



Schweizerische Eidgenossenschaft
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Swiss Agency for Development
and Cooperation SDC

State Secretariat for
Economic Affairs SECO

ANNUAL REPORT

SWITZERLAND'S
INTERNATIONAL
COOPERATION

2008



Swiss Agency for Development and Cooperation (SDC)

The SDC, a division of the Federal Department of Foreign Affairs (FDFA), is responsible for Switzerland's international cooperation and development programme. The most important activities of the SDC are as follows:

- Bilateral and multilateral cooperation
- Humanitarian aid, through the Humanitarian Aid Department and the Swiss Humanitarian Aid Unit (HA/SHA)

– Cooperation with Eastern Europe and the CIS
The SDC also has full responsibility for the coordination of all development cooperation and humanitarian aid involving other federal offices. It has a headquarters staff of around 600 plus 1,000 employees in the field. The budget for the year 2008 amounted to CHF 1.4 billion. Since 1 May 2008, Ambassador Martin Dahinden has been the Director-General of the SDC.

State Secretariat for Economic Affairs (SECO)

SECO is a division of the Federal Department of Economic Affairs (FDEA). The Economic Cooperation and Development Section of SECO is responsible for the implementation of Switzerland's economic and trade policy measures with regard to the developing countries and transitional economies. SECO's main objective is to help partner countries to integrate with the world economy and to promote sustainable economic growth that will help reduce poverty. SECO oversees Switzerland's relations with the World Bank group and with the regional development banks. SECO is headed by State Secretary Jean-Daniel Gerber. The Economic Cooperation and Development Section employs 70 people and in 2008 paid out CHF 215 million. It is headed by Beatrice Maser Mallor.

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(removable booklet)



Martin Dahinden



Jean-Daniel Gerber

2008 was a record year for Switzerland's development policy. In December, parliament approved the government's "Message on the continuation of technical cooperation and financial assistance in favour of developing countries" as well as its "Message on economic and trade policy measures in favour of developing countries". Thus, for the first time, the Confederation has a development cooperation strategy which all federal offices must follow.

Swiss cooperation with developing countries pursues three main objectives: combating poverty, improving human security in areas of conflict and tension, and making a contribution to globalisation that promotes development. The SDC will focus its efforts, within now and the year 2012, on 12 priority countries in Africa, Asia and Latin America, and SECO on seven countries. This concentration of activities, both geographically and thematically, should help to ensure optimum effectiveness with the means available. Switzerland has also further strengthened cooperation with the multilateral organisations. The SDC underwent a thorough reorganisation in 2008 to enable it to meet the challenges ahead more effectively.

In the framework of development cooperation, cooperation with Eastern Europe, and humanitarian aid, the Confederation made substantial contributions to combating poverty and enhancing crisis control in 2008. Total expenditures for official development assistance (ODA) amounted to CHF 2,234 million. Switzerland, with a contribution equal to 0.42% of its gross national income, ranks 12th among the 22 OECD donor countries. Parliament has asked the government to submit a Message in 2009 on the preparation of legislation that would make it possible to increase this contribution to 0.5% up to the year 2015. For the moment, the Federal Council is submitting a report to parliament. This report will be based on the updated economic forecasts and will present the financial impact and the development-policy consequences of raising official development assistance to 0.5% of gross national income.

By the end of 2008, the impact on the developing countries of the global financial and economic crisis was increasingly visible. Further aggravated by the food and raw-materials crises and the impact of climate change, this situation is endangering the progress that has been made in poverty reduction over the past few years. Now, more than ever, Switzerland's commitment is particularly important.

This year's Annual Report has been given a new form. The central part concerns the results achieved in 2008. Information on utilisation of funds is clearly presented in a booklet (cf. last page of the report). We would like to take this opportunity to thank you for your interest in Switzerland's development cooperation and we wish you an enjoyable and informative read.

Martin Dahinden

Ambassador
SDC Director-General

Jean-Daniel Gerber

State Secretary
SECO Director

THE INTERNATIONAL BACKGROUND was marked in 2008 by a series of crises. The financial crisis, rising food prices and the impact of climate change have been particularly hard on the countries of the South, undermining the progress made in development in recent years. The interaction between development cooperation and other policy areas is increasingly important.



The declining demand for export goods from the South is creating holes in the state coffers

The financial crisis has its origins in the countries of the North. Its impact on the countries of the East and South has been considerable, although it has not always followed the same pattern. Demand for export goods and raw materials has collapsed, depriving many developing countries of an important source of revenue. Direct investment from abroad is either being deferred or cancelled. Remittances home by immigrant workers, of considerable importance to the economies of the countries of origin, are in decline.

Unlike the economies of the North, those of the developing countries often lack the funds needed to take measures to combat either the causes or the effects of the crisis. Short-term international support can, it is true, help them to avoid illiquidity and economic collapse. Even so, there is still the risk that necessary investments in health, education,

infrastructure, rural development, and so on will not be made. This will clearly prove harmful to the long-term development of the countries concerned.

Endangered food security

The financial crisis and the economic crisis have made it abundantly clear that the development opportunities for poor countries are today closely interconnected with global processes that are difficult for individual states to influence. The same can be said of the food crisis, which has a similar cause. The prices of basic foodstuffs increased worldwide in 2008, triggering social unrest in many countries. Although it is true that agriculture has been neglected for years in developing countries, the agrarian policies of the industrialised nations share a portion of the blame for the crisis.



Higher food prices are a threat to food security



Countries with diversified, small-scale farms are better equipped to cope with the crisis

Climate change calls for adaptation measures

Climate change has its greatest impact in the developing countries. Droughts, desertification, extreme weather events and water scarcity are all consequences of global warming. Here too the impact on individual developing countries varies considerably, as does the ability of the countries affected to adapt to climate change.

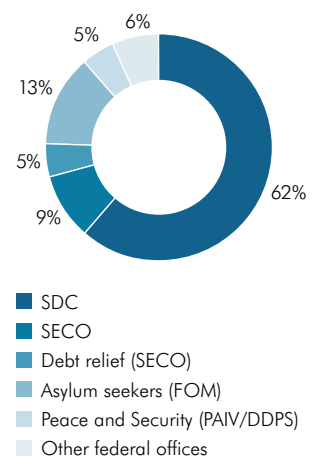
These and other global challenges call for ever greater cooperation and the readiness of states and other actors to join together in seeking solutions. The causes of poverty are not entirely of local origin. Efforts to combat poverty, as the main objective of development cooperation, must therefore be more closely integrated in a policy aimed at sustainable development on a global basis.

The impact of the global crisis on the developing countries also has consequences for the countries

of the North. Markets for exports and services are disappearing. The deteriorating conditions of health care can result in global epidemics. Failing states pose a threat to world security and cause migratory movements towards Europe and North America.

Graph 1

Swiss official development assistance (ODA) in 2008



THE BILATERAL DEVELOPMENT COOPERATION is increasingly determined by the development goals of the partner countries. The coordination among donor countries has been increased. Swiss programmes have improved food security and contributed to progress in the health sector.



Measures for the decentralisation of health care services have been crowned with success as can be seen by the decline in the child mortality rate

The SDC has a traditional commitment to sustainable rural development which, in the light of the food crisis, has acquired even greater importance. The Agency does its best to promote diversified agricultural production as the best way to achieve local food security in its partner countries. The SDC has also made substantial contributions to combating poverty in the areas of health and education, the sustainable utilisation of natural resources and the creation of employment and income.

Progress in the health care sector

Some 39% of bilateral aid goes to **Africa**. In the southern and eastern areas of the continent, Switzerland focuses mainly on health care. Efforts to provide decentralised health services have been successful. There has been a significant reduction in infant mortality. In the region of the African Great Lakes, the Confederation is providing support for the training of nursing staff and the creation of health care centres. There has been a noticeable fall in the incidence of contagious disease.

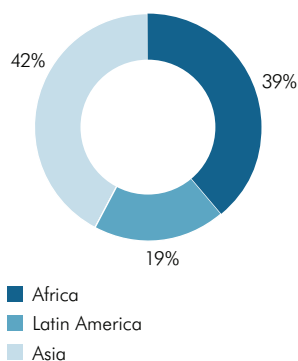
In the partner countries of **Asia**, Switzerland's commitment to the promotion of sustainable agriculture that meets local requirements has shown positive results.¹ Mongolia managed to meet its own requirements in potatoes for the first time in many years in 2008. In Laos it was possible to increase rice yields significantly in cooperation with the Ministry of

Agriculture and the International Rice Research Institute. Improving self-sufficiency in this way helps to offset the negative fallout from the global food crisis.

The portion of bilateral aid allotted to **Latin America** amounts to 19% of the total. As the leader of a group of donors committed to decentralisation efforts, Switzerland has become an ever more important partner for Bolivia. In Central America, it has been possible to successfully integrate projects, such as the improvement of potable water supplies, into the institutional policy of the partner countries. In Peru, private investments in a number of organic products with good market potential increased by 10%, thanks to the strengthening of public-sector-economy promotion and the support which the SDC provided for professional marketing.

The focus of Switzerland's development cooperation in both geographic and thematic terms is determined by parliament: by 2012, the number of priority countries in Africa, Asia and Latin America will have been reduced from seventeen to twelve, and the number of special programmes from seven to six. The programmes in certain countries which have had priority up to now – India, Bhutan, Pakistan, Ecuador and Peru – are being terminated, as is the special programme in North Korea.

Graph 2
Country-specific development cooperation SDC 2008

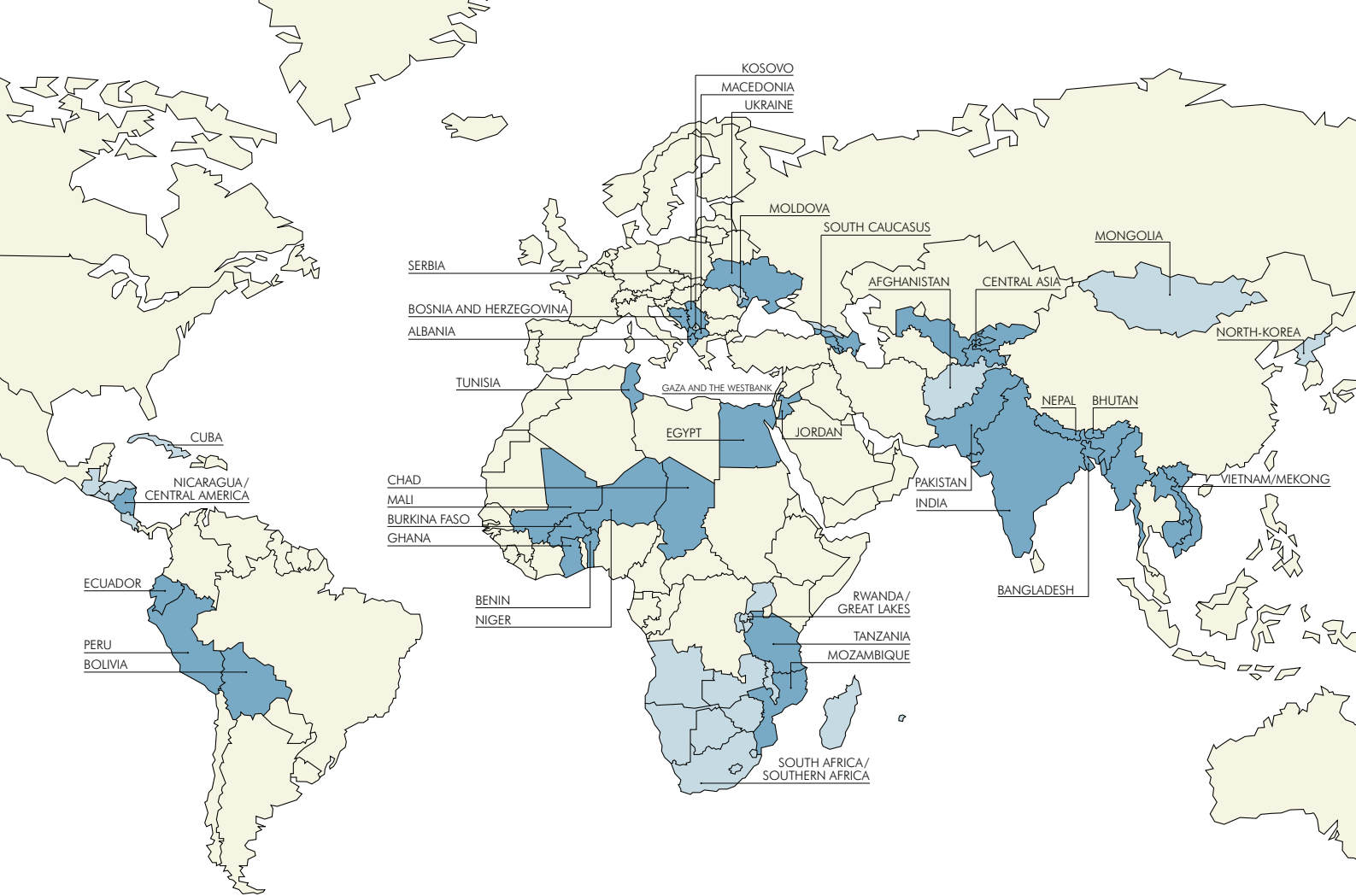


IMPROVING EFFECTIVENESS

How can development cooperation be made more effective? In Accra (Ghana), in September 2008 donor and recipient countries – Switzerland among them – decided to strengthen the Paris Declaration of 2005 in the following areas:

- Developing countries, to improve their institutions and combat corruption
- Donor countries, to align their support with the development objectives of partner countries and make use of local systems (alignment)
- Donor countries, to coordinate their programmes and streamline procedures (harmonisation)
- Donor and recipient countries, both to be responsible for the development results and focus their efforts on measurable results (results-oriented management)

¹ For additional information, refer to the "Asia Brief" newsletters which the SDC regularly publishes online, www.deza.admin.ch.



Map

SDC and SECO priority countries and regions 2008 (mil. CHF)

SDC priority countries and regions South 2008

Africa	Tanzania	20.0
	Mozambique	15.9
	Niger	10.6
	Burkina Faso	10.1
	Mali	9.5
	Benin	9.3
	Chad	8.5
Latin America	Nicaragua/Central America	20.9
	Bolivia	12.1
	Peru	10.1
	Ecuador	8.6
Asia	Vietnam/Mekong	27.5
	Nepal	20.9
	Bangladesh	17.9
	India	14.4
	Pakistan	13.5
	Bhutan	3.4

SDC: special programmes South 2008

Africa	Rwanda/Great Lakes	12.7
	South Africa/Southern Africa	10.0
Latin America	Cuba	4.6
Asia	Afghanistan	12.6
	Gaza and the Westbank	11.2
	Mongolia	8.6
	North Korea	3.6

SECO: priority countries and programmes South 2008

Africa	Burkina Faso	10.2
	Mozambique	9.1
	Tanzania	8.7
	Ghana	8.6
	South Africa	7.6
	Tunisia	1.9
	Egypt	1.4
Latin America	Nicaragua	7.5
	Peru	5.6
Asia	Vietnam	16.1
	Jordan	3.4

SDC: priority countries and regions East 2008

Central Asia	21.3
Bosnia and Herzegovina	9.8
Albania	7.7
South Caucasus	7.6
Serbia	7.2
Macedonia	6.6
Ukraine	5.5

SDC: special programmes East 2008

Kosovo	7.4
Moldova	6.8
Russia (North Caucasus)	1.2

SECO: priority countries and programmes East 2008

Central Asia	12.7
Azerbaijan	8.9
Kosovo	8.1
Albania	8.1
Macedonia	2.7
Ukraine	1.3
Bosnia and Herzegovina	1.0
Serbia	1.0



SMEs are the veritable backbone of economic development in the partner countries



Improving the energy supply is a prerequisite for sustainable growth

ECONOMIC COOPERATION is all the more important in a time of financial crisis. At the same time as it has tried to improve economic framework conditions, SECO has been working to strengthen financial sectors and facilitate access to financing for the private sector.

In the interest of economic reform, SECO has provided budget support in Benin, Burkina Faso, Ghana, Mozambique, Nicaragua und Tanzania. This included the cofinancing of measures to help cushion the impact of the crisis. SECO also participated in multilateral programmes to adjust and stabilise financial markets in the developing countries. New investments in risk capital funds in West Africa, South Africa and Vietnam have helped to facilitate access to financing for small and medium-sized enterprises.

Sustainability norms introduced

Greater attention has had to be paid to the agricultural sector in the worsening food crisis. Producers of coffee, soya and cotton were encouraged to adopt voluntary sustainability standards in an effort to improve the competitiveness of these key agricultural sectors. SECO also provided support for multilateral programmes designed to improve trade capacity in the poorest developing countries.

Climate protection becomes more important

The climate protection programme has been further developed. In this context SECO joined the World

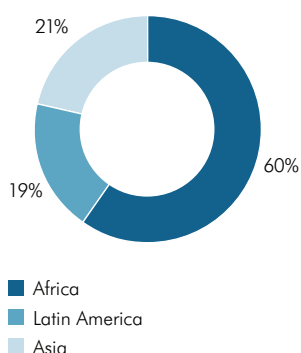
Bank's newly created Forest Carbon Partnership Facility. Developing countries are to be supported in the creation of institutions for the development of trading in certificates for the protection of tropical forests. SECO also provided support for a fund that will finance projects for the development of renewable sources of energy in South Africa.

In the framework of the infrastructure programme, a new project in Ghana will provide support for the national regulatory authorities in the electricity and water sectors. SECO also participated in two multilateral initiatives to promote public-private partnerships and the development of infrastructure projects. SECO will in future focus even more on its core competencies, beginning with measures to strengthen sustainable economic growth and to integrate partner countries into the world economy. The number of priority countries is to be reduced from twelve to seven² advanced developing countries. Economic cooperation with Burkina Faso, Mozambique, Tanzania, Jordan and Tunisia will be terminated by 2012. SECO will be able to supplement the programmes of the SDC in the poorest developing countries. Last but not least, SECO also participates in global initiatives that benefit all developing countries.

² SECO priority countries: Egypt, Ghana, Indonesia, Colombia, Peru, South Africa and Vietnam.

Graph 3

Country specific economic cooperation SECO 2008





Switzerland supports the UN reforms calling for increased transparency and stricter accountability



Doha conference: Despite the financial crisis, no curtailment should be made in funds earmarked for Official Development Assistance (ODA)

Through its **MULTILATERAL COOPERATION** Switzerland works actively for a just system of global governance. Switzerland sits in the boards of Directors of the World Bank and the regional development banks, as well as being represented in the most important organs and institutions of the United Nations.

Solutions to the world's problems, as well as to the domestic problems of individual countries, can only be achieved through the coordinated commitment of all actors at the international level, and with an enduring consensus on the fundamental legal, ethical and political principles. Only the major multilateral organisations have the authority to act, both at the coordination level and in the establishment of universal norms. Furthermore, they are able to call on the kind of funding that is necessary for broad-based intervention.

International institutions pitch in to help shape

The Confederation is firmly committed to the new multilateral Development Cooperation Forum (DCF) of the United Nations Economic and Social Council (ECOSOC). Switzerland as Vice-President of the Executive Board of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA), was able to play a role as facilitator in a number of issues. Switzerland has, for example, been active in promoting the idea of coordinated and systematic professionalisation of evaluation in international institutions.

Another success story is the coordination of strategic planning for UN funds and programmes, greatly simplifying the control process. Switzerland has also played a key role in the harmonisation of policy on public access to the official documents of the United Nations organisations, so as to increase their transparency and accountability. Swit-

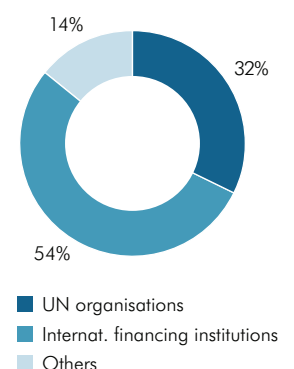
zerland is also backing reforms that will improve the representation of developing countries in the World Bank. The African countries have already been given an additional seat in the Governing Board of the World Bank. Moreover, the number of votes allocated to the developing countries and economies in transition has been slightly increased. The importance of the multilateral financial institutions has received greater recognition following the rise in the price of foodstuffs and in the context of the financial crisis. In the governing bodies of the World Bank group as well as in those of the regional development banks, Switzerland defended the idea that these institutions must fulfil their anticyclical role so as to soften the negative fallout from the crisis on the poor.

Ensuring financing for development

Switzerland played an active part in the Doha International Conference on Financing for Development. The SDC was entrusted with the task of coordinating the efforts of the other federal offices. In Doha, the donor countries agreed to keep official development assistance at the same level or increase it, despite the financial crisis. If this undertaking is respected, Switzerland can expect to see its standing fall further among international donors. In the year 2008 the Confederation's ranking as a donor to the UN International Children's Emergency Fund (UNICEF) has already dropped from 9th to 14th place for example.

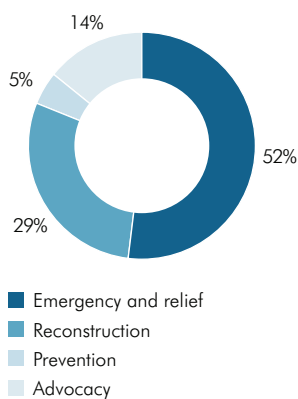
Graph 4

Multilateral cooperation 2008

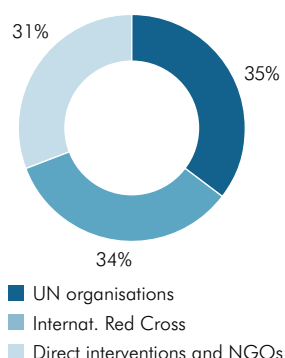


THE HUMANITARIAN AID of the Swiss Confederation brought relief at short notice and in a spirit of solidarity to people in the Middle East, Asia and Africa. In parallel with this emergency relief, Switzerland contributed to projects in more than 30 countries in the following sectors: reconstruction, the prevention of natural disasters and the protection of civilian populations.

Graph 5
Humanitarian aid by intervention areas 2008



Graph 6
SDC humanitarian aid by partners 2008



Expenditures for emergency relief amounted to CHF 155 million or just over half of the total humanitarian aid budget of CHF 303 million. A few of the more important humanitarian operations are described below.

The war in Georgia's break-away province of South Ossetia resulted in around 127,000 people fleeing the area. Switzerland's humanitarian aid launched an "in-cash support" project which helped some 1,600 households and 5,700 individuals to cope with the West Georgian winter. Support was provided to the UNHCR and the Georgian authorities in order to supply the "tent city" erected in Gori with enough mattresses, pillows, and bed linen – all locally sourced – for some 3,000 people.

Improved provision of clean drinking water

After the devastating cyclone Nargis in Burma, Switzerland provided 40 tonnes of emergency supplies which, with the help of local partners, were distributed to 2,000 needy families in the Delta. More than 1,000 potable water sources were cleaned by trained local staff using equipment from Switzerland. This operation made it possible to significantly improve the region's supply of drinking water and reduce the risks to health.

At the request of the People's Republic of China, Switzerland delivered 16 large tents, 1,030 family tents together with blankets, tarpaulin covers, and water canisters as humanitarian aid for more than 6,000 victims of the earthquake in Chengdu. The operation was conducted in collaboration with the Swiss Red Cross.

Local conflicts undermine the food security of large population groups in the Horn of Africa. There are no easy solutions to this continuing humanitarian crisis in countries where the state apparatus is already fragile. In Somalia, Switzerland helped to provide aid for about 3.2 million people through support for international partner organisations. In Ethiopia, the Confederation participated in projects which brought food to a total of 6.4 million people.

Emergency relief in long, drawn-out crises

With a renewed outbreak of fighting in the province of Ituri (Democratic Republic of the Congo) in the Region of the African Great Lakes, Swiss humanitarian aid provided CHF 1.7 million to UN partner organisations and to the ICRC to help support 160,000 refugees.

Members of the Swiss Humanitarian Aid Unit (SHA) were deployed upon some 300 occasions in various crisis regions. Following ISO certification of Switzerland's emergency relief system in 2007, Swiss Rescue also received approval as being in conformity with international quality standards in November 2008.³ The Swiss Rescue certification mainly concerned deployment to areas struck by earthquakes.

³ Certification by the International Search and Rescue Advisory Group (INSARAG).



Relief for 3 million persons in Somalia: Switzerland is active in the Horn of Africa



Emergency food supplies reach the victims of cyclone Nargis in Burma



Aid workers distribute bread in a camp in Gori, Georgia



Better health care for mothers and children: Swiss cooperation with Eastern Europe and the CIS contributes to reaching the UN Millennium Development Goals (MDGs)



Sustainable water management in Central Asia: In the area covered by the project, savings on up to 30% of the agricultural requirement for water were achieved

THE TRANSITION ASSISTANCE supports democratic change and economic development in Eastern Europe. Despite progress with reforms, the democratic transition in the Western Balkans and the Commonwealth of Independent States (CIS) is not yet fully achieved. In a year marked by political tensions and conflicts, Switzerland provided contributions aimed at offsetting this situation.

The most significant political event in the Western Balkans was Kosovo's declaration of independence in February 2008, with Switzerland among the recognising countries. In the context of cooperation with Eastern Europe, Switzerland provided support for the new Kosovo state structure and economic development, at the same time continuing cooperation with Serbia. Switzerland's on-going commitment helped to reduce tensions at a difficult time.

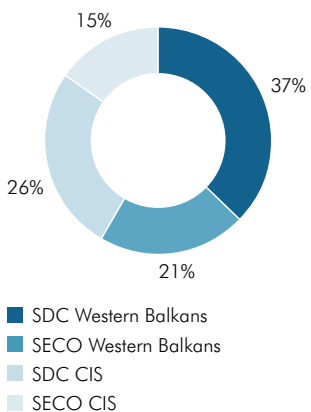
Model programmes in the domain of water and health care

The conflict between Russia and Georgia was felt throughout the CIS region. The geopolitical consequences of the military action have extended far beyond the Southern Caucasus. Cooperation has nonetheless continued with countries in the CIS region despite the political and economic problems. The programme in the Russian Federation was brought to an end on schedule.

Results of the cooperation include the following: thanks to Swiss aid, access to potable water was improved in seven of thirty-three Kosovo communes; in Serbia, support was provided for the enrolment in school of Roma children in nearly half of all communes; small and medium-sized enterprises in Albania were given easier access to credit; in Macedonia, the construction by Switzerland of a sewage plant on the Vardar River contributed to environmental protection; in Bosnia and Herzegovina, about 750,000 people benefited from the extension of health care services.

In Central Asia, the cold winter of 2007/2008 aggravated the shortages of water and energy. Swiss projects for sustainable water management thus acquired new significance. Thanks to technical and institutional improvements, it was possible to economise more than 30% of the agricultural water requirement of an area the size of canton Bern. This successful model is to be extended to other areas in cooperation with the World Bank and the Asian Development Bank. In the Republic of Moldova, basic midwifery services have been made available thanks to Swiss support.

Graph 7
Cooperation with Eastern Europe and the CIS 2008



SWITZERLAND'S CONTRIBUTION TO THE EU ENLARGEMENT

has been moving along successfully. In 2008, the SDC and SECO approved applications for financing worth a total of CHF 135.5 million. Beneficiaries are the ten countries which adhered to the European Union on 1 May 2004.

Switzerland's enlargement contribution finances projects aimed at reducing economic and social disparities in the enlarged European Union (EU). The institutional structures were developed in 2008 after signing of the bilateral framework treaties the previous year. Switzerland's embassies in Budapest, Prague, Warsaw and Riga have opened new offices

to take charge of project implementation in situ. The applications for financing approved in 2008 represented a total value of CHF 135.5 million. The projects cover needs in the areas of infrastructure and environment, security, regional development, promotion of the private sector and trade, health, and research.



The Swiss Contribution finances scholarships for young research scientists in the new EU member states



Switzerland contributes to environmental-friendly development in Central Europe and the Baltic region

THE PROMOTION OF PARTNERSHIPS with civil society and the private sector continues to be one of the main concerns of the SDC. The programme contributions for the 2009–2012 period were negotiated in 2008, and the SDC's partners have reacted positively to increased quality requirements.

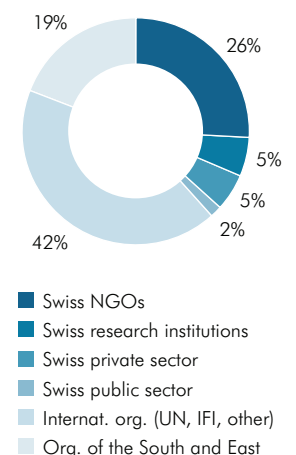
Civil society organisations and private sector enterprises have specialised know-how in a number of areas relevant to development. They are thus important partners, supporting and complementing official development cooperation efforts. Synergies between public and private assistance can be put to good use through various forms of cooperation in ways that give Switzerland an even higher profile in development cooperation.

The various partnerships and financial relationships have now been brought under a single roof,

which should make it possible to harmonise international partner relationships and develop a more in-depth approach to multiple partnerships.

The programme contributions for the 2009–2012 period were negotiated in 2008. The roles of NGOs and measures to increase their effectiveness were discussed, putting greater emphasis on quality control and risk management. On the whole, NGO partners have reacted favourably to the increasing demands made on them.

Graph 8
SDC partners in bilateral activities 2008



THE REORGANISATION OF THE SDC is intended to strengthen the development activities of Switzerland in its partner countries. Launched in 2008, it unfolds within the context of a comprehensive reform of the Federal Department of Foreign Affairs (FDFA).

The Federal Department of Foreign Affairs (FDFA) has entered a period of institutional reform, which includes the reorganisation of the Swiss Agency for Development and Cooperation (SDC) and the Directorate of Corporate Management (DCM). The DCM is being transformed into a service centre for the FDFA as a whole. This means that Internal Audit, the Language Services, and soon the Human Resources Division will be centralised services rather than under separate management, as they have been up to now. A whole series of tasks have already been transferred to the General Secretariat, including communications and the promotion of equal opportunities for men and women and for the inhabitants of the different linguistic regions.

Newly standardised development cooperation strategy

The purpose of reorganising the SDC is to ensure more effective implementation of the newly standardised development cooperation strategy, adapting to the new challenges that face development cooperation today. The objectives are clearly defined:

to make the SDC more efficient in performing its duties, to intensify cooperation with other services within the Federal Administration as well as within the FDFA itself, and finally to strengthen the presence of Switzerland in the world.

In the first stage of reorganisation in 2008, which focused on Headquarters in Bern, improvements were made to the internal coordination systems for bilateral operational efforts, contributions to multilateral institutions and thematic support.

The reorganisation resulted in the transfer of 700 development projects to other SDC units and the relocation, change in position, or modification of job description for a good many employees. All of this had to be completed within less than four months.

At present, the SDC is preparing to implement the second stage of its reorganisation, due to begin in 2009, which will focus on strengthening the presence of Switzerland in the world, and providing the Cooperation Offices with the competencies they need to carry out their duties. This stage is due for completion before the end of 2010.



The goal of the SDC's reorganisation is to enhance effectiveness in its partner countries



A BRIEF SUMMARY OF SWISS DEVELOPMENT COOPERATION RESULTS

In recent years, expectations for development agencies to show and communicate concrete results have generally risen. In an effort to improve the effectiveness of aid, the international community of donors has formulated a number of binding principles and measurable objectives. The aim is to achieve greater commitment on the part of recipient countries and better coordination of donors.

The SDC is increasingly systematic in its detailed examination of the results accruing from its activities. This examination has become an operational priority⁴ with two objectives: the impact on the development of countries and population groups needs to be optimised, with the reporting of results obtained to parliament and the Swiss public. As will be seen from the following examples, Switzerland's development cooperation activities on the whole produce results which correspond to the original objectives, in terms of both relevance and effectiveness.

Although far from comprehensive, the following examples from the priority areas of Swiss development cooperation do provide a fair idea of the diversity of results in sectors as different as fair trade relations, agricultural productivity, support for SMEs, access to health care and aid for displaced persons. However, they also show just how difficult it is to quantify evaluations of impact and express it in numbers.

DEVELOPMENT OF THE PRIVATE SECTOR

Swiss development cooperation also promotes private sector development in the many countries in which it operates. It provides support for the Small Enterprise Assistance Fund (SEAF) for example, which makes risk capital available to SMEs. In 2007, the fund produced a study on the impact of this capital on investments in 50 companies in Eastern Europe, Central Asia and Latin America. The study reached a number of interesting conclusions, notably with regard to the effectiveness of investments, which have an impact well beyond the companies in which Switzerland invests. Every dollar invested in an SME releases on average 12 additional dollars into the local economy. The annual creation of jobs by SMEs that benefited from the investments was 25%, and 72% of the new jobs were filled by people with little or no qualifications. The annual increase in wages in real terms in the period of the investments amounted to 26%.⁶

FAIR BUSINESS RELATIONSHIPS FOR COFFEE PRODUCERS IN BOLIVIA

Switzerland's development cooperation efforts have for years provided support for the development of fair trade relations. An investigation conducted in Bolivia analysed the impact on the coffee sector, as well as on poverty reduction. The investigation showed that growers who adopt fair trade standards have succeeded in improving their knowledge of the sector and their production techniques. Thanks to capacity building and the acquisition of know-how, they now find themselves more often in a position to deal successfully with other actors. They generate more income and have consequently been able to raise their standard of living. The investigation also showed that fair trade relations help to develop competition among local buyers and enable traditional producers to benefit from higher prices on the local market. The investigation reached the following conclusions: fair trade improves the living conditions of producers, helps to reduce inequalities, and leads to sustainable poverty reduction.⁵





INCREASED PRODUCTIVITY: GROWING CABBAGE IN NORTH KOREA

Cabbage plays an important role in the traditional diet as well as in the local economy of North Korea. Annual per capita cabbage consumption is between 120 and 150 kilogrammes, i.e. about half a kilogramme per day. Since 2002, Switzerland has supported the Korean Plant Protection Institute (PPI) of the National Academy of Agricultural Sciences in the implementation of an Integrated Pest Management (IPM) programme which combines biological, seed-breeding, and chemical control measures. Its main focus is less on chemical pesticides and more on environment-friendly methods designed to ensure sustainable production. IPM has made it possible to increase the annual cabbage yield by almost 40% or enough for 1.7 million people, thus making a substantial contribution to food security in North Korea. This is an important contribution to the first Millennium Development Goal according to which the number of persons suffering from hunger is to be halved by 2015.⁷

CLEAN ENVIRONMENT: MANUFACTURING BRICKS IN VIETNAM

Switzerland's development cooperation has worked in close cooperation with the authorities of Nam Dinh province south of Hanoi, in a programme for the manufacture of bricks. The aim was not only to improve both the quality and quantity of bricks manufactured while reducing the costs, but also to make a contribution to the protection of the environment. The conventional kilns found in Vietnam produce fumes that are harmful to the health of the workforce and contaminate the agricultural produce in nearby fields. About 300 vertical kilns were built in the framework of this programme, reducing annual emissions of CO₂ by 150,000 tonnes. This corresponds to the CO₂ emissions from 75,000 long-haul flights between Europe and Hanoi.⁸



IMPROVED HEALTH: DECLINE IN MOTHER AND INFANT MORTALITY IN RWANDA

The health care programme supported by Switzerland's development cooperation in the Great Lakes region of Africa has significantly improved the quality of health care. This is borne out by several key indicators. In Rwanda, for example, the death of mothers in child birth, which has always been high by international standards, has been significantly reduced over the past eight years. In the year 2000, the number of deaths for 100,000 live births was still 1,071, compared to just 750 in 2008. Infant mortality was reduced in just two years by 30%. The number of cases in which births were assisted by qualified medical staff rose from 16% in 2005 to 48% in 2008. Another positive result of the health care programme is the fact that more than 80% of the population is now covered by medical insurance.⁹

ENHANCED EFFECTIVENESS THROUGH IMPROVED MONITORING AND EVALUATION

In its annual review of the effectiveness of development assistance in 2007, the World Bank looked at the results of its efforts, and on the basis of the report of an independent evaluation group came to the conclusion that 80% of the projects had achieved at least a modest degree of success in reaching their development objectives. The World Bank concluded that the results of its projects in most sectors had improved since the year 2003, notable exceptions being in the areas of health and public administration, in which the development results for the 2003–2007 period compared unfavourably with those for the 1998–2002 period. The World Bank also concluded that it needed to improve the quality of monitoring and evaluation systems, to ensure that reliable data is available for the necessary comparisons, and that there is a clear relationship between the project objectives and the results.¹⁰



MORE SECURITY FOR INTERNALLY DISPLACED PERSONS AND REFUGEES IN GEORGIA

In recent years Switzerland's development cooperation in Georgia has focused on providing support for around 200,000 persons who were either internally displaced or had become refugees as a result of the conflict in Abkhazia in 1993. An independent study carried out at the end of 2007 came to the conclusion that Switzerland's activities, in close cooperation with the UN High Commissioner for Refugees (UNHCR) and the Georgian government, has made a positive contribution. The study concluded that the joint effort to promote political dialogue benefited the Georgian government, notably in the development of a national strategy for displaced persons. Today the authorities have the instruments necessary to make real improvements in the situation of displaced persons. As a result of the study, Switzerland reviewed its procedures for financing the UNHCR programme in Georgia on an annual basis and is now considering financing over a longer term that would facilitate the planning of aid projects.¹¹



SUMMARY: SHARING RESPONSIBILITY FOR A BETTER FUTURE

The examples contained in this report, in some cases taken from Swiss programmes and, in others, from Swiss participation in the programmes of partner organisations at home or abroad, make it clear that on the whole Switzerland's development cooperation obtains positive results in terms both of the relevance of its activities and their impact. Even so, given the global nature of the challenges, the questions surrounding the effectiveness of development assistance remain extremely complex. Equally important in this context are efforts to reduce poverty in the widest sense. Switzerland in collaboration with other actors will continue to make efforts to further improve methods for the evaluation and monitoring of development results at all levels. To this end, Switzerland has integrated an analysis of the entire chain of accruing results into the evaluation of these efforts, and continues to monitor their efficiency and relevance as well as their impact on the recipients.

⁴ The SDC and SECO published a first report on the effectiveness of their activities in the area of water supply in May 2008: "Report on the Effectiveness of Swiss Development Cooperation in the Water Sector", SDC & SECO, 2008.

⁵ Source: "Assessing the Potential of Fair Trade for Poverty Reduction and Conflict Prevention: A Case Study of Bolivian Coffee Producers", Sandra Imhof, Andrew Lee, June 2007 (abridged version).

⁶ Source: "From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises – Data Survey and Case Study Analysis of SEAF Investments", SEAF, October 2007.

⁷ Source: "Asia Brief – Cabbage for all in North Korea: results of the partnership".

⁸ Source: "Asia Brief – Partnership Results, Making the Vietnamese Brick Sector Sustainable".

⁹ Source: "2009 annual programme for the Great Lakes".

¹⁰ Source: "Annual review of development effectiveness 2008: shared global challenges", 2008, World Bank, Independent Evaluation Group Corporate Global and Methods (IEGCG).

¹¹ Source: SDC/UNHCR (2008): "External Evaluation on the SDC Multilateral Contributions to UNHCR in Georgia 2004–2007".

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Swiss Agency for Development and Cooperation (SDC)
Federal Department of Foreign Affairs (FDFA)
3003 Bern
Phone +41 31 322 44 12
www.sdc.admin.ch
info@deza.admin.ch

State Secretariat for Economic Affairs (SECO)
Federal Department of Economic Affairs (FDEA)
3003 Bern
Phone +41 31 324 09 10
www.seco-cooperation.admin.ch
info@seco-cooperation.ch

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info@deza.admin.ch, or
phone +41 31 322 44 12