



# Report on Effectiveness

Swiss International Cooperation  
in the Field of Employment  
2005 - 2014

## Executive Summary



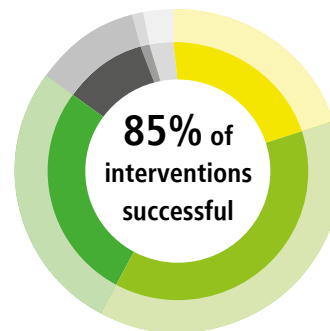
Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**

**State Secretariat for  
Economic Affairs SECO**

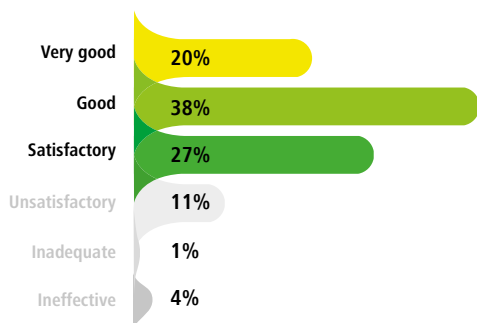
# RESULTS AT A GLANCE

Switzerland works with partners around the world to reduce poverty and to ensure sustainable development. Between 2005 and 2014 the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC) funded more than 200 employment-related interventions around the world. In 2017 independent experts had a close look at 72 projects by SECO and SDC to find out how effectively these interventions improved employment and income generation. For a full list of key results, please consult the public report.



## The Swiss international cooperation is successful in employment and income generation.

Almost 85 per cent of interventions across the Employment Portfolio (2005-2014) received effectiveness scores in the range of 6 (very good) to 4 (satisfactory) with an overall average effectiveness score of 4.5. The majority of interventions at least partly achieved their employment objectives.



## Job creation is a difficult objective to achieve and sometimes hard to measure.

Job creation is challenging to attain. In addition, it is sometimes difficult to directly connect a project or programme and the impact it created on employment as some effects are indirect and may occur long after the intervention took place. Collecting data on such indirect and induced effects requires considerable effort and resources. Therefore, the advantages and disadvantages of having job creation as an objective need to be carefully weighed. If it is included, a sound monitoring approach is needed that also involves partner institutions.

## Decent work projects deliver immediate benefits related to working conditions.

Decent work projects successfully improve the working conditions of poor people and women while also serving industry through increased productivity. Thereby, they demonstrate that decent working conditions and productivity can go hand in hand.

## Interventions successfully pursue gender equality.

Many interventions address gender equality as a transversal theme implemented through SDC and SECO mainstreaming policies.



**Microfinance and small and medium-sized enterprise projects need more input to allow a breakthrough out of poverty.**

Access to finance is an important instrument but when microfinance programmes in connection with small and medium-sized enterprise programmes provide beneficiaries grants that are too small, only the business owners improve their employment situation and additional income only reaches the business owners' families. These people might improve their situation but still remain in poverty.

**Synergies among projects in the same country or region should be more fully explored.**

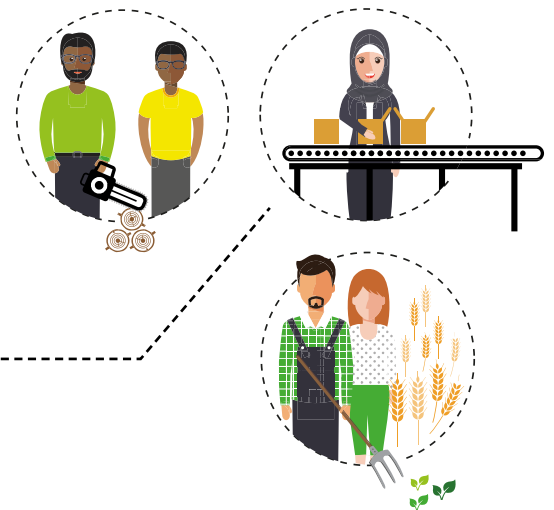
Projects could reach their full potential through more cooperation with each other. This is not yet common practice.

**Employment is a significant target of Swiss international cooperation.**

The interventions pursue a broad range of employment-related objectives, an approach that reflects the importance of employment as an outcome in all its dimensions. Also, employment-related objectives are consistent with the chosen intervention types.

**Interventions in vocational training, agricultural value chains, and decent work are most successful.**

Programmes and projects in these categories were particularly successful in achieving their results while interventions aimed at the promotion of small and medium-sized enterprises and at trade value chains received the lowest effectiveness scores. The ranking of intervention types should not be understood as preference of one type over the other. Instead, it shows that not all intervention types are equally successful in pursuing employment-related objectives. This information helps to improve intervention planning in the future.

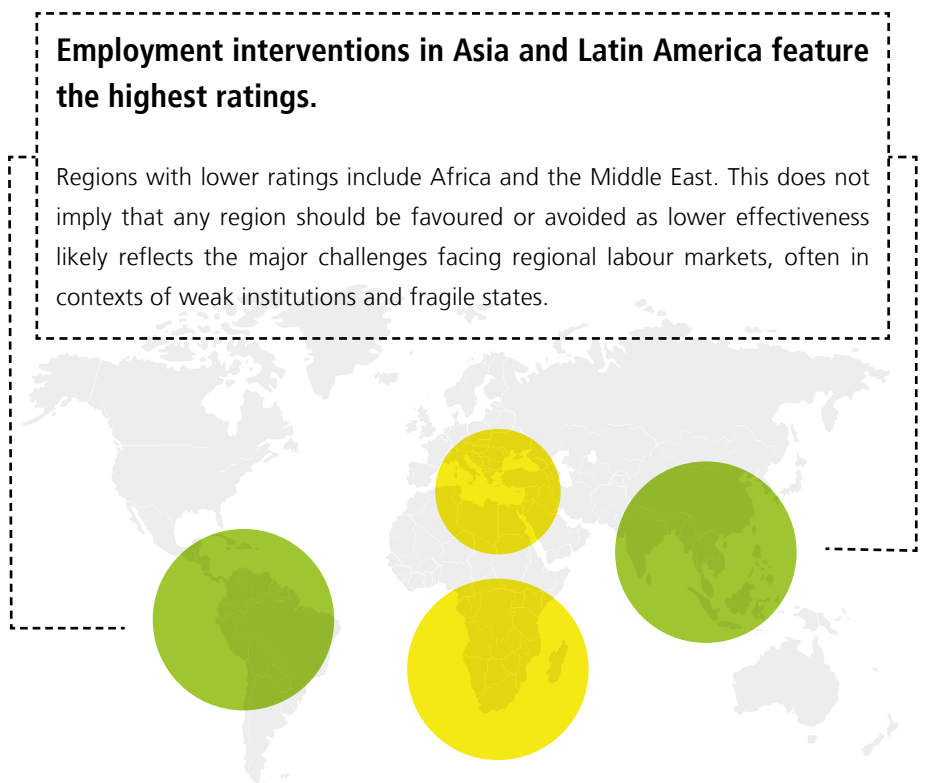


**Employment interventions in Asia and Latin America feature the highest ratings.**

Regions with lower ratings include Africa and the Middle East. This does not imply that any region should be favoured or avoided as lower effectiveness likely reflects the major challenges facing regional labour markets, often in contexts of weak institutions and fragile states.

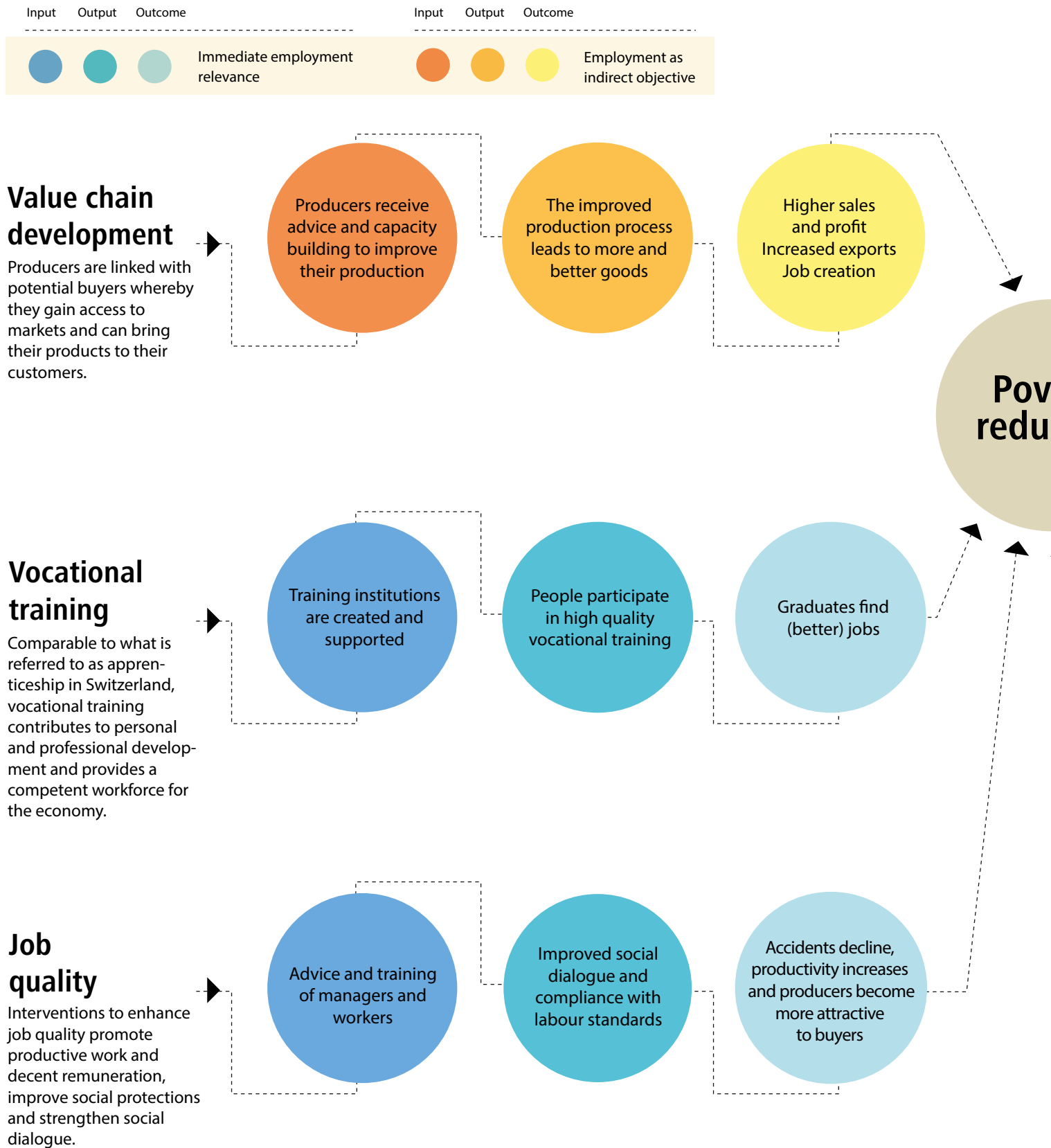
**Value chain interventions can be optimized by better market analyses.**

Value chain interventions showed good to satisfactory results, but in certain cases better market analyses could provide even more demand-orientated interventions.



# TYPES OF EMPLOYMENT INTERVENTIONS

One of the goals of the Swiss international cooperation for projects and programmes is to reduce poverty through sustainable economic growth. Improving employment is a vital step towards this goal. Given the many different aspects of employment, the Swiss international cooperation approaches the task from various angles.



# erty ction

Better public administration increases attractiveness for investors

Faster, cheaper and transparent regulation

Assistance in business environment reforms

## Structural reform & jobs

Projects typically imply changes in the way a government works to create a better investment climate and business environment and thereby foster local economic development.

Improved business performance

Better entrepreneurial know-how and financial literacy

Provision of business development services

## Small & medium-sized enterprise promotion\*

SMEs are supported to increase product quality and foster cleaner production techniques, or provided with entrepreneurial training, business development services and trade support.

Increased sales and income lead to job creation

New investments in hardware and working capital

Businesses receive financial services previously unavailable to them

## Access to finance\*

Interventions provide small grants or loans to individuals and SMEs or aim to increase private sector investment through support to financial institutions and regulatory reforms in the financial sector.

Access to services, e.g. energy, increases production, trade and competition

Better infrastructure and temporary jobs

Investment in roads, buildings, machinery, and energy

## Infrastructure projects

Improved infrastructure provides new and better access to basic services that create employment opportunities. Projects also provide direct employment during the construction phase and subsequent operation and maintenance.

\* The two intervention types ("small & medium-size enterprise promotion" and "access to finance") can have direct and indirect employment effects. For the purpose of this study, only projects with indirect employment effects were subject of research.



# SEVEN SUGGESTIONS FOR IMPROVEMENT

Development cooperation involves a network of organizations and people who work together on poverty reduction and development. Given the multitude of challenges addressed through shared responsibilities, the findings of this study present a highly satisfactory result for Swiss international cooperation. Logically, SDC and SECO are encouraged to continue in their successful approaches. For areas of improvement identified during the study, the following suggestions should be considered. Further suggestions can be found in the public report.

## 1 Provide thorough planning and sufficient resources in projects conducted in difficult regions and fragile countries.

The lower effectiveness rating for Africa and the Middle East does not imply that projects in such regions should be avoided. It should indicate to project planners that interventions in such regions need to ensure thorough planning and sufficient resources to be more successful despite an unfavourable environment.

## 2 Maintain realistic expectations towards job creation.


Job creation is a difficult objective and is often attained through indirect effects that are hard to measure. Projects and programmes that have limited impact on job creation and take place in demanding environments should set realistic expectations. Measuring job creation effects requires considerable effort and resources. Therefore, the costs and benefits of measuring job creation must be carefully discussed in the preparation phase.

## 3 Foster well-performing interventions and combinations.

As vocational training and decent work interventions seem to perform well in consistently achieving their goals, these efforts should be fostered. Along this line, more promising results might arise from combining SME projects that focus on entrepreneurial training or advisory services with access-to-finance components because entrepreneurs often face various constraints (e.g., lack of finance coupled with lack of financial literacy or business skills).







## **4 Provide solutions to poverty traps.**

Interventions in microfinance, job creation and training for vulnerable groups are large enough to alleviate poverty, but often too small to allow these people a real breakthrough out of poverty. Interventions should consider whether a second stage can be designed to reach this important step after successfully completing the first step, possibly in a combination of access to finance and the promotion of entrepreneurship.

## **5 Create more synergies between interventions.**

Quite often projects in the same country or region do not cooperate with each other, although there could be potential synergies between, for example, a vocational training project and a value chain intervention. Paying more attention to the extent to which such cooperation can be beneficial when planning such projects is therefore recommended.

## **6 Conduct better market analysis for value chain developments.**

The effectiveness of some value chain interventions was negatively affected by insufficient analysis of market potential and the associated production and marketing risks. Thus, basing the design of interventions on a proper market and value chain analysis to identify relevant and critical market development issues is recommended. This approach would also contribute to a higher demand orientation of Swiss international cooperation projects.

## **7 Engage in more public-private sector partnerships in value chain development.**

There seems to be an underexploited potential for public-private development partnerships in the production and processing of agricultural commodities. Such partnerships can be useful in guiding the attention of public decision makers to the main constraints faced by the private sector in the market system, and can serve as entry points for stronger engagement of the private sector.





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This publication as well as the public report is also available in German, French and Italian. They can be downloaded from the websites: [www.sdc.admin.ch/publications](http://www.sdc.admin.ch/publications) and [www.seco-cooperation.ch](http://www.seco-cooperation.ch).

**Photography:** SECO and SDC databases, Dr. Klaus Stocker (GOPA Consultants)

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