

A crystal ball sits on a dark, reflective pedestal. The crystal ball and pedestal are set against a background of a sunset over the ocean. The sky is filled with soft, horizontal clouds in shades of blue, grey, and white. The sun is a bright orange glow on the horizon, its light reflecting on the water and the surface of the crystal ball. The crystal ball itself is a dark, polished sphere that reflects the sunset scene, creating a double image of the horizon and the sun. The overall mood is contemplative and futuristic.

# **Two Worlds: 2010 vs. 2004**

**SDC: Challenges 2010  
Presentation by Richard Gerster**

# Overview

Key areas of future challenges:

- Coherence
- Selectivity
- Harmonisation
- Implementation
- Accountability

# Coherence 1/2010

- Seco's WTO-office presented the MDG-assessment of its activities. Together with the MDG-assessment of other Federal Offices it will be discussed in parliament.
- We remember: Back in 2004 only SDC and D&T/seco discussed the relationship of their work and the MDGs – as if their attainment were only determined by Int. Cooperation (IC) and Humanitarian Aid (HA).

# Coherence 2/2010

- Switzerland shares its seat in the IMF & World Bank alternating with Norway and other members of the voting group. Switzerland offered support for a proposal of a more adequate representation of developing countries.
- We remember: Back in 2004 Switzerland had the same share of votes in the BWI as did the 400 mio inhabitants of Egypt, Bangladesh and Indonesia together. At that time Switzerland fought for the status quo – regardless of development policies.

# Coherence 3/2010

- Switzerland signs long-term, balanced/symmetrical and comprehensive partnership agreements with its IC priority countries (e.g. Mali, Bangladesh). Among others they open a window for temporary migration of workers.
- We remember: Back in 2004 Switzerland fought a permanent defence against immigrants. A public discourse about Brain Gain & Brain Drain lead to an opening for the IC priority countries, in addition to the EU.

# Coherence 4/2010

- There are international levies to finance global public goods (GPG) - comparable to a government's collection of taxes for the provision of public goods & services on a national level. Switzerland and like minded countries fought for them internationally.
- We remember: Back in 2004 Switzerland took a negative stance in the search for new international funding sources (Tobin tax, bit levy, SDRs, etc.) In SDC GPGs were only a side issue.



# Coherence 5/2010

- Development cooperation (DC) surpasses 0,4% of the GNP. Strategic alliances in foreign policy, a renewed commitment by the EU and USA and an increasing pressure for legitimation contributed to a reappraisal of development cooperation.
- We remember: Back in 2004, in spite of 13 years of promises and statistical plastic surgery, DC amounted to only 0,37% of the GNP. DC profited from its humanitarian niche, but paid for it with irrelevance in foreign politics and stagnation.

# Selectivity 1/2010

- Within the framework of IC, the Federal Council limits SDC/seco priority countries to a maximum of 10. This way a small donor like Switzerland ensures strategical influence and that its voice is heard.
- We remember: In 2004 high transaction costs and IC fragmentation met increasing criticism. A culture of consensus, internal country lobbies and differences between SDC and seco slowed down the concentration process but could not stop it.



# Selectivity 2/2010

- The choice of DC priority countries reflects the criteria of SDC's 2010 strategy: need, potential, SDC's comparative advantages and Switzerland's political interests.
- We remember: Up until 2004 these criteria were overruled by daily politics (e.g. Palestine, South Africa) or by the necessity to transform HA into DC (Sri Lanka).

# Selectivity 3/2010

- Three of the thematic priority areas are covered internally (governance, social development and a varying theme); all others are purchased flexibly from externals or obtained from partners (e.g. seco, Norway, Bangladesh).
- We remember: The dynamics of international debate as well as the demands from the field have led to inflational claims and unsolvable capacity constraints within the department of thematic services .

# Selectivity 4/2010

- Switzerland's multilateral engagement reaches 50% of total DC. Switzerland also sets clear multilateral priorities in order to increase effectiveness and efficiency.
- We remember: In 2004 the split in DC was 2/3 bilateral, 1/3 multilateral, and vice-versa in HA. SDC had a multilateral strategy but no concretising institutional strategy papers as required.

# Selectivity 5/2010

- The department of Humanitarian Aid firmly anchored the idea of prevention as a cross-cutting issue in all of SDC's departments. In international cooperation SDC positioned itself accordingly and gained a profile.
- We remember: In 2004 HA characterised prevention and readiness as an untaken opportunity respectively as a challenge with a backlog for SDC.

# Harmonisation 1/2010

- DAC's „Best Practices“ for harmonising are implemented in SDC and seco (e.g. delegated IC, joint missions, coordinated reporting).
- We remember: In 2002/03 Switzerland played a lead role in the DAC debate on harmonisation. However, also in 2004, implementation in its own house had yet to take place.

# Harmonisation 2/2010

- Program oriented IC (SWAPs, GBS) in close collaboration with seco is highly relevant. Local stakeholders, parliaments and NGOs are included in reviews. Concentration and dialogue strengthen the effectiveness of DC.
- We remember: In 2004 SWAPS and GBS resembled wallflowers. High transaction costs in project aid were ignored or passed on. NGOs and media were sceptical towards programme instruments.

# Harmonisation 3/2010

- A „Programme Aid Partners` Performance Assessment (PAPPA)“ is an integral part of all programme oriented, political dialogue on country level. That is how pressure on harmonisation is built based on local standards and coordination.
- We remember: 2004 was the first time that a PAPPA report was integrated in the MoU with Mozambique on budget aid. This idea of a symmetrical demonstration of achievement on both sides, donor and development partner, prevailed.



# Harmonisation 4/2010

- In Switzerland SDC/seco have joined cooperation and created synergies. The interdepartemental services "Bretton Woods" (incl. FFA & SNB) and "World Trade" strengthen efficiency and effectiveness.
- We remember: In 2004 there were parallel discussions in SDC, seco, the FFA and SNB about the role of the IMF in LICs. Development & trade were a concern of SDC, D&T/seco, seco Task Force Trade & Development and the seco WTO office.

# Harmonisation 5/2010

- Team spirit tops all: The members of SDC's Directorate see themselves above all as part of Swiss IC; particular interests of the different departments are clearly subordinate to the overall perspective.
- We remember: In 2004 the intra-directorial culture of consensus consumed a large amount of the leading staff's working hours; there was neither sufficient time nor energy for comprehensive discussions and hardly any leeway for reform decisions.

# Implementation 1/2010

- The number of SDC strategies is limited to a maximum of 12. They are binding for all, their implementation is systematically checked, weaknesses are improved, staff is rewarded.
- We remember: In 2004 there were 229 valid programme documents. Their implementation asked too much from the staff. C-GAP Evaluation: With its micro finance strategy SDC moved to the global top - with its inadequate implementation to the backseats.

# Implementation 2/2010

- One third of the thematic division's working capacities is allocated to arising new topics. Within two years maximum the responsibility is handed over to others - internally or externally - or the topic is dropped.
- We remember: Via the multilateral discourse new legitimate topics as well as temporary fashions and new tags became relevant for SDC. The excessive demands caused defence, the „digestion“ went on for years.

# Implementation 3/2010

- All COOFs are integrated SDC/seco representations and lead agencies in bilateral as well as multilateral activities in the respective partner country.
- We remember: In 2004 there were still exceptions to the rule of a joint SDC/seco appearance. The multilateral dimension was hardly decentralised in operational issues.

# Implementation 4/2010

- SDC/seco developed strategic partnerships with independent research and policy institutions in Africa, Asia and Latin America. A pool of regional consultants who are also familiar with Swiss approaches are available.
- We remember: In 2004 a factual tying of the aid to the caste of Swiss consultants dominated. Not only was this expensive, it also hindered the vision towards regional capacity building as well as South-South cooperation.

# Implementation 5/2010

- SDC/seco implemented clear benchmarks identifying „Swiss IC“ (government, NGOs). COOFs account for discrepancies (e.g. PRSP, GBS/SWAPs, DAC-harmonisation) in the respective partner country. Transactional costs are below 20%.
- We remember: In 2004 SDC/seco issued a management statement regarding the relevance of PRSPs. In addition, other international benchmarks were adopted and implemented. Transaction costs could be cut.



# Accountability 1/2010

- DC is well grounded in the Swiss parliament and public. A significant contribution to this attitude has been made by a systematic MDG Exposure Programme for future opinion leaders in media, politics and economy. It started 2005 with a 10 year horizon
- We remember: Up until 2004 DC suffered from various budget cuts. Consensus crumbled. A broad MDG Initiative with peers in media, politics and economy, supported by SDC/seco brought the turning point.

# Accountability 2/2010

- Global Education is an integral part of the curricula in all cantons and reflects the globalised reality. This allows for a quantum leap in SDC's investment in global learning. Selected members of the diaspora are actively participating.
- We remember: Up until 2004 the Foundation Education & Development was well established as a joint effort, however the limits of the efforts to that date were also visible.

# Accountability 3/2010

- The new way of delegated cooperation asks for trust as well as political backing. SDC and seco partners from the South and East have asked donors to give in depth account to their parliaments about opportunities and risks of IC.
- We remember: Up until 2004 donors sometimes neglected their homework and passed on the consequences of internal politics (changes, budget cuts) to their partners at short notice – not taking into account earlier promises.

# Accountability 4/2010

- Swiss development politics (SDC & seco +) just accomplished an evaluation by an independent group of experts from developing and transition countries. The large echo in the media made way for far reaching reforms.
- We remember: In 2004 insiders were aware of the weaknesses of DC. However the courage for far reaching reforms remained weak.

A photograph of a sunset or sunrise over a body of water. The sky is filled with soft, white and grey clouds, with a bright glow from the sun just below the horizon. The water in the foreground is dark blue with gentle ripples, reflecting the light from the sky. The overall mood is calm and serene.

**Thank you very much  
for your attention!**