible benefit for themselves.</li> <li>• Attribution of results is difficult due to the long period between planning and evaluation and the gap between the end of project (EoP) and the evaluation. Accordingly, it is difficult to link lessons learned to specific features of the project.</li> <li>• Interviewed organizations agree that ex-post evaluations are comparatively expensive.</li> </ul>

Table 2: Advantages and disadvantages of ex-post evaluations

SECO has some limited experience with ex-post evaluations. So far, its principle was to execute 2 ex-post evaluations per year. In the case of WEHU, the ex-post evaluations provided useful lessons for the design of trade promotion projects.

Ex-post evaluations assess the actual situation in terms of sustainability and therefore look at other factors compared to MTRs and EoP evaluations, which depend on making assumptions about the likelihood of sustainability. Obviously, ex-post evaluations provide a more realistic picture of the sustainability. Therefore, it is likely that the ratings for sustainability produced by ex-post evaluations are lower than those produced with other methods, a finding confirmed by the meta-evaluation conducted by DEVal.<sup>10</sup>

### **End-of-Project and Mid-Term Evaluations**

EoP and MTR evaluations are the most frequently used forms of evaluations by most donors and by SECO. EoP evaluations are rather summative evaluations, assessing the achievement of objectives. They primarily serve accountability. MTR evaluations are usually more formative, focusing on learning and steering of the particular project. For assessing sustainability, both types of evaluation must make assumptions.

<sup>9</sup> JICA Annual Evaluation Report 2017

<sup>10</sup> Nachhaltigkeit in der deutschen Entwicklungszusammenarbeit, DEVal Meta-Evaluierung, 2018



Advantages
<ul style="list-style-type: none"> <li>• Information is easily accessible.</li> <li>• EoP evaluations may have a certain advantage over MTRs, as they are closer to the end of support, where a more realistic picture of the future of the project results is possible.</li> <li>• MTRs provide direct inputs for steering and learning at project level.</li> <li>• Particularly with MTRs, the intervention can still be adjusted to increase the chance for better performance, namely in sustainability.</li> </ul>
Disadvantages
<ul style="list-style-type: none"> <li>• Assessment of sustainability is hypothetical, i.e. the 'likelihood of sustainability' is assessed. Evaluators can only assume how factors relevant for sustainability will evolve after the project support ceases.</li> <li>• The assessment of sustainability builds on the strategy of intervention or a Theory of Change (ToC), not on the actual evolution of the project.</li> </ul>

Table 3: Advantages and disadvantages of MTR and EoP evaluations

The differences between the various types of evaluations imply that the timing of the evaluation has an impact on the outcome of the assessment of sustainability. In EoP evaluations, the likelihood of for sustainability can be anticipated more realistically. At the same time, the relevance of factors used to assess sustainability can change depending on the timing of the evaluation. For example, in an MTR, the extent to which financial sustainability is reached is not as critical as at the end of project. Therefore, the results of MTR and EoP evaluations are not necessarily comparable. On the other hand, a mix of EoP and MTR evaluations is useful for maintaining a balance between accountability and learning. With MTR evaluations, the sustainability can still be improved.

### **Results-oriented Monitoring**

SECO has experimented with Results-oriented Monitoring (ROM), an approach which builds on a guideline from the European Commission and has been adapted to SECO's requirements. In principle, it comprises a regular, periodic (once- to twice-a-year) assessment of a set of project features by a consultant. The consultant works closely with the project team and makes an assessment which relies both on the monitoring data of the project and data collected by the consultant. The consultant reports to the SECO program manager. In consultation with the project team, the program manager defines necessary follow-up action in a standardized format.

The method is applied during the implementation phase in selected projects, which are either particularly innovative or complex. In such projects it is useful to identify and correct possible problems at an early stage. In this sense, it helps indirectly to improve sustainability, but according to the program managers who use the method, ROM is not meant for measuring sustainability or for post-project monitoring.

### **Post-implementation Support and Monitoring**

A relatively new concept for monitoring sustainability is post-implementation support. It builds on two experiences. 1) Ex-post evaluations face a problem with access to information due to the absence of donor representatives. 2) Providing limited support after the completion of the project allows to consolidate results with little input. Certain

weaknesses in the results achieved may surface only after project support is phased out. Here, post-completion support has a chance to consolidate results and thus increase substantially the chances of sustainability. At the same time, it allows the donor to keep in touch with local partners. It provides an opportunity for post-project monitoring to collect data for a realistic sustainability assessment at a low cost compared to ex-post evaluations.

### **Sustainability Indicators and Monitoring**

Besides evaluations and reviews, the regular monitoring of projects by means of specific sustainability indicators is good practice for steering the projects towards more sustainable results. The information collected is not directly used for rating, but it is useful for evaluations to build their assessment on such information.

At SECO, the concept of standard indicators has been introduced. Thereby, the sections have partly drawn on the resources of sector-specific networks (e.g. the Donor Committee for Enterprise Development (DCED) and Committee on Sustainability Assessment (COSA)) which developed sector-specific key indicators.

For certain interventions, such key indicators for sustainability are easily available. For instance, the sustainability of infrastructure can be monitored with relatively simple indicators (e.g. continuation of services, operation and maintenance or the payment for services), or the financial sustainability of a public utility can be measured in quantitative terms.

The challenge with key indicators is that sustainability in many projects is a complex issue which cannot be monitored with simple quantitative indicators. Often it concerns 'soft issues' related to institutional, social or legal aspects such as 'change of mind-set'. These issues require more sophisticated indicators for the monitoring, which is more demanding and resource intensive.

### **In-house Experiences of SECO**

The Evaluation Function's "Performance Report" (previously called "Report on Effectiveness") regularly presents the findings from external evaluations and internal reviews regarding project performance according to the four DAC criteria. The aggregation of the ratings from all evaluations allows an overview of project performance over time and across sectors. In addition, the compiled lessons learned and recommendations provide an opportunity for learning and reflection. The reliability and comparability of these assessments is discussed in chapter 3.2.

Some sections use **ex-post evaluations** in specific cases, but not as a routine. SECO has set the target of 2 ex-post evaluations per year. Their results are considered useful, and therefore, more ex-post evaluations would increase the significance of the results. However, the advantage of ex-post evaluations for assessing actual sustainability contrasts with the problem of access to information. In an ex-post evaluation of the Trade Law Advisory Services Centre in South Africa for instance, the Centre refused to deliver information to the evaluators, as this was not foreseen in the contract and the Centre was afraid of competitors. As this example shows, the willingness and trust of the partner is of great importance and requires close contact, which is only possible through local donor representation – a precondition for ex-post evaluations which is confirmed by all interviewed donors.

In general, ex-post evaluations are considered to be demanding in terms of information collection, more expensive compared to 'regular' evaluations and more difficult for attributing results. Despite these drawbacks, the method is useful for assessing actual sustainability.

As mentioned above, the ROM was not conceived for ex-post monitoring. It is a tool for closely steering projects. Nevertheless, the idea of combining post-completion support with **post-completion monitoring** has been welcomed in the interviews in SECO. However, it seems that SECO staff have not gained practical experience so far.

### **3.2 Conclusions**

The main instruments of SECO-WE to assess the sustainability of its projects and programs are internal reviews and external evaluations, both as MTRs or EoP evaluations. While this approach is relatively efficient for reporting overall performance of SECO-WE to an external audience (accountability), its limitation is that sustainability is assessed on the basis of assumptions.

Since the ultimate objective is to improve the sustainability of projects, methods that assess actual sustainability, i.e. post-completion methods, should get more attention. Such methods are applied by SECO-WE sections, but not on a regular basis. It appears that the high(er) cost and time and efforts prevent more frequent use. The available experiences with such methods in SECO-WE could be capitalized upon to develop manageable post-completion methods, such as post-completion support combined with an ex-post monitoring, which focuses on sustainability.

## **4 Sustainability Performance International Comparison**

Based on the above-mentioned definitions, donors assess the performance of their projects and programs with regard to sustainability. The key questions of this review look at how they do this from a methodological point of view and how SECO-WE's performance can be compared with that of other donors.

- What methodological frameworks do main actors in the international donor community use to measure and rate sustainability?
- Is the obtained sustainability information transparent, comparable and credible?
- If so, how does SECO-WE perform in comparison with other donors?

### **4.1 Methods for Rating / Measuring Performance**

#### **SECO's Method**

SECO measures the performance of its projects with a rating system which provides a detailed description of the aspects that need to be assessed and a rating with a 4-level scale (two positive and two negative) for each DAC criterion. The aspects to be assessed under each criterion, along with an indication of the performance required to get the corresponding score, are explained in a scoring chart.

This system allows a quantified statement about the performance of the projects, which is a requirement for aggregation and comparison of results. However, there are limitations to this approach. The description of the aspects and the guiding questions for assessment explained in the score chart provide orientation, but room for interpretation remains. Therefore, different assessors may not arrive at the same rating for the same project. To minimize this risk, SECO applies a system of cross-checking, i.e. if an assessor has doubts about his/her rating, the project is assessed by a second assessor. In addition, at the beginning of the yearly assessment, one or two projects are rated by all assessors involved and results compared. This calibration improves an equal application of the criteria.

Other factors with significant influence on ratings' comparability are the type of evaluation and the type of project. In EoP evaluations, the assessment and rating of sustainability is based on assumptions about the probability that results will continue to be produced, whereas in ex-post evaluations, the actually continued results can be assessed. Depending on the type of project, the aspects assessed may be more or less relevant for the particular project.

### **Methods of Other Donors**

9 out of 13 organizations consulted are basically applying the definition of sustainability according to DAC, and 8 of these are using a quantitative rating of sustainability similar to the method used by SECO. They all assess several dimensions or 'sub-criteria' of sustainability in line with their definition of sustainability.

The Swedish International Development Cooperation Agency (SIDA) is the exception. It also uses the DAC definition with different dimensions but makes a qualitative assessment which is expressed in a narrative and not in the form of scores.

The difference between the agencies that apply a quantitative rating is mainly the number of levels for scoring and the threshold between a positive and a negative rating.

	+			-		
IFC	Highly satisfactory	Satisfactory	Moderately satisfactory	Moderately unsatisfactory	Unsatisfactory	Highly unsatisfactory
BMZ	Highly satisfactory	Satisfactory	Moderately satisfactory	Moderately unsatisfactory	Unsatisfactory	Highly unsatisfactory
ADB	Most likely	Likely	Less (than) likely	Unlikely		
AfDB	Highly Satisfactory / Satisfactory		Moderately satisfactory	Moderately Unsatisfactory	Unsatisfactory / Highly unsatisfactory	
JICA	High	Fair	Low / Insufficient			
UNIDO	Highly satisfactory	Satisfactory	Moderately satisfactory	Moderately unsatisfactory	Unsatisfactory	Highly unsatisfactory
KfW and GiZ	Highly satisfactory	Satisfactory	Moderately satisfactory	Not satisfactory		
SDC	Highly satisfactory		Satisfactory	Unsatisfactory	Highly unsatisfactory	
SECO	Highly satisfactory		Satisfactory	Unsatisfactory	Highly unsatisfactory	

Figure 5: Rating scales of different donors

These differences make a direct comparison of the ratings between agencies difficult. First, the definition of the score-levels is not available from all agencies. Second, some agencies like UNIDO and the African Development Bank (AfDB) have scales with 6 levels, but ultimately, they present the results using only 4 levels by clubbing the levels ‘highly satisfactory and satisfactory’ (HS&S / HU&U). (GIZ applies a scale with 6 levels except for the ‘sustainability’ criteria, where it uses 4 levels with only 1 negative level. JICA has only 3 scores for rating the individual criteria, but through a sophisticated system of scoring finally arrives at 4 categories for the overall performance.) Third, the size of the samples for which the ratings were established differs considerably. Finally, the types of evaluations (ex-post, EoP, MTR) by which the ratings were established also differ among the agencies. These differences make it difficult to know where exactly the dividing line between good and poor performance lies, which could be the reference for a comparison.

## 4.2 Comparison of Performance

The table shows recent ratings<sup>11</sup> of the respective project portfolios regarding **sustainability**. The figures need to be seen in connection with above discussed rating scales.

<sup>11</sup> Not all agencies listed in table 2 are presented in table 3. SIDA explains ratings in qualitative terms and BMZ does not implement projects, so they are not included.

Organization	Percentages	Average sustainability ratings
ADB	66% most likely & likely <sup>12</sup>	
AfDB	33% highly satisfactory & satisfactory <sup>13</sup> 41% moderately satisfactory 21 % moderately unsatisfactory 5% highly unsatisfactory & unsatisfactory	
IFC	No figures available	
JICA	49% high (for FY 2016, based on 97 projects) <sup>14</sup> 46% fair 5% low/insufficient	
UNIDO	30% highly satisfactory & satisfactory <sup>15</sup> 56% moderately satisfactory	
GIZ	8% highly satisfactory <sup>16</sup> 37% satisfactory 47% moderately satisfactory 8% not satisfactory	2.6 <sup>17</sup> average rating for sustainability of projects 2012 to 2014 (1= best, 4 = poorest rating)
KfW	3% highly satisfactory <sup>18</sup> 27% satisfactory 54% moderately satisfactory 16% not satisfactory	2.7 <sup>19</sup> average rating for sustainability of projects 2007 to 2016, using the same scorecard as GIZ but based on ex-post evaluations (1= best, 4 = poorest rating)
SDC	66% / 75% highly satisfactory & satisfactory <sup>20</sup> 34% / 25% unsatisfactory & highly unsatisfactory	2.2 average rating for sustainability of projects 2017 / 2018 for a selection of 30 projects per year (1= best, 4 = poorest rating)
SECO	5% highly satisfactory (2017 – 18) 69% satisfactory	

<sup>12</sup> “Annual Evaluation Review 2018”, ADB Independent Evaluation, 2018, page 7

<sup>13</sup> “Comprehensive Evaluation of the Development Results of the African Development Bank Group 2004-2013”, AfDB Independent Evaluation, 2016, pages 12 and 101

<sup>14</sup> “JICA Annual Evaluation Report 2017”, JICA, 2018, page 10

<sup>15</sup> “UNIDO Annual Report 2018”, UNIDO, 2019, page 72

<sup>16</sup> “Nachhaltigkeit in der deutschen EZ”, DEval Evaluierungssynthese, Noltze et al., 2018, page 12

<sup>17</sup> “Erkenntnisse und Konsequenzen aus Monitoring und Evaluierung 2012 -2104”, GIZ, pages 11-12

<sup>18</sup> “Nachhaltigkeit in der deutschen EZ”, DEval Evaluierungssynthese, Noltze et al., 2018, page 12

<sup>19</sup> “14th Evaluation Report KfW, Results 2015/16”, KfW, 2017, page 60

<sup>20</sup> SDC ratings per criteria average figures of 3 to 4 sub-criteria ratings per criterion. To translate the results into percentages of HS, S, U, and HU ratings, all figures below 2.5 are considered as HS & S and all ratings above 2.5 as U & HU ratings.

	26% unsatisfactory 0% highly unsatisfactory	
--	--	--

Table 4: Overview of ratings for sustainability of projects of various donors

Adding to the constraints regarding a direct comparison of performance is how the agencies calculate respectively present the ratings for each criterion. Some donors present the percentage of positive ratings (number of HS & S ratings compared to sample size) and others the percentage of negative ratings. GIZ presents an average rate for sustainability plus the percentages for different scoring levels, whereas for SDC, an average rating is available but no percentages. SDC, KfW and GIZ rate each sub-criterion with a score from 1 to 4 and calculate the rating of the main criteria as the average of these scores.

In an attempt to nevertheless compare results of the various agencies, a dividing line between good and poor ratings was established for the purpose of this report. For systems that work with scores from 1 to 4, the dividing line was set at 2.5. For systems that work with percentages of positive and negative ratings, both the positive ratings (HS & S) and the negative ratings (HU & U or low in the case of JICA) were merged into one category. This gives the following picture:

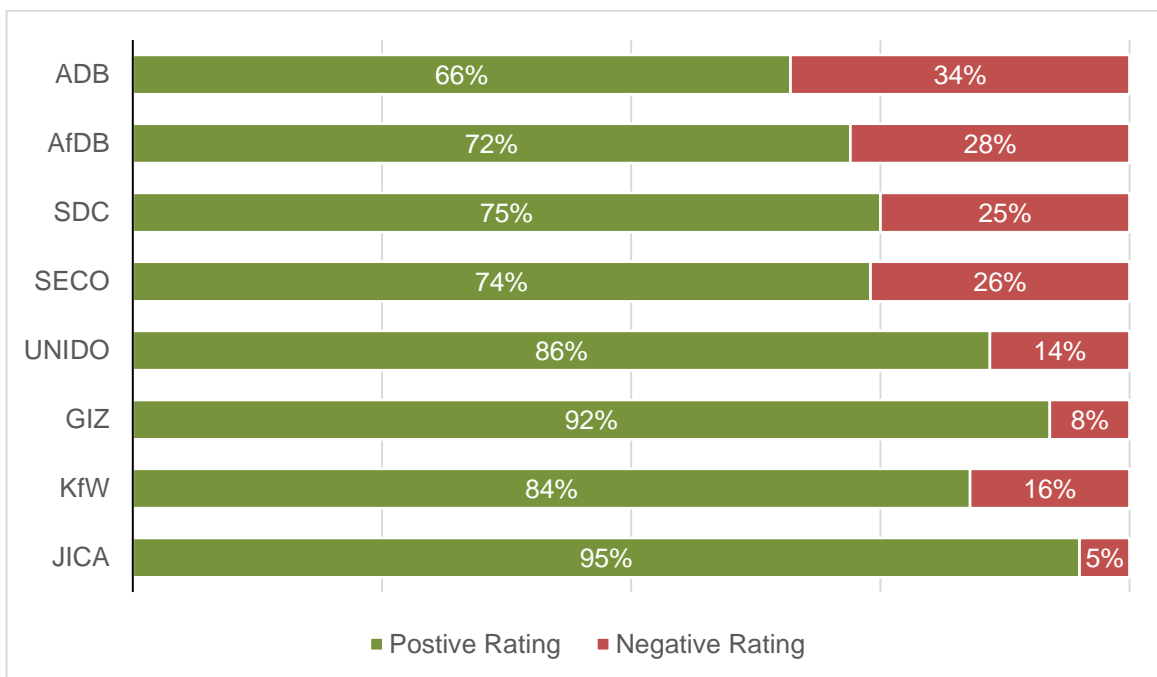


Figure 6: Comparison of ratings for sustainability of projects of various donors

The high percentage of positive ratings from UNIDO, GIZ, KfW and JICA is most likely due to the differences in the rating scales (see figure 6). It appears that the category 'moderately satisfactory', which is included on the positive side, actually includes projects which would fall under the negative ratings with the other systems.

### 4.3 Conclusions

The methods for rating the performance of projects with regard to sustainability used by various donors use similar categories (sub-criteria, scores). However, the definition of

these categories is either different, not explicit enough or unavailable. Therefore, a methodologically sound comparison is difficult. However, a very simple comparison of the figures (see figure 6) along with some interpretation shows that SECO's performance regarding sustainability is comparable with the performance of similar agencies.

The idea of establishing a benchmark to compare different project portfolios remains doubtful due to the following reasons:

- It is difficult to capture the complexity of sustainability with hard, quantitative indicators. Therefore, even if the definition of sustainability is underpinned with detailed criteria, there remains room for differing interpretations of the criteria.
- The same definition of sustainability may not be appropriate for all types of projects (e.g. infrastructure, social services, governance) and modalities (financial cooperation,<sup>21</sup> technical cooperation).
- The different evaluation methods and the timing of the assessments produce different results (see chapter 3.1).
- The quality of evaluations and the judgements by evaluators are never fully consistent due to the varying competences and experiences of evaluators.

To overcome these constraints, a higher degree of standardization of definitions and assessment methods would be required. At the same time, specific aspects of sustainability for different types of projects need to be defined. A harmonization of the assessment of SECO and SDC would be possible because the systems are already very similar, and a comparison at the level of Swiss public Development Cooperation is desirable in terms of accountability. Investing in a benchmark system at the international level is, however, not advisable, because the 'cost-benefit' ratio of such an exercise is certainly negative. The revision of the DAC criteria may provide an opportunity to achieve a certain improvement in the comparability of ratings by defining the criteria in more detail.

## **5 Evidence-based Success Factors**

### **5.1 Measures Ascertaining Sustainability**

To explore the potential to further improve the performance of SECO's portfolio in terms of sustainability, the study identified the main factors necessary to achieve sustainability and the related measures in the design and implementation of the projects. These success factors were elaborated on the basis of lessons learned and recommendations extracted from external evaluations of SECO-WE and from interviews with staff, as well as from experiences of other donors (DEval meta-evaluation, SDC evaluations, etc.). This broad basis implies that these are factors that are valid across sectors, regions and implementation modalities.

The success factors and the measures were revisited in workshops where people from each section identified their specific practice and experience in applying the measures. Thereby, improvements achieved as a result of past recommendations made in the SECO-

---

<sup>21</sup> KfW argues that financial cooperation has the objective in offering financing in cases where private investors and/or national budgets are not easily available, thus sustainability cannot be guaranteed.



WE Annual Reports on Effectiveness (namely 2015 & 2016) were singled out and room for further improvements analyzed.

## Success factor 1: *Strong project ownership by partners and beneficiaries*

Objectives contributing to success factors	Supporting measures in design and implementation	SECO-WE practice and experience	Room for improvements in SECO-WE
<b>Alignment of projects with the interests of partners,</b> i.e. partners have a genuine motivation to subscribe to the objectives of the project	1) Careful and realistic stakeholder assessment (see also measures 9 and 21)	Stakeholder assessments are considered highly relevant by all sections. However, no standardized procedure is in place. Sections do assessments as per their respective needs.  WEHU makes a gap analysis comprising stakeholder and institutional assessments, whereby for business-line ‘Small and Medium Enterprise competitiveness’, mainly market and value chain assessments are important.  For WEIN, stakeholder analysis and assessments of the legal and institutional framework are very important and demanding because projects work on different institutional levels with a range of stakeholders who all are part of a delivery system ruled by agreements and legal provisions.	While these assessments are carried out by all sections, all sections, namely WEIN & WEMU, see a need for more thorough assessments. Thereby, the knowledge of national program officers about the local context should be capitalized upon to get more and better information on the local situation.
	2) Participatory planning to align projects with relevant strategies of partners at all levels	The 2016 Effectiveness report recommended “better involvement of beneficiaries during project preparation and in the capitalization of ‘lessons learned’ from evaluations”.  All sections confirm that planning projects has become more participatory, contributing to the alignment with the interests and strategies of the partners. They agree that alignment is more than just subscribing to local policies. Understanding the real intentions of – and incentives for – governments to implement reforms is crucial for a realistic design. The institutional analysis (see measure 18) should therefore look at the power relations and political will to implement reforms or projects.	Participation and flexibility in planning and implementation has improved compared to the previous relatively centralized approach. Considering the benefits of participation, all sections see a need for developing these aspects further.
	3) Policy dialogue	With the increasing engagement in supporting so-called soft factors (e.g. governance issues, institutional development) and a more systemic perception of development projects, system building and thus policy dialogue gain importance in all sections.	All sections, namely WEIN, see a need for more involvement in policy dialogue and for improving the capacity to do this.
	4) Coordination with other donors, namely with IFIs to increase leverage	All sections emphasize the importance of good coordination with all important stakeholders, whereby WEHU, often working in niches, needs to coordinate less in such projects.  For WEIN, good coordination with other donors working in the same sector is necessary to establish uniform procedures and conditions for partner organizations, for example in governance issues such as tariffs, and subsidies.	

<b>No 'blueprints':</b> Technical solutions and concepts are adequate for the context	5) Solutions developed together with the partners	All sections agree that alignment and participatory planning are important preconditions for tailoring projects to specific needs instead of 'selling' standard concepts. The joint development of solutions enhances the sustainability.	
	6) Technology transfer adjusted to capacity of partners	Namely business lines supporting infrastructure development select technical solutions that are not necessarily the latest technology but are adequate for the capacity of partners to handle it sustainably.	
<b>Financial commitment</b>	7) Cost-sharing by beneficiaries for services from the start	<p>For WEIN, reasonable cost-sharing for public services by the consumers right from the start of a project is essential for sustainability.</p> <p>From WEIF experience, cost-sharing tends to be easier with private partners because they ultimately have an interest in the success and thus are ready to coinvest. Cost-sharing from public counterparts is more complicated, but not less important as an indicator of commitment.</p> <p>For WEMU, cost-sharing is not always an absolute must, especially not when WEMU is funding one-off projects (e.g. risk models for disaster insurance).</p>	<p>The issues of cost-sharing are quite specific to each section or business line and therefore, treated mostly on a case-by-case basis. No specific guidelines are in place. However, cost-sharing is commonly seen as a measure with a significant impact on sustainability.</p> <p>Namely for WEIN, the question of cost-sharing and inclusion of projects (namely public utilities) in government budgets is very important. Therefore, it sees the need to develop related approaches further.</p>
	8) Inclusion of projects in government (public sector) budgets	For projects working in the public sector, inclusion in government budgets can improve the long-term availability of funds, but it involves fiduciary risks and often delays implementation.	

## Success factor 2: *Reliable partnerships during the implementation of the project*

Objectives	Supporting measures	SECO-WE practice and experience	Room for improvements in SECO-WE
<b>Gradual buildup</b>	9) Inception phases for building up approaches gradually and testing partnerships	<p>All sections increasingly make use of inception phases to develop more realistic projects. At the same time, they allow to build partnerships more carefully.</p> <p>Inception phases are also used to work more through existing local structures. This is more sustainable than setting up parallel implementing structures.</p>	

<b>Adequate time frame for projects</b>	10) Long-term commitment in the form of phased projects	SECO-WE has gradually moved towards longer-term commitments. This happened mainly in the context of increased support for 'soft issues' (e.g. reforms, legislation) which require more time. In turn a longer timeframe helps to build up mutual trust, reinforce existing capacity and achieve results.  In practical implementation, the sections have to strike a balance between efficiency and quality of results, which is not always in favour of sustainability.
<b>Close interaction</b>	11) Intensive exchange with implementing partners	This is seen as a major measure for building reliable partnerships. By establishing local SECO offices and creating a certain degree of decentralization, more frequent and direct exchange with partners became possible over the past years. This helps adjust for faster and better support to actual needs of partners, which enhances the quality of the partnership.

### Success factor 3: *Adequate capacity of partners to manage the project without external support*

Objectives	Supporting measures	SECO-WE practice and experience	Room for improvements in SECO-WE
<b>Capacity development</b>	12) Developing stakeholders' capacities based on realistic assessments	<p>The 2016 Effectiveness Report recommended to "strengthen the 'soft factors' by providing training for program managers and national program officers on capacity building of partner organizations".</p> <p>The same report also recommended an "increased focus on soft factors and institutional development with partners". WEIN has developed a tool for 'analysis and dialogue' (in its Urban Water Utility Reform), which is in broad use for supporting corporate development of public utilities. All sections increasingly provide capacity building support.</p> <p>Internal analyses by WEIN show that in most cases where projects are less successful, the capacities of the key actors were not assessed sufficiently prior to project start. Accordingly, the project design and level of ambition was not suitable for these stakeholders.</p>	Beyond sector-specific capacity development, sections see a need for capacity development with implementing partners regarding concepts used (e.g. a differentiated view of sustainability) in order to establish a better mutual understanding as basis for effective implementation.
<b>Mobilizing existing capacity</b>	13) Step-by-step approach to test the capacity of partners	Such approaches, where achieving milestones is a precondition for further support, are applied in some projects. A certain 'conditionality' for delivering services to partners and cost-sharing is seen as a way to test the capacity of	

		partners and their will to 'buy in'. This fosters sustainability. However, this approach can lead to serious delays which reduce effectiveness.	
	14) Diversification of partners to ultimately concentrate on the most successful, active ones	WEHU is implementing multi-stakeholder platforms for specific products (e.g. cacao). They have a good potential to increase sustainability. They foster both cooperation and a certain competition among stakeholders, which both contribute to the development of sustainable systems of producers, dealers and retailers, without focusing on single stakeholders. The diversification of stakeholders allows that individual stakeholders may fail without jeopardizing the whole platform.	Evaluating such new approaches and test their relevance for different types of projects could be useful.

**Success factor 4: *Supportive framework conditions / enabling environment.***

Objectives	Supporting measures	SECO-WE practice and experience	Room for improvements in SECO-WE
<b>Favourable institutional and legal conditions</b>	15) Realistic, sound assessment of institutional and legal context and/or of markets	As mentioned under measure 1, assessments of stakeholders, institutional frameworks and markets are done differently according to the respective needs of projects and the capacity of the assessors.	See measure 1
<b>Market readiness, i.e. potential of markets</b>	16) Capacity building	Capacity building and policy dialogue are the most relevant measures used for creating favourable framework conditions	See measure 12
	17) Policy dialogue		See measure 3

**Success factor 5: *Realistic project plans and state of the art management of project***

Objectives	Supporting measures	SECO-WE practice and experience	Room for improvements in SECO-WE
<b>Early consideration of sustainability</b>	18) Developing an exit strategy during project design	The 2016 Effectiveness Report recommended that “The management shall pay special attention to the project approval process to ensure that sustainability issues are considered at an early stage. This includes an emphasis on the relevance of projects and the definition of an exit strategy at the outset”. The implementation supported better scrutiny of projects proposals in the operational committee (OPK) and increased awareness and attention for sustainability issues / exit strategies in the approval process. All sections confirmed that exit strategies have a high priority for them.	
<b>Realistic objectives and intervention strategies</b>	19) Good project design tools, professional design and sound context and stakeholder assessments (see measures 1 & 15)	Based on recommendations in the same report and on the coaching for the development of log frames, SECO-WE established a better use of log frames and thus more realistic planning in terms of objectives / targets and time required. It has now a more pragmatic (adaptive) approach to changes in the budget and in the project design and more flexibility in the use of log frames to adjust projects to changing context or requirements (see measure 20). Meanwhile, all sections make use of Theories of Change (ToCs) to develop more realistic intervention strategies.	So far, the use of ToC is at the discretion of project officers without a specific guideline. A guideline and a systematic introduction to the staff along with a more elaborate use of ToCs is recommended. Instead of a simplified use in single projects, a more sophisticated application for single business lines could increase efficiency and effectiveness.
<b>Good steering and monitoring of projects</b>	20) More flexibility in steering, i.e. adjusting the design to changing realities, adaptive management	See measure 19	
	21) Breaking down phase objectives into manageable intermediate objectives	All sections confirm that developing realistic objectives and breaking them down into manageable intermediate objectives is improving sustainability. However, this approach sometimes collides with the interests of partners who strive for ambitious objectives.	

	22) Active involvement of SECO in implementation, facilitated by SECO presence in the partner countries	The above-mentioned report recommended a “closer involvement of SECO local staff in the implementation to ensure a better consideration of the field reality”. In fact, local SECO offices allow for a closer interaction with project partners, which is an important condition for more flexible management of projects. It allows faster responses in case changes are necessary, which is further supported by a smooth exchange between ‘field’ and HQ.	
	23) A well-functioning monitoring method focusing on: - the development of partners’ capacity - assumptions (not only risks) regarding contextual factors	The 2016 Effectiveness Report recommended the “Introduction of a risk management policy to support a sound project design by identifying assumptions and risks as well as mitigating measures”. This recommendation raised the awareness about the importance to consider project sustainability at an early stage. It also improved monitoring of projects.  In discussions with all sections, the contribution of good monitoring to sustainability was emphasized. Namely, better monitoring of the assumptions on which the intervention strategy is based can lead to more realistic implementation and thus better project sustainability.	In spite of the awareness for the importance of a good monitoring system, there is room for improved management of monitoring to ensure that data are actually available.
<b>Learning organization Knowledge management</b>	24) Learning from evaluations and peers	The 2016 Effectiveness Report recommended to “do at least 2 ex-post evaluations per year and use the evaluations for learning and organizational development”. As a consequence, ex-post evaluation got a stronger focus: capitalization workshops as well as brown-bag lunches for peer exchange were organized on findings of evaluations.  Exchange among sections led to a stronger programmatic approach by integrating contributions of sections in an overall program (e.g. Competitiveness Programs in Ghana and Peru).	This is a permanent concern for an organization, which needs to be followed up continuously, not least because it is always at risk due to lack of time.

## 5.2 Risks to Sustainability

Apart from the factors mentioned above, which can be actively and directly influenced by the project, there remain factors which impact sustainability negatively but cannot be mitigated easily by SECO-WE. These risks are monitored by SECO periodically. To understand how critical these risks are, the sections indicated their relevance and frequency.

Aspects	WEHU	WEIF	WEIN	WEMU	Risks
Poor governance in local systems					- Lack of strategic orientation, poor commitment of partners and no clear responsibilities, high staff turnover with partner (e.g. for political reasons), lack of transparent information, no flexibility in handling budgets
Poor performance of local systems					- Inefficient procedures (e.g. procurement)
					- Fiduciary risks
					- Necessary structural reforms not implemented
					- Unstable local systems / context which can change quickly
Capacity of local partners					- Weak partners at lower, decentralized levels of the local system, making 'downstream' working difficult
Timing					- Time frames for reform processes inadequate / too short
Market performance					- Insufficient sustainability of small actors in the market
					- Too many donors with different incentive schemes who distort the markets
Design / planning					- Design guided by political interest, preventing a sound risk assessment

**Note:**

	Very strong risk met frequently
	Strong risk met sometimes
	Risk, seldom
	Not considered by section

Table 5: Risks to sustainability and their frequency and relevance

### Observations Regarding Risks

The most frequent and critical risks concern the lack of strategic orientation and commitment of partners, along with unclear responsibilities and lack of transparent information. Likewise, the poor implementation of structural reforms and/or inadequate time frames for such processes are often important obstacles to sustainability.



Weak partners at lower, decentralized levels of the local system are a specific problem, especially in regions where markets and actors are fragmented and small.

### **5.3 Conclusions on Factors Influencing Sustainability**

#### **Performance of SECO Portfolio**

The success factors reveal that sustainability largely depends on the one hand on the ownership and the political will as well as capacities of partners, and on the other hand on a planning and implementation process that can react in an agile manner to a dynamic context, i.e. realistic planning for a realistic project. While this sounds trivial, structural features of development cooperation (e.g. rules and regulations from donor and partner side) and limitations in the context of development cooperation (e.g. human resources, economic capacity) limit improvements of the performance through better project planning and implementation.

Over the past few years, based on recommendations resulting from regular portfolio performance assessments, SECO has introduced a number of measures mainly in project design, implementation, management and capacity building. These measures led to a closer interaction between SECO and its partners and beneficiaries and to more flexible implementation of projects, aiming at an adjustment of projects to changing circumstances. Capacity building helped to improve the institutional sustainability of partners. In addition, the awareness among staff for the factors influencing sustainability has increased. Overall, these results have certainly contributed to the improved sustainability ratings.

SECO has reached a level of performance regarding the sustainability of its projects, which is comparable to the ratings of major development agencies. At the same time, the consultations with the four operational sections provide indications where and how further improvements can be tackled. However, our assessment does not provide the basis to indicate how systematically measures are applied and how much improvement is needed.

#### **Definition and Relevance of Sustainability**

For properly assessing 'sustainability', a differentiated definition is required to consider the multiple features of the various business lines properly. Sustainability of a public utility cannot be assessed with the same criteria as the sustainability of a market development project. Moreover, in a development context, sustainability may not always be an objective that can or must be achieved (e.g. one-off actions, such as an expert input or initial subsidies, to stimulate a weak market or emergency actions). The fact that performance in terms of sustainability depends also on the timing of the assessment (end-of-phase, ex-post) underpins the need for a more differentiated view.

#### **Stakeholder Assessments**

The characteristics of the various partners of SECO require a differentiated assessment. Public sector and private sector entities have distinct characteristics, as do cultures and work in specific contexts, which cannot be assessed with the same parameters. This is, for instance, obvious with the issue of cost sharing. In line with the fact that the sections see potential for the improvement of stakeholder assessments, such a differentiation could be useful to design projects considering specific requirements.

## Planning and Implementation

The increased presence of SECO in the field since the parliamentary decision in 2011 to increase Official Development Assistance (ODA) to 0.5% of gross national income (GNI) and the close cooperation between HQ and SCO have substantially contributed to enhanced sustainability. Similarly, a more flexible management to adjust of projects to emerging realities and the shift towards more long-term support provided in phases are positive and useful changes. Nevertheless, the sections still see a need for more flexibility in the implementation of projects.

There is broad agreement that sustainability needs to be considered from the start of designing a project. Most sections see the need for better assessments as a basis but at the same time argue that such assessments are of limited use in highly dynamic contexts. Thus, a balance between sound assessments and the possibility of updating them based on good monitoring is probably needed.

The feedback shows a certain contradiction between the importance attributed to the PCM-tools and the quality of their application. Besides the question of proper introduction of the tools (capacity building), a reason for this contradiction may be that there are too many tools available that need to be considered. This seems to be the background, voiced by several people from different sections, for the need to streamline procedures and tools in order to reduce the workload in favour of quality of planning.

## 6 Summary of Conclusions

Over the past few years, SECO-WE has introduced a number of measures to improve the design and implementation of projects and thus the performance of its portfolio. A special focus has been put on the sustainability of projects because, among the 4 DAC criteria, this was the one with the lowest score in project evaluations. Considering the fact that a project portfolio in a development context cannot reach a 100% performance rating for the sustainability criteria, SECO has reached a level where the possibilities for further improvements are not obvious.

The results of the study point mainly at a more differentiated use of the sustainability criteria, both in the assessment/measuring of sustainability and in achieving sustainability.

Improvements in **measuring sustainability** mainly concern a better adjustment of sustainability assessments to the specific requirements of different business lines or types of project.

For improvements in **achieving sustainability**, the potential lies mainly with elements of the PCM which contribute best to sustainability, by fine-tuning them to the specific requirements of the different business lines. The basis for this fine-tuning is a more differentiated definition of sustainability. Finally, improved monitoring of projects has the potential for improving both assessing and achieving sustainability.

All these issues are closely linked to the definition of sustainability. Due to the ongoing revision of the DAC criteria, there is currently no clear reference available for the recommendations.

## 7 Recommendations

### 7.1 Definition of Sustainability

#### **Recommendation 1: *DAC definition***

Considering the trend in the discussion of the DAC criteria (i.e. no fundamental change), we recommend that SECO adopts the revised DAC criteria, provided a majority of donors do the same. This would help to compare performance over time while keeping adjustments of the reference system at a minimal level.

#### **Recommendation 2: *SDG Agenda***

Regarding the SDG agenda, we recommend reviewing the link between standard indicators used by SECO-WE and SDG targets. This should help to identify standard indicators that cover SDG objectives and thus demonstrate the contribution of SECO projects to the SDGs.

### 7.2 Assessing Sustainability

#### **Recommendation 3: *Criteria***

Continue the current approach of assessing the sustainability of SECO's project portfolio with the following adjustments to get more robust results:

- 1) The ToR for evaluations should include the criteria and sub-criteria specified in the scoring charts for all DAC criteria. SECO-WE should oblige the evaluators to use these criteria for their assessments. In addition, where indicated and available, sustainability sub-criteria or features that are relevant for a particular business line should be mentioned in the ToR. The ToR should also state clearly if sustainability as a whole or specific sub-criteria need not to be assessed.
- 2) Projects need to consider these (sub-) criteria while setting up the monitoring (with relevant indicators) and implementing the monitoring reliably to be able to provide the necessary information for assessing sustainability of projects. This should help the evaluators to have appropriate information available for the assessment.
- 3) Develop a list of business-line-specific sub-criteria or features relevant for sustainability. We recommend that each section defines them in cooperation with WEQA, which will harmonize them with the criteria used in the scoring charts.
- 4) Harmonize the approach for assessing the DAC criteria with SDC. The two approaches are not too different. Using the same criteria and sub-criteria and the same method for rating and ranking would allow a direct comparison. Differences may remain regarding the type of projects and the sample of projects selected for an assessment. Except for the harmonization between SECO-WE and SDC, we recommend not to invest in the idea of benchmarking at the level of agencies and organizations. The methodological challenges are too big to overcome.

**Recommendation 4: *Mix of evaluations***

Since there is no benchmark regarding an optimal mix of MTRs and EoP evaluations for assessing sustainability, SECO-WEQA needs to make decisions based on reporting requirements. If the assessments mainly aim at improving sustainability, a bigger number of MTRs is recommended because, at this stage, MTRs can still influence the performance of the particular projects. If the main purpose of the evaluations is accountability, more EoP evaluations are recommended because they can assess sustainability more reliably.

Use ex-post evaluations more frequently. Their main purpose is to document examples of actual sustainability for the sake of accountability. In addition, they are useful for identifying lessons learned with regard to specific business lines or sector approaches. Considering the special challenges of ex-post evaluations (e.g. access to information, cost, timing) we recommend establishing a concept and a plan for ex-post evaluations. In consultation with the sections, SECO-WEQA should establish a plan specifying the number of ex-post evaluations (based on budgetary space), the sections or business lines where ex-post evaluations are most pertinent and the timing. In the long run, such a longer-term plan will allow preparatory steps (e.g. ensure continued monitoring) already during project implementation. We recommend SECO-WEQA to prepare a guideline or concept for ex-post evaluations.

**Recommendation 5: *Post-completion support***

Explore the potential of post-implementation support as a possibility to consolidate project results and thus improve sustainability. In spite of the critical feedback from the sections and of a lack of relevant experiences or examples, we recommend WEQA to pilot the idea. This can be done in the context of ex-post evaluations. We recommend planning 2 or 3 ex-post evaluations well ahead of time and then piloting 2 or 3 approaches to post-completion support. One possibility is to design the last formal phase of a project such that it provides minimal support which is phased out preferably before the end of the phase, combined with a robust clearly specified monitoring which ideally is extended beyond the phase. Another possibility is to establish a fund/budget out of which limited, selected support (technical and financial) can be financed after the last phase of projects. This 'stand-by' support could be requested by the (earlier) partners and needs to be justified. These pilots will allow to identify the formal challenges (e.g. budgetary procedures) and practical challenges (e.g. how to identify needs, how to collect information) of the approach.

### **7.3 Achieving Sustainability**

**Recommendation 6: *Section-specific Improvements***

We recommend that the sections develop some of the challenges identified during the review/feedback workshop further (see the working paper "Supplementing Input from the Sections"). Since there were some contradictions between the assessment of the relevance of a measure and the quality of their application, the sections will have to screen the measures for a few key measures where they see the biggest potential for further improvements and develop an action plan for implementing necessary changes. WEQA may support them in methodological issues.

Examples for such measures are:

- more systematic assessments of stakeholders and institutional frameworks
- participatory planning
- policy dialogue
- realistic design of lines of interventions

**Recommendation 7:            *Theories of Change / PCM-Tools***

Improve the project design, namely the consideration of sustainability, early on by exploiting the potential of ToCs. While some sections mention the use of ToCs in the project design, we would rather recommend using the instrument at the level of business lines. Preparing a generic ToC for each business line would provide a valuable reference for the project design. At this level, the ToC could be elaborated to a greater extent than at the project level. It could provide a better understanding of all relevant interdependences and by that could facilitate and systematize the project design, namely log frames.

WEQA may support the sections by providing guidance and good practice for developing ToCs. Likewise, WEQA should consider providing guidance (i.e. guidelines, training on demand, coaching) for other important PCM tools where the quality of application is not so clear, e.g. stakeholder and institutional assessments. Based on the success of coaching provided for the introduction of the log frame, we strongly opt for this form of guidance.

**Recommendation 8:            *Capacity Building***

Capacity building in various topics remains the ‘core business’ of SECO. We recommend further reinforcing the capacity building of SECO staff and partners in the fields of institutional and/or corporate development and policy development since these fields have been identified as fundamental for the sustainability of project results. Capacity building also involves clarifying the understanding of underlying concepts such as sustainability to make sure that SECO and partners work on the same assumptions. This is not always simple when implementing partners have their own concepts which are not necessarily in line with SECO’s approach. In these cases, it is even more important to clarify the understanding of the concepts applied to observe whether varying interpretations have an impact on the implementation.

WEQA will play an important role in setting priorities, providing methodological guidance and relevant material.

## Annex 1 Objectives and Key Questions of Review

### 1) Objectives

- Providing strategic guidance for better internal interpretation of sustainability performance
- Providing guidance for operations (specified for each role such as project manager, Swiss Cooperation Office, etc.) on how to implement capitalized knowledge along the project cycle

### 2) Key Evaluation Questions

The key review questions are directly derived from the objectives and grouped into five main working areas:

#### 1. Definition

- 1.1. What are the existing sustainability definitions of SDC, large international donors and Swiss NGOs and what are their differences to SECO-WE's own understanding?
- 1.2. Which definition is most common among the donor community?

#### 2. Sustainability performance of other donors

- 2.1. What are the methodological frameworks of the main actors in the international donor community to measure and rate sustainability? (Rating scale, score card, etc.)?
- 2.2. Is the obtained sustainability information transparent, comparable and credible?
- 2.3. If so, how does SECO-WE perform in comparison with other donors?

#### 3. Evidence-based success factors

- 3.1. Which common success factors that are valid across sectors, regions and implementation modalities (e.g. bilateral or multilateral projects, mature or new projects), can be extracted from the lessons learned and recommendations of external evaluations?
- 3.2. What are common sustainability risks and planned mitigation measures across WE projects?
- 3.3. To what extent have past recommendations in the Annual Effectiveness Report<sup>3</sup> been taken into account in the design of WE projects and WE's project cycle management (PCM) approach?

#### 4. Measurement of sustainability

- 4.1. What are feasible sustainability indicators and measurement practices used in the international donor community?
- 4.2. What are successful in-house experiences with measuring sustainability in ex-post evaluations and ex-post monitoring

### 3) Questions for Capitalization

To achieve the learning objectives of this review, a profound capitalization of findings from above evaluation questions has to take place. The findings shall feed into workshops with members of WE's operational sections in which a number of questions are addressed to transfer the findings into hands-on actions. Known indicative capitalization questions are:

#### Sustainability definition:

- What would be needed adaptations for SECO-WE's own definition?

#### Sustainability performance of other donors:

- Is it worthwhile to opt for an international benchmark? Proposed way forward?

#### Evidence-based success factors:

- What are hands-on measures for implementing success factors by the project managers?

#### Implications for project design:

- What are the consequences of the findings in terms of project sequencing (working in phases), project duration, definition of exit strategies, institutional capacity building approach, etc.?
- How are sustainability aspects taken into account in the design of WE's projects?
- How is project management along the whole PCM process addressing sustainability concerns?

#### Project management:

- Are measures introduced earlier (e.g. procedures and structures for project planning, approval, monitoring including logical framework and reporting guidelines) adequate?

#### Measurement of sustainability:

- What are needed adaptations for WE's measurement approach? How can the consistency between project design and the formulation of outcome objectives be ensured (e.g. adequate level of ambition)? Is there a need for strengthened guidelines for project evaluations regarding sustainability dimensions?

#### Training needs:

- Is there a need for further/deepened training on sustainability to WE staff at HQ and/or in the field.

## Annex 2 Evaluation Questions / Questionnaires

### SECO Sustainability Review 2018

### Interview guidance (for SECO-external interviews)

#### A) Interview Partners

Organization: \_\_\_\_\_

Name	Unit	Function	Date	Venue:
1)				
2)				
3)				

#### B) Questions

Topics	Questions	Notes	Assessment
Definition	(1) How does your organization define the sustainability of projects? What are the underlying considerations for this definition?  <i>Note: SECO looks at continuation of results, at capacity of (local) institutions to continue and at financial sustainability.</i>		
	(2) What are possible short-comings of this definition?		
Performance	(3) What is the level of performance regarding sustainability in your organization?  (3b) How did it evolve over time (trend)?  (3c) Are there differences with regard to different modalities?		



	(4) Does your organization assess the performance regarding sustainability systematically and regularly or sporadically? Along with other criteria such as effectiveness, relevance, etc.?		
<b>Success factors and risks</b>	(5) Which common success factors that are valid across sectors, regions and implementation modalities (e.g. bilateral or multilateral projects, mature or new projects), can be extracted from the lessons learned and recommendations of evaluations and reviews as well as based on your experiences?		
	(6a) What are common sustainability risks? (6b) Are there adequate mitigation measures?		
	(7) What are other main reasons for poor performance? <i>Possible categories:</i> basic design of project / implementation arrangements / project management/ capacity of recipients, partners / political & institutional context		
<b>Measurement</b>	(8a) What is the methodological framework used in your organization to measure and rate sustainability? (information basis (e.g. evaluations), indicators, rating scales, definition of scores, etc.) (8b) Is the obtained sustainability information transparent, comparable and credible		
	(9) Do you have examples of successful approaches to measuring sustainability in your organization (e.g. ex-post evaluation)?		
<b>Carte blanche</b>	(10a) Is there a relevant aspect or experience that has not been touched upon in the discussion?		
	(10b) Can you recommend studies or reports on the topic that we should consider?		

**A) Introduction:** Introduction – Context: Sustainability of SECO projects, how can it be improved, success factors, role of (ex-post) monitoring and evaluation for sustainability and challenges – comparison with other donors – 1 interview with each operative Ressort and selected 4 Cooperation Offices

**B) Questions**

Topics	Questions	Notes	Assessment
Definition	(1) Do you consider the definition of (project-) sustainability used by SECO appropriate, practical? <i>Note: SECO looks at continuation of results, at capacity of (local) institutions to continue and at financial sustainability.</i>		
	(2a) If not, what are in your opinion the short-comings of this definition?  (2b) If not, what would be a better definition? <b>Is there a need for different definitions depending on modalities (bi-/global)?</b>		
Performance	(3) How do you personally rate the quality of (SECO-) projects with regard to sustainability? <b>(are there differences with regard to the different modalities?)</b>  (3a) And how compared to the performance of other donors?		
	(4) What are in your opinion, based on experience the main reasons for poor performance? <b>Possible categories:</b> basic design of project / implementation arrangements / project management/ capacity of recipients, partners / political & institutional context		
Success factors	(5) <b>What are</b> common success factors that are valid across sectors, regions and implementation modalities (e.g. bilateral or multilateral projects, mature or new projects)?  (5.1) <b>Which of these</b> success factors can be extracted from the lessons learned and recommendations of external evaluations?		

	<p><b>(6)</b> Which measures did you apply in your org. unit to improve project sustainability? <i>(e.g. procedures and structures for project planning, approval, monitoring including logical framework and reporting guidelines)</i></p> <p><b>(6.1)</b> Who is mainly responsible for implementing these measures? <i>(project managers, partners, etc.)</i></p>		
	<p><b>(7)</b> If known: To what extent have past recommendations in the Annual Effectiveness Report 2016 been taken into account in the design of WE projects and WE's project cycle management (PCM) approach?</p>		
<b>Measurement</b>	<p><b>(8)</b> What are feasible sustainability indicators and measurement practices used in SECO?</p>		
	<p><b>(9)</b> SECO started with measuring sustainability in ex-post evaluations and through ex-post monitoring? What are the related (in-house) experiences?</p>		
<b>Carte blanche</b>	<p><b>(10)</b> Is there a relevant aspect or experience that has not been touched upon in the discussion? <i>Any wishes for the review?</i></p> <p><i>(e.g. trade-offs between efficiency and sustainability, other trade-offs that should be discussed in the review?)</i></p>		

## Annex 3 Basis of Review

### 1) Organizations contacted / assessed – Persons interviewed

#### a) External

Organization	Multilateral agencies	Bi-lateral agencies	Implementer (Private Sector & NGO)
ADB	2		
AfDB	1		
JICA	3		
IFC	2		
UNIDO	1		
World Bank	1		
SIDA		2	
SDC		2	
BMZ			
GIZ		1	
KfW		1	
Swisscontact		2	2
Holinger international			1
DEval			1
	<b>10</b>	<b>8</b>	<b>4</b>

#### b) Internal

	WEOP	WEIN	WEMU	WEHU	WEIF	WEKO	WELG
HQ Mgt	2	1	1	1	1	1	
HQ Program in-charge		1	1	1	1		
Country offices / Head of Operation							4
PM							1
NPO							2
						<b>11</b>	<b>7</b>

## **Annex 4 Key Documents Analyzed**

'Annual Evaluation Review 2018', ADB Independent Evaluation, 2018

'Comprehensive Evaluation of the Development Results of the African Development Bank Group 2004-2013', AfDB Independent Evaluation, 2016

'Nachhaltigkeit in der deutschen EZ', DEval Evaluierungssynthese, Noltze et al., 2018

'Nachhaltigkeit in der deutschen EZ', DEval Meta-Evaluierung, Noltze et al., 2018

'Erkenntnisse und Konsequenzen aus Monitoring und Evaluierung 2012 -2104', GiZ,

'14th Evaluation Report KfW, Results 2015/16', KfW, 2017

IEG – WB: Project performance ratings codebook

'JICA Annual Evaluation Report 2017', JICA, 2018

OECD DAC Evaluation Criteria; Summary of consultation responses, November 2018

OECD DAC Network on Development Evaluation: Evaluating Development Cooperation – Summary of Key Norms and Standards, 2<sup>nd</sup> Edition June 2010

Guidelines Results Oriented Monitoring – ROM, SECO

Effectiveness Reports 2015 & 2016, SECO

Re-visiting the Sustainability Criteria, SECO, 2010

Recherche on Project Performance in Sustainability – comparison of donors; SECO, 2017

Risk data collected, SECO, 2016

'UNIDO Annual Report 2018', UNIDO, 2019

## Annex 5 Results / Comparison Definitions and Performance

### 1) Definitions

#### DAC Definition:

Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.

#### Basic questions:

- To what extent did the benefits of a programme or project continue after donor funding ceased?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?

### 2) Existing Definitions:

	Agency	Main features of definition
1	ADB	Financial, institutional, environmental and social sustainability
2	AfDB	ECG definition; the likelihood of continued long-term benefits and the resilience
3	JICA	Institutional aspects (structures and human resources, etc.) Technical aspects Financial aspects (budget allocation for operation and maintenance) Situation of operation and maintenance
4	IFC	Basically 2 definitions: no rating quantitative 1) in line with DAC 2) broader notion of SDGs 2030 Look at the sustainability of impact Broad definition is used for investment projects, i.e. corporate governance, social, economic, environmental aspects covered In the long-term these are relevant factors for making investments sustainable, thus they are a requirement for IFC to invest For advisory services/projects, good sustainability mainly means, impact of intervention is sustainable IFC does not have an official definition for what comprises sustainability

		However, the three factors used by SECO are basically the same as IFC sees sustainability of advisory projects
5	UNIDO	DAC definition
6	World Bank	Risk to development outcome, instead of sustainability
7	SDC	Chances and risks that results are sustainable/ continue Capacity of local institutions (human, technical, financial) Financial sustainability of 'system' introduced (e.g. social services, water supply)
8	SIDA	According to the DAC definition
9	BMZ	Basically the DAC definition
10	KfW	Up to now based on DAC Definition

11	GIZ	Up to now based on DAC Definition
12	Swisscontact	<p>SC applies a systemic approach, namely in value chain and private sector development.</p> <p>In these approaches 'scale' und 'sustainability' are key, i.e. provided the available incentives are adequate, the system will eventually run without external assistance. If this is not the case sustainability is not possible.</p> <p>There are projects which do not intend/claim to maintain a 'systems-function' / that are not system relevant. For such projects an exit strategy is necessary.</p> <p>For the content of projects, the triple bottom line of sustainability is relevant</p>
13	DEVal	<p>DEVal acknowledges a multitude of interpretations of sustainability.</p> <p>DEVal has a set of 3 test questions, which are however not always applied:</p> <ul style="list-style-type: none"> <li>- Impact</li> <li>- Stability</li> <li>- Risks</li> </ul> <p>In principle sustainability is embedded the other DAC criteria</p>

### 3) Performance

Agency	Performance Assessment – Rating system
ADB	Applies a rating system, which shows current performance at 66%, whereby target is 80%
AfDB	Applies a (robust) rating system, which shows current performance for period 2004 – 2013 at 28%
JICA	Applies a rating system for all external evaluations. Current performance: 49% high, 46% fair, 5% low
World Bank	n/a
SDC	Rating with a scale of 4 marks for all DAC criteria (except impact, which is not included in the rating)
SIDA	Does not use a rating system
BMZ	Guidelines 2006: Rating with a scale of 6 marks for all DAC criteria except Sustainability where the scale has only 4 marks. 4 stands for 'insufficient sustainability'.
KfW	So far according to BMZ guideline 2006 (see above). Are in the process of establishing a new system which will be used by GIZ and KfW.
GIZ	So far according to BMZ guideline 2006 (see above)
Swisscontact	No specific, quantitative rating
DEval	n/a



