



SECO's support to integrate producers into global Value Chains

Independent Evaluation of SECO's activities on SME Market Access and Competitiveness

Based on its evaluation policy, SECO ensures an impartial assessment of its development cooperation activities. It conducts independent thematic evaluations of the performance of its target outcomes in accordance with the Dispatch on International Cooperation 2017-2020. In 2018/2019, the independent evaluator JaLogisch (Austria) in cooperation with Ecorys (Netherlands) evaluated the activities of SECO's Trade Promotion section in the field of market access and competitiveness between 2008 and 2018. It focused on SECO's support to producers and small and medium-sized enterprises (SMEs) in developing countries to become internationally competitive, comply with market access requirements, meet international consumer good standards, and increase trade.

General Findings

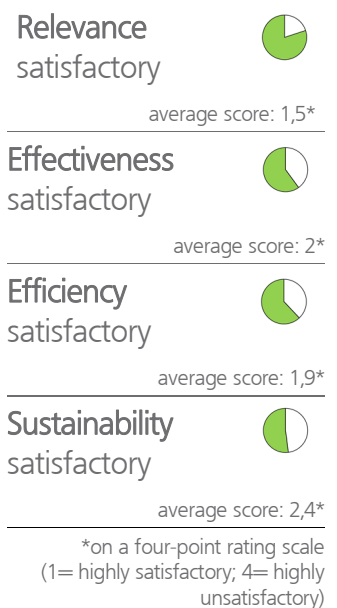
- SECO positively contributed to the integration of producers and SMEs into global value chains of cocoa, cotton, gold, textiles and natural ingredients. In these sectors, the evaluation recognized a significant benefit of SECO's engagement thanks to SECO's proximity to relevant actors.
- The sustainability of the achieved results looks promising since the underlying economics make sense, as producers and both SMEs have a stake in the success of the projects and are motivated to continue their international business.
- The evaluation highlights small and competent implementing teams within a functioning governance structure as a strength of SECO's interventions.

Success Factors

The evaluation finds that the successful integration of producers and SME's into global value chains relies on

- a **positive business case** for producers and SMEs, i.e. the promoted international trade should be profitable;
- the availability of **the political mandate, financial incentives and capacities of business support organizations** to support SME's (i.e. SECO's indirect approach to reach scale)
- establishing **direct linkages** between producers/SMEs and international buyers. Thanks to this approach the producers know that they can sell their produce and that upfront investments are worthwhile;
- **government buy-in** and **concrete measures** if there are policy impediments to overcome;
- **adaptive management** to respond to changing political or economic circumstances.

Portfolio ratings according to OECD DAC Criteria



Identified Challenges

- **Trade volumes are relatively small** and a successful integration of sustainable producers and SMEs into global value chains remains a challenge.
- **Data on the socio-economic impact of SECO's work is limited.** SECO's evidence-based management and program steering is lacking outcome- and income-level data collected in a consistent, structured and uniform manner. It has not built its own metrics for cross-program comparisons. SECO can consequently not fully quantify or benchmark its contribution to development outcomes and impacts.

Assessment according to the OECD DAC Evaluation Criteria

Relevance: The evaluators conclude that **SECO does well in serving the needs and priorities of the program's target groups.** Actively identifying and assessing the projects' key stakeholders and designing programs to serve them are considered key factors to ensure relevance.

Effectiveness and Impact: SECO's interventions are **achieving the intended programs' objectives**, i.e. successfully integrate producers and SMEs into global value chains and generating new or more sustainable trade. However, the concomitant trade flows remain moderate. In order support the scaling-up of sustainable trade in the supported value chains and reach a tipping point where an ever-increasing share of a global value chain has a sustainable footprint, the following challenges are key to overcome: institutional constraints, the complexity of global value chains, and the limited participation of SMEs in intraregional and international trade.

Efficiency: SECO's implementation model is lean with a clear governance structure and division-of-labour between headquarters, Swiss cooperation offices and the implementing agencies. The **professionalism, competence and flexibility secure an efficient implementation of the programs.**

Sustainability: SECO is not only interested in the sustainability of benefits but also seeks the **sustainability of its efforts by provoking systemic change.** For its indirect approach via business support organizations to be sustainable, the targeted organizations must have the political mandate, the financial incentives and the capacity to provide value chain development as well as export promotion services to producers and SMEs.

Selected key Recommendations and Response

- **To support a select number of global value chains** and take an (even) more comprehensive and programmatic approach to the integration of producers and SMEs into these value chains.
 - SECO partially agrees. SECO acknowledges the importance of concentrating resources in few value chains and keeping the portfolio concise while adopting a comprehensive approach, addressing challenges to integration at different stages and levels. However, tackling trade issues at macro and meso level does not necessarily require all-encompassing interventions, but might be better addressed through other business lines (not subject of the evaluation).
- **To continue mobilizing large national, international and Swiss companies** into SECO's global and regional value chain interventions.
 - SECO agrees that the private sector is pivotal to achieve its development objectives. SECO has already started to support multi-stakeholder platforms in commodities and sectors where Switzerland has a strategic interest, such as cacao, gold, and tourism.
- **To critically select and monitor SECO's key stakeholders** on their interests, incentives and their capacity to help integrate local producers and SMEs into the targeted global value chains.
 - SECO agrees and applies more strict and project-relevant selection criteria for implementing agencies and beneficiaries. Moreover, SECO's implementing agencies fine-tune their partner choices prior to embarking in program implementation with specific mechanisms, such as partner assessments.

Key Facts of the Evaluation

Purpose

1. Accountability to Swiss Parliament
2. Learning as well as strategic and operational decision-making to further enhance SECO's development effectiveness

Methodology

Mixed method approach to data collection and analysis (desk study, online survey to implementing partners and beneficiaries, field missions), and triangulation of findings across data sources, data methods and evaluators.

Scope

The evaluated portfolio comprises 25 programs, covering a SECO contribution of CHF 144 million. The evaluation assessed projects in Bolivia, Burkina Faso, Colombia*, Indonesia, Kyrgyzstan*, Lao PDR, Mali, Morocco, Myanmar, Peru, South Africa, Tajikistan, Tanzania, Tunisia, Ukraine, Vietnam*, Global* (*4 case studies)

Cost

CHF 158'898

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