Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Evaluation 2024/2

Independent Evaluation of SDC's Performance in Vocational Skills Development from 2017-2023

Independent Evaluation of

SDC's Performance in Vocational Skills Development from 2017-2023

Commissioned by the Evaluation and Controlling Unit
of the Swiss Agency for Development and Cooperation (SDC)

Contents:

I   **Evaluation Process**
II   **SDC Senior Management Response**
III   **Evaluators' Final Report**

Case Studies: see Volume 2

Donor	SDC – Swiss Agency for Development and Cooperation
Report title	Independent Evaluation of SDC's Performance in Vocational Skills Development from 2017-2023
Geographic area	Global, Albania, Bangladesh, Burkina Faso, Egypt, Nepal, Niger, Serbia, Syria, Tanzania
Sectors	113 Secondary Education, 114 Post-Secondary Education
Language	English
Date	August 2024
Author	PEM Consult, Ny Carlsberg Vej 80, 1799 Copenhagen, Denmark Simon White (Team Leader), Jørgen Billetoft (VSD and Labour Markets Specialist), Michael Axmann (VSD Specialist), Hans Henrik Madsen (VSD Specialist), Vera Devine (Governance, Gender and Institutional Specialist), Susan Ulbaek (Quality Assurance)

Bern, December 2024

I   Evaluation Process

Evaluations commissioned by the SDC's Board of Directors were introduced in the SDC in 2002 with the aim of providing a more critical and independent assessment of the SDC activities. These Evaluations are conducted according to the OECD DAC Evaluation Standards and are part of the SDC's concept for implementing Article 170 of the Swiss Constitution, which requires Swiss Federal Offices to analyse the effectiveness of their activities. The SDC's **Senior Management** (consisting of the Director General and the heads of SDC's departments) approves the Evaluation Program. The **Evaluation and Controlling Unit** commissions the evaluation, taking care to recruit independent evaluators and manages the evaluation process.

The Evaluation and Controlling Unit identified the primary intended users of the evaluation, and invited them to participate in a **Core Learning Partnership (CLP)**. The Core Learning Partnership actively accompanied the evaluation process. It commented on the evaluation design (Approach Paper); it validated the evaluation methodology (Inception Report); and it provided feedback to the evaluation team on their preliminary findings. During a capitalization workshop and a presentation on the Draft Evaluation Report, the Core Learning Partnership had the opportunity to comment on the evaluation findings, conclusions and recommendations.

The evaluation was carried out according to the evaluation standards specified in the Terms of Reference.

Based on the **Final Report of the Evaluators**, the **Senior Management Response (SMR)** was approved by the SDC's Board of Directors and signed by the SDC Director-General.

The SMR is published together with the **Final Report of the Evaluators**. Further details regarding the evaluation process are available in the evaluation report and its annexes.

Timetable

Step	When
Approach Paper finalized	July 2023
Implementation of the evaluation	October 2023 – December 2024
Senior Management Response in SDC	December 2024

II   Senior Management Response

Introduction

The SDC commissioned an independent evaluation of SDC's Performance in Vocational Skills Development from 2017-2023. The evaluation assessed SDC's VSD portfolio of bilateral projects against the Organisation for Economic Cooperation and Development (OECD) Donor Assistance Committee (DAC) criteria of relevance, coherence, effectiveness, efficiency, impact and sustainability. Furthermore, the evaluation identified lessons and good practices. The evaluation team had access to the full range of SDC documentation. It reviewed project documents and evaluations and it interviewed a large number of SDC as well as key stakeholders.

The Management Response states the position of the SDC Board of Directors on the recommendations of the Independent Evaluation.

Assessment of the evaluation

The evaluation was conducted by a team of independent experts in accordance with international standards. The evaluation process included the close involvement of the core learning partnership (CLP). The CLP comprised staff from all relevant divisions of SDC, both at head office and from the field. The main objectives – assessing the relevance, coherence, effectiveness, impact, efficiency, and sustainability have been met by the evaluators. The report's analysis and resulting recommendations are appreciated and useful. The SDC's Senior Management thanks the evaluation team and SDC staff involved for their effort and for a substantial and comprehensive report. The SDC's Senior Management is committed to implementing the measures set out in the senior management response.

Main findings

The overall findings of the evaluation are as follows:

- Relevance: SDC's support for VSD is responsive to national economic, social and political contexts. It typically applies a bottom-up approach based on the experiences and challenges of local actors. Support for VSD was found to be aligned with the IC Strategies of 2017-2020 and 2021-2024. Increasing attention is being assigned to ensuring that education and training better meet the needs of the labour markets, while particular support is given to social inclusion, dual VSD systems development and private sector engagement.

- Coherence: SDC's VSD interventions support and complement with other SDC policies, strategies and plans, and other Swiss agencies. There is scope to improve knowledge management of VSD across a highly decentralised and diverse portfolio. SDC's VSD interventions are consistent and complementary with those of other donors and development partners, often taking a lead role in donor coordination. SDC is well placed to drive policy dialogue among the development partners.

- Effectiveness: SDC VSD projects are well-designed, with clear logic and sound management arrangements that rely on a small group of implementing partners. Attention has been given to identifying lessons and tracer studies to measure outcomes, but little has been done to assess the broader systems outcomes and impacts of VSD support. While there is strong evidence that SDC has sought to engage the private sector and foster demand-driven skills development, less attention has been given to the effects of VSD on private sector productivity, profitability, and competitiveness. SDC projects often met or exceeded their targets when working with direct beneficiaries, including women, young people and vulnerable and marginalised groups. Fewer results were reported when it came to embedding institutional or macro-

level changes. Support for national systems development is critical and requires policy dialogue, which SCOs are best placed to lead (rather than implementing partners).

- Efficiency: VSD projects are efficiently implemented according to market conditions. SDC's VSD projects have cooperated closely with SECO in countries where SECO operates to ensure alignment and coordination. There is an efficient division of labour and information sharing within SDC at the SCO, regional and headquarters levels. SDC organises its VSD support over several phases, enhancing project flexibility and adaptability to changing circumstances based on lessons learned in earlier phases. Under a highly decentralised system, SCOs are fully responsible for project identification, scoping, approval, and management. While VSD knowledge management is based on SCO demand, it requires investment to promote best practices and respond to contemporary VSD topics and challenges.

- Impact: Good results have been achieved at the micro level, with many projects creating positive and meaningful impacts among direct beneficiaries, especially marginalised and disadvantaged target groups (e.g., the number of women and young people trained and gaining employment). Results have also been achieved at the meso level, where VSD projects have worked with organisations (e.g., government agencies, training centres, and business organisations) to improve their capacity and system governance. Macro reforms have proved to be more difficult, often demanding policy dialogue that combines diplomatic and political support with relevant and timely technical assistance.

- Sustainability: Sustainability is elusive in many VSD projects. While there is evidence that some intervention results will continue or are likely to continue after closure, many factors influence sustainability. At the beneficiary level, the benefits of VSD can be lifelong (e.g., access to employment and increased incomes). At the meso and macro levels, the sustainability of project outcomes is more vulnerable to erosion from external factors. Many Exit Strategies are too short and overly optimistic in their assumptions and claims regarding sustainability. While these claims could be more rigorously tested, a more strategically realistic approach would be to agree on feasible milestones that may be achieved along a pathway to increasing sustainability. Financial models for sustainable private sector engagement (PSE) in VSD are essential. It is only through effective cost-sharing between the public and private sectors that VSD can become sustainable.

Key elements of the management response

Out of the 8 recommendations, 4 are 'fully agreed' (green), 4 are 'partially agreed' (orange) and 0 is 'disagreed' (red).

1. To ensure continued relevance, VSD projects should conduct more detailed assessments of the employment opportunities for project target groups and identify mechanisms to improve linkages between informal and formal education and labour markets. The approaches used will be context-specific and based on each target group's needs and opportunities.	🟩
2. Because guidance documents continue to be of importance for thematic steering, it is recommended that SDC gives more attention to implementing the thematic guidance on (i) skills for the green transition, (ii) the globalisation of the labour markets, (iii) empowerment of private sector to engage in the national dialogue on VSD, and (iv) the demand for digital skills and the digitalisation of VSD systems.	🟧
3. SDC should ensure an adequate budget for knowledge management, including support for sharing best practices and lessons learned to inform project design and policy dialogue among the other development partners.	🟧

4. E+E should provide technical guidance and advice to SCOs to lead national policy dialogue on VSD, especially in countries where SDC investments support VSD systems development. Where relevant, policy dialogue should be accompanied by high-level, independent Swiss technical advice.	
5. It is recommended that SDC conducts more frequent impact evaluations that specifically assess the longer-term impacts of VSD project outcomes and impacts.	
6. SDC should update the guidance material on VSD support for systems development (including the 2019 Typologies note), with particular attention to strategies for scaling up and embedding new VSD practices in national systems' development.	
7. More realistic exit strategies should be designed at least two years before a project ends. These strategies should include a plan for gradually phasing out technical assistance and transferring financial responsibility to the government. This often requires early agreements to get government buy-in on projects and their long-term sustainability.	
8. Strong synergies between VSD, PSD and PSE projects, including dual VSD systems, should be developed by piloting and building more sustainable models for private sector-led VSD.	

Bern, December 2024

Patricia Danzi, SDC Director General

Annex: Table overview on recommendations and measures

Recommendation 1
To ensure continued relevance, VSD projects should conduct more detailed assessments of the employment opportunities for project target groups (i.e., ways to better match the supply and demand for skills) and identify mechanisms to improve linkages between informal and formal education and labour markets (e.g., through increased attention to the recognition of prior learning and micro-credentials). The approaches used will be context-specific and based on each target group's needs and opportunities.

Management response

Fully agree	Partially agree	Disagree

SDC's management recognizes the importance of conducting detailed assessments to better align employment opportunities with the skills needs of project target groups. This approach is essential for improving both employment and self-employment prospects. Responsibility for these assessments largely rests with the Swiss Cooperation Offices (SCOs), who increasingly recognize the importance of such assessments in enhancing project effectiveness.

SDC is committed to supporting systemic changes that strengthen the links between informal and formal education and labour markets. However, integrating vulnerable groups into formal systems presents challenges, particularly in regions where informal economies are predominant. While SDC aims for long-term, sustainable improvements through national qualification frameworks, TVET system reforms, and recognition of prior learning, we also acknowledge the need for short-term measures to support livelihoods within the informal sector. The balance between these long-term goals and the immediate needs of target groups is tailored to the specific context and requirements of each project.

In response to this recommendation, SDC will focus on leveraging existing VSD guidance and documents related to these issues, rather than creating new ones. Additionally, fostering exchanges between network members will be prioritized, allowing for the sharing of experiences and best practices.

Measures	Responsibility	Timing
- Strengthen awareness-raising within the E+E Network on effective strategies for connecting formal and informal education and labor markets.	- E+E section and network members	2025-2026
- Raise awareness at senior management and project level on the importance of conducting detailed assessments of the employment opportunities.	E+E section and thematic regional advisors (TRAs)	2025-2026

Recommendation 2
Because guidance documents continue to be of importance for thematic steering, it is recommended that SDC gives more attention to implementing the thematic guidance on (i) skills for the green transition, (ii) the globalisation of the labour markets, (iii) empowerment of private sector to engage in the national dialogue on VSD, and (iv) the demand for digital skills and the digitalisation of VSD systems.

Management response		
Fully agree	**Partially agree**	Disagree

SDC management recognizes the importance of emerging topics such as green skills, the globalization of labour markets, private sector engagement in VSD, and the demand for digital skills. However, none of these specific guidance documents currently exist. To optimize resources and ensure impact, SDC will focus on a limited set of priorities in the coming period.

- **Green Skills**: An orientation paper on green skills is under preparation, reflecting SDC's commitment to supporting a green, just transition through vocational skills development (VSD).

- **Globalization of Labor Markets**: While not a priority for SDC at this time, we are developing an orientation paper on VSD in displacement contexts, which will touch on aspects of labor market globalization, particularly regarding displaced populations.

- **Private Sector Engagement**: Enhancing private sector participation in national VSD dialogues will be integrated into the upcoming revision of the VSD typology tool.

- **Digital Skills**: A publication on the use of digital technologies in vocational education and training (VET) has already been released. Although this is not a formal guidance document, it provides practical examples of integrating digital tools into VET systems. However, digital skills as a separate thematic area are not prioritized within the E+E Section's Programmatic Framework for 2025–2028, and will therefore not be developed as a separate guidance document at this time.

The responsibility for the effective application of existing guidances remains with the SCOs, who are best placed to adapt these frameworks to their local contexts. By prioritizing current resources, SDC aims to maintain strategic focus while remaining adaptable to emerging needs.

Measures	Responsibility	Timing
– Finalize and disseminate the E+E guidance on green skills.	- E+E section	2025
– Update the VSD typology tool, emphasizing the private sector's role in national dialogue on VSD.	- E+E section	2025

Recommendation 3
SDC should ensure an adequate budget for knowledge management, including support for sharing best practices and lessons learned to inform project design and policy dialogue among the other development partners.

Management response		
Fully agree	**Partially agree**	Disagree

SDC acknowledges the critical importance of knowledge management (KM) in enhancing project design, fostering policy dialogue, and facilitating the sharing of best practices among development partners. We recognize that effective KM is essential for maximizing the impact and sustainability of VSD initiatives. The active participation of network members is also crucial to ensuring that knowledge is continuously generated, shared, and applied across projects and regions.

However, starting in January 2025, the E+E thematic section will face a 20% reduction in the budget allocated to KM activities. In light of this adjustment, SDC will focus on leveraging existing KM resources and instruments within the organization to maintain effectiveness while adapting to the current budgetary and staffing constraints.

Additionally, SDC values the importance of fostering regional exchanges among network members to share best practices and lessons learned. SDC remains committed to promoting these exchanges as a cost-effective strategy to support ongoing learning and collaboration across regions, even within the adjusted budget framework.

Measures	Responsibility	Timing
- Support regular regional exchanges (virtual or physical) of E+E network members.	- E+E section with network members and geographical divisions	Throughout 2025-28
- Include KM more systematically in staff's ToRs and MbOs	- SDC Management (HQ and Field offices)	

Recommendation 4
E+E should provide technical guidance and advice to SCOs to lead national policy dialogue on VSD, especially in countries where SDC investments support VSD systems development. Where relevant, policy dialogue should be accompanied by high-level, independent Swiss technical advice.

Management response		
Fully agree	**Partially agree**	Disagree

SDC recognizes the importance of national policy dialogue on VSD and the role of technical guidance in this process. High-level, independent Swiss technical advice is often mobilized in countries where Switzerland supports significant reform processes and system changes in VSD. The E+E section actively provides SCOs with policy messages on its thematic areas, including VSD, to guide their efforts. However, national-level policy dialogue is primarily led by Embassies and SCOs, as it is deeply rooted in the local context and relies on the field staff's specific knowledge and expertise. Context-specific insights are crucial for effective policy dialogue, and these are best generated on the ground. While E+E can provide support on demand, the local context and local leadership remain central to the success of the dialogue. In this regard, general policy messages on VSD are already available and can be shared with geographical units and SCOs as needed to support their work.

Measures	Responsibility	Timing
- E+E can support capacity-building, share best practices, and provide on-demand thematic support for policy dialogue.	- E+E section	Throughout 2025-28

Recommendation 5
It is recommended that SDC conducts more frequent impact evaluations that specifically assess the longer-term impacts of VSD project outcomes and impacts (e.g., long-term employment outcomes and effects on private sector profitability, productivity and competitiveness).

Management response		
Fully agree	Partially agree	Disagree

In response to the GPK report on measuring effectiveness in international cooperation, the Federal Council has already decided a number of measures.

The recommendation of this evaluation report refers to counterfactual (rigorous) impact evaluations (aiming at establishing a link between cause and effect) as well as to impact as defined in the OECD-DAC evaluation criteria (significant higher level effects).

In order to support SDC's decentralised evaluation function, the specialist service Evaluation and Controlling (EC) has introduced targeted support to incubate impact evaluations. However, the decision and responsibility to conduct such evaluations remains with the SCOs. In addition, a limited number of centrally mandated ex-post evaluations with a focus on sustainability and impact will be conducted during the Swiss International Cooperation Strategy period 2025-28.

The measures to this recommendation are followed-up through the tracking of the measures decided by the Federal Council in response to the report on measuring effectiveness in international cooperation of the Parliamentarian Control Committee (GPK-S).

Recommendation 6
SDC should update the guidance material on VSD support for systems development (including the 2019 Typologies note), with particular attention to strategies for scaling up and embedding new VSD practices in national systems' development.

Management response		
Fully agree	Partially agree	Disagree

Scaling up is a goal that SDC wants to pursue. SDC has the ambition to scale up VSD interventions, but this is particularly challenging, especially at the macro level and in fragile contexts. SDC generally operates in complex and often fragile environments, where unpredictable changes are the norm. Project implementation must therefore continuously adapt to the circumstances and take into account changes in opportunities and risks. This also applies to the area of VSD, where SDC often defines its added value in terms of piloting innovations and new approaches, which are then scaled by other actors. Therefore, the role of policy dialogue and donor coordination, as mentioned in recommendation 4, is essential to ensuring the broader scaling of VSD interventions.

Moreover, effective scaling and the durability of project results are key components of SDC's results-based management framework and are embedded in the normative guidelines for credit proposals. The upcoming digital credit proposal and project management system will explore additional mechanisms to support scaling and exit strategies.

In addition, following the 2023 EKF Audit on VSD, SDC has already planned several measures, including the digitalization of credit proposal processes (under the IT project: SDC Projects) and initiatives to facilitate exchanges within the network to promote scaling modalities in VSD.

Measures	Responsibility	Timing
- E+E to update the VSD typology and materials on scaling-up strategies. - SDC implements 'SDC Projects'. This measure is tracked under the follow-up of the 2023 EKF Audit on Vocational Education and Training.	- E+E section	2025

Recommendation 7

More realistic exit strategies should be designed at least two years before a project ends. These strategies should include a plan for gradually phasing out technical assistance and transferring financial responsibility to the government. This often requires early agreements to get government buy-in on projects and their long-term sustainability.

Management response

Fully agree	**Partially agree**	Disagree

SDC recognizes the importance of developing realistic exit strategies well before project completion. It partially agrees with the recommendation to design the exit strategy two years prior to a project's end, while not agreeing on a "one-size fits all" approach. Two years before a project's end is often too late to start designing an exit strategy. Moreover, each project's specific context may require tailored approaches for phasing out technical assistance and transferring financial responsibilities. Rigid timelines may overlook unforeseen challenges or the differing capacities of government partners. Furthermore, an exit strategy may not necessarily involve financial transfers to the government or the phasing out of technical assistance, as this is just one possible approach among others.

In response to similar recommendations from the 2023 EKF Audit on Vocational Education and Training, SDC is already reviewing its credit proposal guidelines to strengthen requirements around scaling up and exit strategies. The upcoming digital credit proposal and project management system will further support these objectives, allowing for tailored planning that better integrates long-term sustainability considerations.

The measures to this recommendation are followed-up through the tracking of the measures decided in response to the 2023 EKF Audit on Vocational Education and Training.

Recommendation 8

Strong synergies between VSD, PSD and PSE projects, including dual VSD systems, should be developed by piloting and building more sustainable models for private sector-led VSD.

Management response

Fully agree	**Partially agree**	Disagree

SDC is committed to strengthening its engagement with the private sector across all areas, including VSD, to drive better development outcomes. Realizing synergies between VSD, private sector development (PSD), and private sector engagement (PSE) requires favourable conditions, including viable economic frameworks, committed private sector partners willing to co-finance as well as SDC's know-how in engaging with the private sector.

In contexts where economies have high informality and target groups often have low qualifications, achieving these synergies can be particularly challenging. In addition, often in SDC priority countries, a culture of collaboration between the state and the private sector to finance and implement vocational training is missing. SDC helps partner governments understand the importance of a private employer-led approach and has piloted new private sector-driven approaches in VSD.

To address these challenges, SDC is focused on adapting approaches to fit local contexts and assess which models work best in different settings. For instance, private sector-led initiatives often find success by upskilling the existing workforce.

In response to a similar recommendation from the recent EKF Audit, SDC has already committed to undertaking several measures. These include systematically exploring opportunities to deepen private sector collaboration including in the field of vocational education and training, promoting internal knowledge-sharing on effective private sector engagement in VSD, enhancing staff training, and initiating targeted dialogues with potential partners, including the private sector and foundations. At this time, no further measures are planned.

The measures to this recommendation are followed-up through the tracking of the measures decided in response to the aforementioned EKF Audit.

III Evaluators' Final Report

Volume 1: Main Report

Authors:

Simon White (Team Leader), Jørgen Billetoft (VSD and Labour Markets Specialist),
Michael Axmann (VSD Specialist), Hans Henrik Madsen (VSD Specialist), Vera Devine
(Governance, Gender and Institutional Specialist), Susan Ulbaek (Quality Assurance)

August 2024

Executive summary

This report presents an independent assessment of the performance of SDC's support for vocational skills development (VSD) between 2017 and 2023. The evaluation assesses SDC's VSD portfolio of bilateral projects (i.e., 131 relevant projects and 169 project phases across 58 countries) against the Organisation for Economic Cooperation and Development (OECD) Donor Assistance Committee (DAC) criteria of relevance, coherence, effectiveness, efficiency, impact, and sustainability.

While VSD has been one of the cornerstones of Swiss development cooperation for over six decades, it has gained more importance as a foreign policy intervention since the 2010s. In recent years, the resources allocated to VSD have increased. On average, SDC funding for VSD activities from 2017 to 2022 amounted to more than CHF 32 million annually. This represents an average of 2.4 per cent per annum of the total SDC bilateral expenditure. SDC's bilateral engagement in VSD has grown since 2015. Switzerland's International Cooperation Strategy 2017–2020 identified basic education and VSD as priorities and substantially increased the resources by 50 per cent compared to 2013-2016.

This independent assessment shows how SDC has applied its experience, best practices, and lessons learned to shape international development cooperation in VSD and contribute to policy dialogue. It identifies lessons and good practices and generates recommendations for future practice. Particular attention is given to VSD and private sector cooperation, national systems development, and SDC's organisational arrangements. The evaluation findings came to the following conclusions:

Relevance: SDC's support for VSD is responsive to national economic, social and political contexts. It typically applies a bottom-up approach based on the experiences and challenges of local actors rather than a top-down approach that would begin with a more comprehensive analysis of the system. An overall VSD analysis is more likely in countries where SDC provides broader support for systems development. Support for VSD was found to be aligned with the IC Strategies of 2017-2020 and 2021-2024. Increasing attention is given to ensuring that education and training better meet the needs of labour markets, while particular support is given to social inclusion, dual VSD systems development and private sector engagement. While SDC supports VSD to achieve social inclusion, this does not always integrate marginalised or disadvantaged target groups into the national system. Instead, it often promotes resilience and pathways outside of or parallel to the formal system. More attention could be given to linking formal and informal systems. There are several globally emerging themes that the VSD portfolio could benefit from more thematic guidance: VSD that supports a just green transition, the role of VSD in global labour markets, proven successful models in private employer-led dual systems training, and digital skills and support for the digitalisation in VSD systems.

Coherence: SDC's VSD interventions support and complement other SDC policies, strategies, plans, and those of other Swiss agencies. There is scope to improve knowledge management of VSD across a highly decentralised and diverse portfolio. SDC's VSD interventions are consistent and complementary with other donor and development partners, often taking a lead role in donor coordination. SDC is recognised as an authoritative, credible, and reliable partner that has adjusted its approach to local circumstances and collaborated with other development partners. While knowledge management is based on the Swiss Cooperation Offices' (SCO) demands, it requires investment to promote best practices and respond to contemporary VSD topics and challenges. SDC is well-placed to drive policy dialogue among the development partners.

Effectiveness: SDC VSD projects are well-designed, with clear logic and sound management arrangements that rely on a small group of implementing partners. Attention has been given to identifying lessons and tracer studies to measure outcomes, but little has been done to assess the broader systems outcomes and impacts of VSD support. While there is strong evidence that SDC has sought to engage the private sector and foster demand-driven skills development, less attention has been given to the effects of VSD on private sector productivity, profitability, and competitiveness. The challenges of working with informal employers and supporting self-employment and microenterprise development outcomes deserve greater attention to maximise the perceived benefits of investing in skills development and deal with the challenges facing informal firms. SDC projects often met or exceeded their targets when working with direct beneficiaries, including women, young people and vulnerable and marginalised groups. Fewer results were reported when it came to embedding institutional or macro-level changes. There are challenges with embedding VSD institutional or macro-level changes, which are heavily dependent on factors beyond the influence of the projects. SDC has sought to engage the private sector to foster demand-driven skills development but faces challenges in creating sustainable public-private financing models. Support for national systems development is critical and requires policy dialogue, which SCOs are best placed to lead (rather than implementing partners).

Efficiency: VSD projects are efficiently implemented according to market conditions. SDC's VSD projects have cooperated closely with SECO in countries where SECO operates to ensure alignment and coordination. There is an efficient division of labour and information sharing within SDC at SCO, regional and headquarters levels. SDC organises its VSD support over several phases, enhancing project flexibility and adaptability to changing circumstances based on lessons learned in earlier phases. Under a highly decentralised system, SCOs are fully responsible for project identification, scoping, approval, and management. While VSD knowledge management is based on SCO demand, it requires investment to promote best practices and respond to contemporary VSD topics and challenges.

Impact: Good results have been achieved at the micro level, with many projects creating positive and meaningful impacts among direct beneficiaries, especially marginalised and disadvantaged target groups (e.g., the number of women and young people trained and gaining employment). Results have also been achieved at the meso level, where VSD projects have worked with organisations (e.g., government agencies, training centres, and business organisations) to improve their capacity and system governance. Macro reforms have proved to be more difficult, often demanding policy dialogue that combines diplomatic and political support with relevant and timely technical assistance.

Sustainability: Sustainability is elusive in many VSD projects. While there is evidence that some intervention results will continue or are likely to continue after closure, many factors influence sustainability. At the beneficiary level, the benefits of VSD can be lifelong (e.g., access to employment and increased incomes). At the meso and macro levels, the sustainability of project outcomes is more vulnerable to erosion from external factors. Many Exit Strategies are too short and overly optimistic in their assumptions and claims regarding sustainability. While these claims could be more rigorously tested, a more strategically realistic approach would be to agree on feasible milestones that may be achieved along a pathway to increasing sustainability. In some instances, the SDC support for VSD demands a degree of political, bureaucratic and institutional maturity that is not aligned with current realities. More consideration must be given to how these issues are framed and contextualised. Financial models for sustainable private sector engagement in VSD are essential. Only through effective cost-sharing between the public and private sectors can VSD become sustainable.

Private sector cooperation: SDC has helped partner governments understand the importance of a private employer-led approach and piloted new PSE approaches in VSD. However, the feasibility and success of these approaches are heavily reliant on a range of factors affecting private sector growth. There are few sustainable models demonstrating how partner governments and private employers co-contribute to a durable programme that serves

marginalised and vulnerable target groups. So far, limited attention has been given to critically analysing what is working and not working in these models and documenting the features that lead to success.

VSD systems development: SDC's support for national systems reform seeks scale and sustainability, but these results are difficult to achieve. SDC's bottom-up approach to addressing problems in the national system could benefit from more attention given to how scaling is achieved and measured. This may require managers to pay more attention to the mechanisms for scaling, adopting and embedding new systemic arrangements.

Organisational arrangements: The fit-for-purpose reorganisation has created new challenges for a demand-led approach to VSD knowledge management across the country, regional and headquarters offices. These challenges affect how SDC can draw on national experiences and regional and international best practices to improve impact and sustainability. New opportunities for a stronger thematic narrative that guides SCOs and project partners in addressing contemporary development and humanitarian challenges are emerging.

Recommendations:

1. To ensure continued relevance, VSD projects should conduct more detailed assessments of the employment opportunities for project target groups (i.e., ways to better match the supply and demand for skills) and identify mechanisms to improve linkages between informal and formal education and labour markets (e.g., through increased attention to the recognition of prior learning and micro-credentials). The approaches used will be context-specific and based on each target group's needs and opportunities.
2. Because guidance documents continue to be of importance for thematic steering, it is recommended that SDC gives more attention to implementing the thematic guidance on (i) skills for the green transition, (ii) the globalisation of the labour markets, (iii) empowerment of private sector to engage in the national dialogue on VSD, and (iv) the demand for digital skills and the digitalisation of VSD systems.
3. SDC should ensure an adequate budget for knowledge management, including support for sharing best practices and lessons learned to inform project design and policy dialogue among the other development partners.
4. E+E should provide technical guidance and advice to SCOs to lead national policy dialogue on VSD, especially in countries where SDC investments support VSD systems development. Where relevant, policy dialogue should be accompanied by high-level, independent Swiss technical advice.
5. It is recommended that SDC conducts more frequent impact evaluations that specifically assess the longer-term impacts of VSD project outcomes and impacts (e.g., long-term employment outcomes and effects on private sector profitability, productivity and competitiveness).
6. SDC should update the guidance material on VSD support for systems development (including the 2019 Typologies note), with particular attention to strategies for scaling up and embedding new VSD practices in national systems' development.
7. More realistic exit strategies should be designed at least two years before a project ends. These strategies should include a plan for gradually phasing out technical assistance and transferring financial responsibility to the government. This often requires early agreements to get government buy-in on projects and their long-term sustainability.
8. Strong synergies between VSD, PSD and PSE projects, including dual VSD systems, should be developed by piloting and building more sustainable models for private sector-led VSD.

Table of contents

List of Figures

Abbreviations and acronyms

APOSE/EFTP	*Appui à la Politique Sectorielle d'Enseignement et de Formation Technique et Professionnels* – Support for Sectoral Policy on Technical and Vocational Education and Training (Burkina Faso project)
B-SkillFull	Building Skills for Unemployed and Underemployed Labour (Bangladesh project)
CHF	Swiss Franc
CLP	Core Learning Partnership (established for this evaluation)
DC dVET	Donor Committee for dual Vocational Education and Training
EC	Evaluation and Controlling Specialist Service
ENSSURE	Enhanced Skills for Sustainable and Rewarding Employment (Nepal project)
E+E	Education and Economy section
FDFA	Federal Department of Foreign Affairs
FSD	Financial sector development
GIZ	Gesellschaft für Internationale Zusammenarbeit, German technical cooperation agency
IC	International Cooperation
IC-VPET	International Vocational and Professional Education Coordination Group
IDPs	Internally displaced persons
IFI	International Financial Institution
ILO	International Labour Organisation
IC-VPET	International Cooperation in Vocational and Professional Education and Training
LNOB	Leave No One Behind
MSD	Market systems development
NADEL	Global Cooperation and Sustainable Development at the ETH Zurich
NGO	Non-government organisation
NVQS	National Vocational Qualifications System (Nepal project)
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	OECD Donor Assistance Committee
Opcom	Operational Committee
OYE	Opportunities for Youth Employment (Tanzania project)
PAFPA-Dual	*Projet d'appui à la formation professionnelle par apprentissage dual* - Project to Support Vocational Training through Dual Apprenticeship (Burkina Faso project)
PSD	Private sector development
PSE	Private sector engagement
RisiAlbania	Making Labour Market Work for Youth (Albania project)

SaMi	SaMi Safer Migration (Nepal project)
SCO	Swiss Cooperation Offices
SD4E	Skills Development for Employment (Albania project)
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs
SEP/Sudokkho	Skills and Employment Programme (Bangladesh)
SET	Skills for Employment (Tanzania project)
SMEs	Small and medium-sized enterprises
SWAP	Sector-wide approach
TOC	Theory of change
TVET	Technical vocational education and training
UNICEF	United Nations Children's Fund
VSD	Vocational skills development
VET	Vocational education and training
WOGA	Whole Of Government Approach

1 Introduction

1.1 Purpose and scope

This report presents an independent assessment of the performance of SDC's support for vocational skills development (VSD) between 2017 and 2023.[1] The evaluation assesses SDC's VSD portfolio of bilateral projects (i.e., 131 relevant projects and 169 project phases across 58 countries) against the Organisation for Economic Cooperation and Development (OECD) Donor Assistance Committee (DAC) criteria of relevance, coherence, effectiveness, efficiency, impact and sustainability. It shows how SDC has applied its experience, best practices, and lessons learned to shape international development cooperation in VSD and contribute to international policy dialogue. Furthermore, the evaluation identifies lessons and good practices. It generates recommendations related to the formulation, management and implementation methodologies of the bilateral portfolio of SDC's VSD projects, with a view to their incorporation into future practice.

The evaluation pays particular attention to:

1. **Private sector cooperation.** The evaluation assesses the private sector's involvement in VSD, including the programming links between VSD and private sector development (PSD) and private sector engagement (PSE). This includes the role of the private sector involvement in planning and financing VSD projects to ensure relevance, employability and productivity increases.

2. **VSD systems development.** The evaluation assesses the contribution of SDC support to VSD systems development in developing and emerging countries, including fragile and conflict-affected situations. This includes support for policy dialogue at international and national levels and financial support for reforms through policy development, institutional support, and capacity development that produce scale and durability for the entire intervention. Support for national systems development includes sub-national government systems reforms and considering how holistically VSD systems development has been undertaken (i.e., the extent to which the entire education system and its reform was considered, starting with basic education).

3. **Organisational arrangements.** The evaluation assesses SDC's institutional and organisational set-up, considering the mandates and coordination across SDC divisions and the decentralised structure for VSD. It identifies the strengths and weaknesses in the current set-up and provides recommendations for improvement. This comes some two years after SDC reconfigured its institutional arrangements across all thematic and geographic areas.

1.2 Methodology

The evaluation was an evidence-based and independent analysis of SDC support for VSD at country and international policy levels. It applied a mixed methods approach to answering the complex questions outlined in the terms of reference (see Annex 1), which presented 26 evaluation questions within the six OECD-DAC criteria. During the Inception Phase, these were distilled into ten questions, each with its own judgement criteria used to answer each question. This was presented in an Evaluation Matrix, which was contained in the Inception Report. The results of the evaluation questions are presented in Annex 3.

---

1 Evaluation Team: Simon White, Jørgen Billetoft, Vera Devine, Ivan Naletilic, Susan Ulbæk, and Michael Axmann.

The evaluation collected and analysed qualitative and quantitative data drawn from an analysis of the VSD portfolio (2017-2023), literature review, desk studies, and field missions to prepare initial answers to the evaluation questions. A theory of change analysis was conducted to assess the project logic. These preliminary answers were triangulated with information from all sources and through follow-up interviews with key informants to check validity and synthesise the emerging findings. A reconstructed change theory was prepared to assess the significant linkages and assumptions that underpin SDC's approach to achieving the desired results. The evidence base, precision and credibility of oral sources were compared with written sources, and national sources were compared with regional and international sources. The views of different stakeholders were also compared. The team drew on its multidisciplinary experience and perspectives to interrogate the emerging findings, cross-fertilising this with international best practices to enrich the conclusions and recommendations.

The evaluation applied the following tools for data collection and analysis:

- **Document review and analysis.** This systematic collection and analysis of key documents at three levels (i.e., IC strategies, countries and projects) included grey literature, including previous evaluations. The list of documents reviewed is presented in Annex 5 and at the end of each country case study in Annex 6 (Volume 2 of this report).
- **Portfolio analysis.** The portfolio analysis is based on a sample of 131 projects and 169 project phases across domains, sectors, contract partner groups, countries and regions, modalities and project types (see Annex 4).
- **Theory of change analysis.** A reconstructed change theory was drafted and tested to assess the significant linkages and assumptions that underpin SDC's approach to achieving the desired results. This helped the Evaluation Team test the logic of VSD projects and determine how SDC's approach would produce the desired results.
- **Key respondent interviews.** Semi-structured interviews were conducted with relevant stakeholders, including SDC management and staff. Online interviews were conducted when face-to-face interviews were not possible. Particular attention was given to ensuring a socially inclusive approach to identifying and interviewing relevant stakeholders (e.g., women, young people, and other marginalised social groups).
- **Country case studies.** Nine country case studies were selected for analysis based on the portfolio analysis and according to selection criteria that included the geographical distribution of VSD projects, the levels of development and the range of implementing partners. Four selected countries were assessed through a county visit by one or two evaluation team members (i.e., Egypt, Nepal, Serbia, and Tanzania). Another four countries were assessed through a desk study, which largely entailed a review of all relevant country strategic and project-related documents (i.e., Albania, Bangladesh, Niger, and Syria). One country (Burkina Faso) was assessed through a hybrid approach. When preparing country cases, the Evaluation Team applied a contribution analysis to pinpoint essential types of change achieved and the SDC contribution and added value. This focused on describing the challenge the Swiss support sought to address and the significant changes achieved while analysing the role and value addition of Swiss support in achieving the change. Lessons learned in influencing the change were then identified.

Details on the evaluation methodology and limitations are presented in Annex 2.

1.3 Structure of the report

This Evaluation Report (Volume 1) presents the evaluation's findings, conclusions, and recommendations. Chapter 2 provides an in-depth look at SDC's support for VSD, highlighting the significant evolution of Swiss support over the years. This chapter also describes the current strategy and intervention logic (i.e., theory of change) and the current institutional arrangements, providing a comprehensive understanding of the current situation. Chapter 3 presents the evaluation findings according to the six criteria (i.e., relevance, coherence,

effectiveness, efficiency, impact, and sustainability). Drawing from these findings, Chapter 4 presents the evaluation's lessons learned, conclusions and recommendations.

The report annexures (Volume 2) contain the evaluation's terms of reference, the literature reviewed, the analysis of the VSD portfolio from 2017 to 2023, and the nine country case studies.

2   SDC support for VSD

2.1   The evolution of Swiss support for VSD

While VSD has been a cornerstone of Swiss development cooperation for over six decades, it has gained more importance as a foreign policy intervention since the 2010s. The SDC approach to VSD has also evolved in response to national contexts in a highly decentralised system in which SCOs (i.e., Swiss Cooperation Offices or SCOs) lead project identification, design, and implementation in response to the prevailing national social, economic, and cultural context.

VSD is a distinctly SDC term. It includes formal, non-formal and informal skills training.[2] SDC's concept "encompasses all organised learning processes for the development of technical, social and personal competencies and qualifications that contribute to the sustainable long-term integration of trained people in decent working conditions in the formal or informal economy, either on an employed or self-employed basis." In SDC's terminology, VSD combines theory and practice (i.e., work-based learning) and can occur in schools, technical institutes, training centres, or enterprises' workplaces.[3]

SDC's VSD activities were evaluated in 2011 and rated as "satisfactory." **The main strength of the activities was their orientation towards the needs of national and local contexts and awareness of labour market realities.** The main weakness was that target populations were not always reached, particularly socio-economically disadvantaged people and women and girls. **Many activities were found to not significantly contribute to higher incomes.** Thus, the report concluded, "achieving impact remains a challenge."[4]

Recommendations from the 2011 VSD evaluation
• A more comprehensive and differentiated VSD strategy needs to be developed, that conceptualises VSD as a contribution to economic change.
• A more realistic and sustainable approach to the dual model, as well as a more differentiated approach to qualifications frameworks, needs to be developed.
• In the case of non-formal VSD programmes that support beneficiaries' access to self-employment, the promotion of micro-credit schemes seems to be particularly promising.
• When pre-vocational training is being supported, it should be ensured that representatives of the respective economic sectors (co-) finance equipment and consumables.
• Project design, implementation and evaluation processes need to be more streamlined.
• Access of women to VSD programmes needs to be ensured.
• SDC should insist on the formulation of exit strategies as early as at the credit proposal stage and on a comprehensive inception phase.
• It will be important to strengthen the networks in charge of VSD.
SOURCE: SDC (2011) "SDC's Vocational Skills Development Activities", *Evaluation* 2011/2, Bern.

---

2   SDC (2022) Understanding and Analysing Vocational Education and Training Systems; An Introduction, April, Bern.

3   SDC (2023): Approach Paper; Independent Evaluation of SDC's Performance in Vocational Skills Development 2017-2023, Final Version, 24 July 2023, Bern.

4   SDC (2011) "SDC's Vocational Skills Development Activities", Evaluation 2011/2, Bern.

In 2019, SDC prepared what is known as the VSD Typologies, which classified the VSD landscape according to different "prototypes" to guide and inform project design and increase the consistency of the VSD projects.[5]

The current **IC Strategy 2021-24 highlights three intersecting criteria guiding Swiss international cooperation: population needs, Swiss interests and the added value of Swiss cooperation.**[6] While it is less explicit about VSD, it confirms the importance of VSD in the demand for action on jobs, climate change, and migration. Particular attention is given to "the Swiss vocational education and training system, with its focus on skills development", through which "international cooperation helps to ensure that education and training better meet the needs of the labour market" (p. 19). This approach builds on the SDC (2022) Thematic Guidance on Basic Education and Vocational Skills Development. A 2021 external review of the education strategy found that, despite the complementarities between basic education and VSD, SDC lacks a common understanding of these linkages.[7] The review recommended that SDC diversify the VSD portfolio under the IC Strategy 2021-24 with a dual focus on job seekers from vulnerable groups and potential job creators and multipliers.

In its efforts to support economic and social development in partner countries, SDC coordinates its engagement with the State Secretariat for Economic Affairs (SECO) and the State Secretariat for Migration.

More attention has been given to system-level interventions and the role of private employers in identifying skills demands. The support for systems development is justified in terms of increasing the impact and sustainability of VSD in partner countries, including the capacity for the system to sustain inclusive growth. Today, VSD applies a more "holistic" perspective with a broader range of outcomes than simply training, including personal development, occupational competence and educational mobility. Systems development aims to achieve social and economic impact by contributing to the competitiveness and sustained growth of the economy while providing people with valuable education and training that improve livelihoods, social and labour market inclusion, and reduce poverty.[8] See the Figure below.

---

5 Typologies: (1) vocational education and training, (2) access and inclusion into vocational education and training, (3) industry solutions, and (4) labour market integration. These are located across two axes, dealing with policy orientation, spanning economic and social policy, and impact, spanning education systems change and employment and productivity transformation. Ref: SDC (2019) VSD Typology; Orientation and Impact of Vocational Skills Development, Bern.

6 Government of Switzerland (2021) Switzerland's International Cooperation Strategy 2021–2024, Swiss Federal Department of Foreign Affairs, Bern

7 SDC (2021) External Review of the Implementation of the SDC Education Strategy: Basic Education and Vocational Skills Development and the SDC Education Fund.

8 SDC (2022) Understanding and Analysing Vocational Education and Training Systems; An Introduction, April, Bern.

Figure 1. National VSD systems impact society and the economy
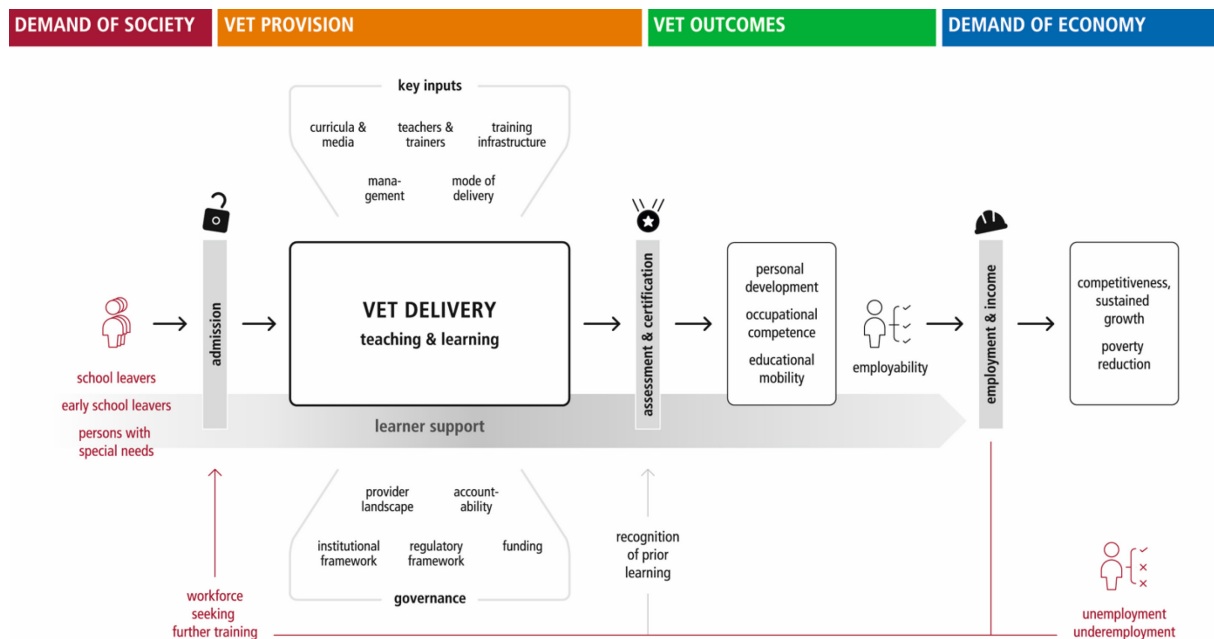
SOURCE: SDC (2022) *Understanding and Analysing Vocational Education and Training Systems; An Introduction*, April, Bern.

Systems development support includes policy dialogue and financial support for reforms through policy development, institutional support, and capacity development that produce scale and durability for the entire intervention. Support for national systems development includes reforms in sub-national government systems and the governance of VSD systems. Governance is a mandatory transversal theme in all SDC thematic priorities.[9] SDC has developed practical guidelines on the SDC approach to governance in general and as a transversal theme.[10] The 2019 VSD Typologies highlight selected governance issues in VSD, including the structural and regulatory framework. This usually concerns at least two national systems: the vocational education and training (VET) System and the active labour market policies (ALMP) initiatives.

SDC is strongly focused on **engaging with private employers in VSD to create systems in which skills are demand-oriented and paid for, at least in part, by the private sector.** Maurer et al. (2015) describe four functions of the private sector's involvement in VSD: as a provider of expertise, as a co-financer, as a host of training processes, and as a decision-maker. They describe the challenges and mitigation strategies of private sector involvement and the need to create incentives that allow entrepreneurs to profit directly from their investment in training.[11] The SDC (2023) *Independent Evaluation of SDC's Private Sector Engagement 2015–2021* found that while there are some links between VSD and PSE, the PSE modality is complex, spanning many priorities, domains and sectors.[12]

---

9   SDC (2017) Dispatch on Switzerland's International Cooperation 2017–2020, Bern.

10 See SDC (2017) Governance in the SDC, Part 1, Conceptual Guidance, Definitions, Approach and Priorities, Bern, and SDC (2017) Governance in the SDC, Part 2, Governance as transversal theme, A practical guide to integrating governance in SDC sectors and priority themes, Bern.

11 Maurer, M., S. Junker, W. Schlegel and F. Kehl (2015) *The role of the private sector in vocational skills development*; E+I, Bern.

12 SDC (2023) Independent Evaluation of SDC's Private Sector Engagement 2015–2021, Evaluation 2023/1, Bern.

SDC also highlights the role of VSD when responding to the concerns of individuals and groups who are typically left behind or excluded from sustainable development or do not enjoy minimum living standards. This concern is expressed in the Leave No One Behind (LNOB) principle.[13] Indeed, people should have "equitable access to quality basic education and to expanded VSD options, with special attention to the excluded groups (including those affected by crisis)."[14]

Finally, **SDC's support for VSD has a long tradition of organised learning encapsulated in a dual system.[15]** Like Germany, Austria, and Liechtenstein, the Swiss dual approach is characterised by a strong collaboration with the private sector (i.e., individual companies and professional organisations) and the responsible government authorities.[16] While it is described as "an inspiration for SDC", the dual system is one approach among several.[17]. SDC also engages in international dialogue on VSD and the dual system. This includes its engagement with other bilateral and multilateral donor and development organisations and its foundational and ongoing support to the Donor Committee for dual Vocational Education and Training (DC dVET).[18]

2.2 Theory of change

The evaluation has formulated a theory of change based on the assessment of projects in the VSD portfolio of projects from 2017 to 2023 and those reviewed in the nine country case studies. The theory of change is presented on the following page to broadly describe how SDC supports VSD to achieve higher-level outcomes and impacts.

The figure shows how SDC's support for VSD is delivered through specific **focus areas** defined in terms of specific outputs. The SDC (2009) *VSD Project Typology Tool* states, "VSD is neither a magic wand nor a silver bullet—it can only make targeted contributions in selected areas." Indeed, VSD is described as an instrument in development cooperation that is used to address economic and social problems such as youth unemployment, underemployment, poverty, and inequality. It also addresses economic challenges, such as the supply of skilled labour for increased quality, productivity and competitiveness.

The main SDC **inputs** are technical advice and training, private sector interactions, policy advice and dialogue, and networking and knowledge management.

At the **outcome level**, VSD increases the targeted groups' employability and incomes of targeted women and men, improves private enterprises' productivity and competitiveness, and strengthens the dialogue between VSD partners (i.e., government and private employers).

At the **impact level**, SDC supports VSD in contributing to achieving the SDGs (i.e., SDGs 1, 4, 5, 8, and 10) while fulfilling the objectives of the Swiss IC Strategy 2021-24 related to economic development, environment, human development, peacebuilding, and governance.

---

13 LNOB is the central pledge of the 2030 Agenda. It recognises the need to combat poverty and inequalities and is essential to meeting the Sustainable Development Goals (SDGs).

14 Swiss Federal Department of Foreign Affairs (2018): SDC Guidance Leave No One Behind; 2030 Agenda for Sustainable Development, SDC, Bern.

15 The dual system has three dimensions: (1) the organisational-institutional dimension, with the most relevant element being the joint responsibility with the business sector through individual companies and professional organisations; (2) the pedagogical dimension – the dual learning principle: learning at school and the workplace; and (3) the societal dimension – the concept of profession: training leading to comprehensive qualifications. Reference: Troxler, R. (2023) *Introduction into Vocational Skills Development (VSD),* PowerPoint presentation, version November.

16   Typically, learners will spend around 70 per cent of their time in the workplace and 30 per cent at a technical college. Most apprenticeships take around three years.

17 SDC (2019): VSD Typology; Orientation and Impact of Vocational Skills Development, Bern.

18 For more information see the Donor Committee for dual VET website: https://www.dcdualvet.org/

These impacts are achieved through national-level reforms and capacity building, described in the diagram above as **mid-term impacts**. This includes the development of sustainable national educational capacities and more inclusive, private-sector-led VSD systems that are responsive to the demands of private employers. The mid-term impacts of SDC's support for VSD include better national economic, social and educational development outcomes and better international policymaking and development cooperation practices on VSD.

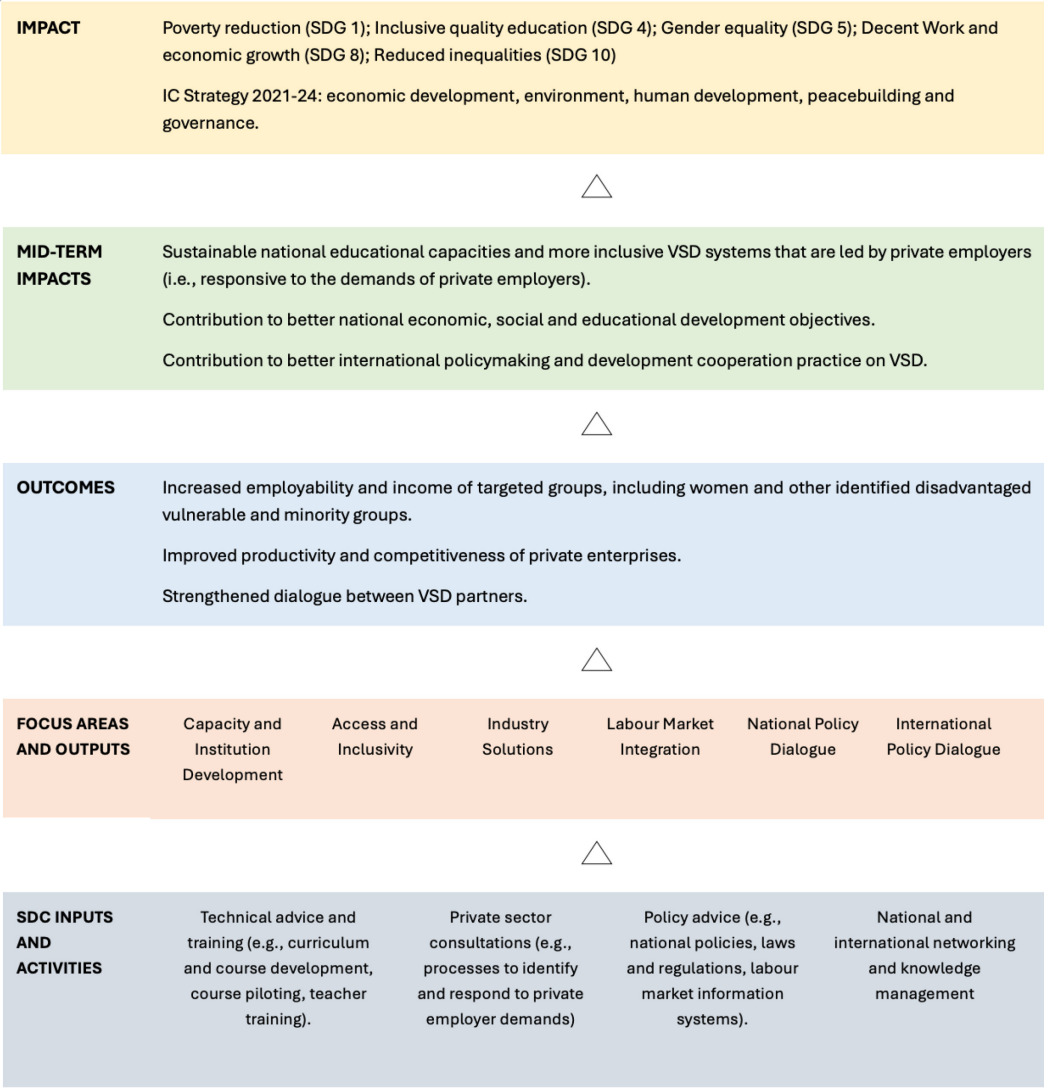The theory of change assumes:

- National government institutions will maintain stability, allowing VSD interventions to evolve based on new information, including on education and VSD sector reform, advice, competencies, experience, and ongoing dialogue with the private sector and development partners.
- SDC innovations piloted at subnational or sectoral levels are sufficiently embedded in public and private institutions to be scaled up to influence reforms and improve the capacity of national systems.
- Private sector interaction in VSD is broad and inclusive to adequately represent the skills demands of private employers in the formal and informal economies.
- Marginalised and disadvantaged groups can address the other structural, political and cultural barriers to full participation in the labour market and their ability to improve their incomes and security.
- The design and delivery of relevant, cost-efficient, and sustainable skills are sufficient to unlock the potential for private sector growth (i.e., new job creation).

Thus, the theory of change for SDC's support to VSD in developing and emerging economies is described as follows. *IF* SDC provides policy and technical advice, funding and training, including to support private sector interaction, policy dialogue, networking and knowledge management in VSD, *THEN at the Outcome Level* this will increase the employability and incomes of targeted groups while improving the productivity and competitiveness of private enterprises and strengthening the dialogue between VSD partners (i.e., government and private employers) *BECAUSE* the relevant public and private actors are keen to acquire the necessary know-how, experience, capabilities, capacity, access to best practice, and ability to interact to introduce and apply these new ways of working.

Furthermore, *IF* there are increases in the employability and incomes of targeted groups, improvements in the productivity and competitiveness of private enterprises and strengthened dialogue between VSD partners (i.e., government and private employers), *THEN this will have Mid-Term Impacts* such as an increase in the capacity of national organisations for more inclusive, private-sector-led VSD that responds to the demands of private employers while contributing to better national economic, social and educational development outcomes and better international policymaking and development cooperation practices *BECAUSE* the incomes of key target groups will have been increased and national public and private organisations will have learned new approaches and gained experiences through international and development partner dialogue, and by piloting and learning by doing to scale up these innovations so that they are incorporated into the national system.

Finally, *IF* there is an increase in the capacity of national organisations for inclusive, private-sector-led VSD that contributes to better national economic, social and educational development outcomes and better international policymaking and development cooperation practices, *THEN at the Impact Level* this will contribute to a more inclusive quality education system, gender equality, Decent Work, economic development, and reduced inequalities (i.e., alignment with the SDGs and IC Strategy 2021024) *BECAUSE* more marginalised and disadvantaged people will gain access to demand-oriented training, private enterprises will be more likely to grow through their investments in skills development that improve profitability and competitiveness, and government policies and programmes for economic, social and employment development will be more effective due to better evidence and market information.

Figure 2. Theory of change – SDC support for vocational skills development

IMPACT	Poverty reduction (SDG 1); Inclusive quality education (SDG 4); Gender equality (SDG 5); Decent Work and economic growth (SDG 8); Reduced inequalities (SDG 10) IC Strategy 2021-24: economic development, environment, human development, peacebuilding and governance.

△

MID-TERM IMPACTS	Sustainable national educational capacities and more inclusive VSD systems that are led by private employers (i.e., responsive to the demands of private employers). Contribution to better national economic, social and educational development objectives. Contribution to better international policymaking and development cooperation practice on VSD.

△

OUTCOMES	Increased employability and income of targeted groups, including women and other identified disadvantaged vulnerable and minority groups. Improved productivity and competitiveness of private enterprises. Strengthened dialogue between VSD partners.

△

FOCUS AREAS AND OUTPUTS	Capacity and Institution Development	Access and Inclusivity	Industry Solutions	Labour Market Integration	National Policy Dialogue	International Policy Dialogue

△

SDC INPUTS AND ACTIVITIES	Technical advice and training (e.g., curriculum and course development, course piloting, teacher training).	Private sector consultations (e.g., processes to identify and respond to private employer demands)	Policy advice (e.g., national policies, laws and regulations, labour market information systems).	National and international networking and knowledge management

2.3   SDC's Institutional arrangements for VSD support

This section briefly summarises SDC's institutional arrangements for VSD. The evaluation findings (Chapter 3) and conclusions (Chapter 4) provide more details about these arrangements and their implications. **SCOs are the primary drivers for VSD projects.** As indicated above, the highly decentralised arrangements require SCOs to design and manage projects. In March 2022, SDC reorganised its institutional arrangements for all development programming, including VSD. Known as the "fit-for-purpose reorganisation", this reorganisation further increased the decentralisation of project design, management and monitoring. The threshold for project approval by decentralised operational committees carried out by SCOs is two million CHF. For projects up to ten million CHF, decentralised operational committees carried out by SCOs make the final recommendation to the competent authority for approval or rejection.

In the case of new projects, t**he SCO prepares an Entry Proposal, which is shared with a regional thematic advisor from the responsible geographic division or a thematic adviser from the thematic division for comment if the SCO desires** (there is no compulsory requirement to do so)**.** Entry Proposals are the basis for decision-making within the SDC to validate a project's strategic orientation and political appropriateness and agree on how the project will be embedded in the overall country programme. The proposals contain relevant information needed to make a strategic decision on investing in the proposed activity before

any commitment.[19] An approved Entry Proposal is a prerequisite for the further development of the Credit Proposal. The SDC Operational Committee (OpCom) validates Entry Proposals, providing guidance for developing a Credit Proposal.[20]

The Economy and Education (E+E) Section is responsible for VSD within SDC. In addition to VSD, E+E has three other thematic areas (i.e., basic education and education in emergencies, PSD and financial sector development (FSD)). E+E also deals with PSE, which is described as a "modality" that works across all thematic areas.[21] **VSD belongs to different policy areas, so SDC's organisation and structure seek to ensure close synergy between its VSD portfolio and other related thematic areas.** In SDC's current organisation and structure, VSD is managed by E+E. The E+E VSD thematic advice is spread across three positions (i.e., 2.3 full-time equivalent positions). Within E+E, there are two networks that will be merged this year: the Education Network, which focuses on basic education, and the Economy Network, which focuses on VSD, PSD, PSE, and FSD. Network members can obtain technical advice from the E+E team and its back-stoppers, such as strategy and project development guidance, guidance on monitoring and evaluation, and project reviews.

VSD expertise is also represented in the three geographic divisions through VSD thematic advisors. The Regional Thematic Advisers for Africa, the Western Balkans, the Middle East, and South Asia provide advisory services for staff working along the project cycle (i.e., planning, revision, problem solving, support in the approval process) and capacity building such as training courses, including training arrangements with external training providers such as NADEL (Global Cooperation and Sustainable Development) at the ETH Zurich. However, the Africa advisor position has recently been abolished, with regional advice and knowledge management being split between country-level staff and staff of E+E.

Technical advice to SCOs on VSD is largely demand-driven. SCOs can access advice or support from the E+E (VSD) or the commissioned advisory service, referred to as the "backstopping mandate." In 2020, the private consulting firm KEK-CDC was contracted to manage the VSD backstopping mandate with Helvetas. This role will continue until the end of 2024. KEK-CDC was involved in previous backstopping mandates as a consortium lead or partner. KEK-CDC is also involved in other backstopping mandates for PSD and communication, which Helvetas subcontracted. During the current contract period, around 40 backstopping requests have been received. These vary from minor requests for consultant recommendations to more substantial requests to review an Entry or Credit Proposal. KEK-CDC also produces four yearly newsletters aligned with the PSD and FSD backstoppers and "newsflashes, " meetings, seminars, and online sessions. It has also produced a series of information papers on various aspects of VSD (e.g., systems change, migration, working in fragile contexts, and the green economy).

---

19 SDC (2023) *SDC guidance for entry proposals*, November

20 All Credit Proposals up to CHF 10 million are assessed by the Opcom, which the Country Head of Cooperation chairs. Credit Proposals exceeding CHF 10 million up to CHF 20 million are sent to the head of the Federal Department of Foreign Affairs (FDFA) and the Federal Finance Administration (i.e., exceeding CHF 10 million up to CHF 20 million) for final approval. Proposals exceeding CHF 20 million require final approval by the Federal Council.

21 SDC sees PSE as a way to foster innovation and achieve greater impact. PSE is an intervention where SDC and one or several private sector partners share a vision and join forces for an impact-driven development intervention, in support of SDC's existing strategies. Reference: SDC (2023) Engaging the Private Sector for Sustainable Development; Evaluation Factsheet. Bern, July. Also see the SDC (2021) Handbook on Private Sector Engagement, Bern.

2.4   The SDC VSD portfolio 2017-2023

The assessed portfolio of SDC's VSD projects from 2017 to 2023 spans 131 relevant projects and 169 VSD project phases across 58 countries, either active or completed during 2017-2023. Not all projects in the portfolio are entirely focused on VSD. Some projects contain only 20 per cent of VSD components, and only 35 were dedicated entirely to VSD. Annex 4 provides a fuller analysis of the VSD portfolio.

In recent years, the resources allocated to VSD have increased. On average, SDC funding for VSD activities from 2017 to 2022 amounted to more than 32 million Swiss Francs (CHF) annually. SDC's bilateral engagement in VSD has grown since 2015, reinforced by **Switzerland's International Cooperation (IC) Strategy 2017–2020, which identified basic education and VSD as priorities and substantially increased the resources by 50 per cent compared to 2013-2016**. [22] Between 2017 and 2022, annual spending on VSD varied from approximately CHF 27 million to approximately CHF 39 million, indicating an upward trend. See Figure 3, below.

Figure 3. Annual spending on VSD, 2017-2024 (CHF million, calendar year)
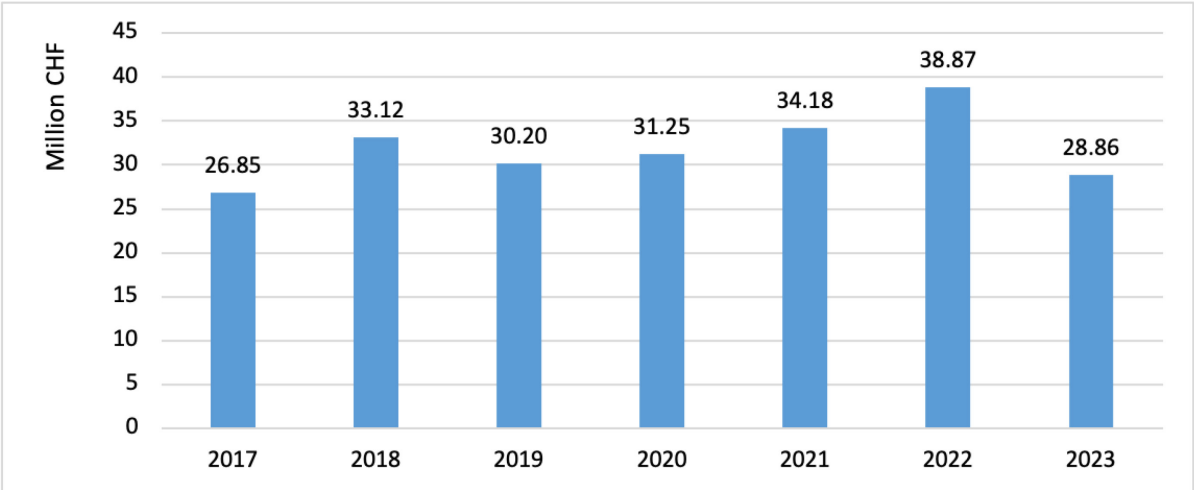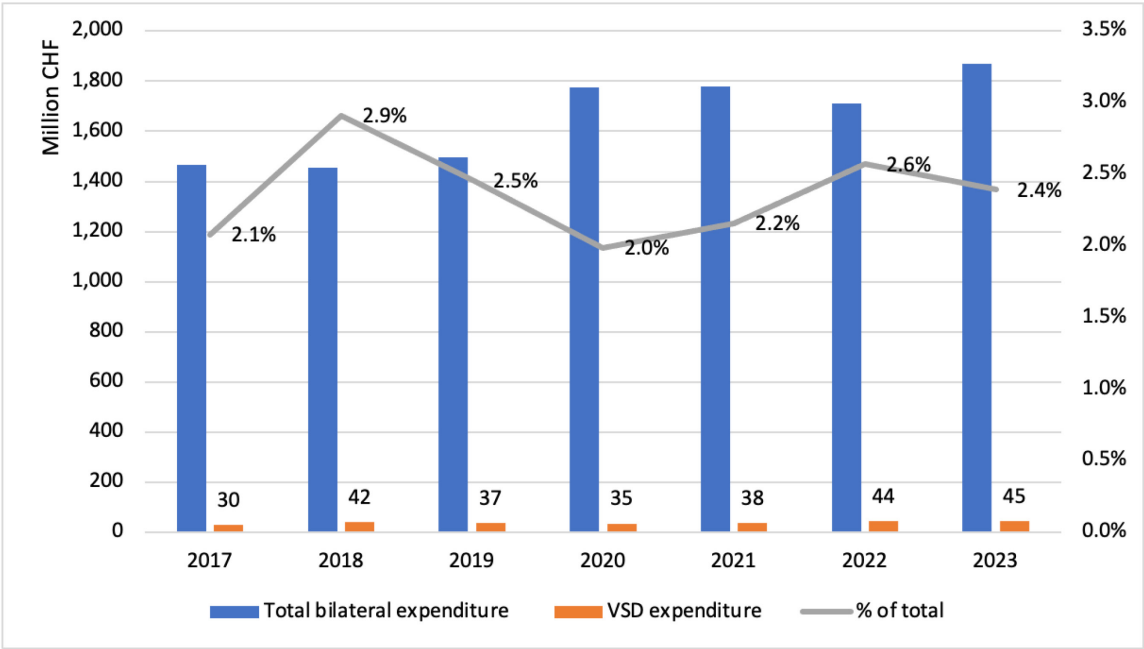

SOURCE: SDC SAP Database 2024.

Figure 4 shows the share of VSD funding in total SDC bilateral expenditure, indicating that the proportion varied from two per cent in 2020 to 2.9 per cent in 2018. The average from 2017 to 2023 was 2.4 per cent.

---

22 In 2012, the Swiss Forum for Skills Development and International Cooperation was founded to promote exchange between VET stakeholders in Switzerland and international VET cooperation. In 2015, the Donor Committee for Dual Vocational Education and Training, DC dVET, was founded on the initiative of SDC to promote dual approaches in development cooperation and strengthen collaboration between countries with a dual tradition.

Figure 4. Share of VSD funding in total SDC bilateral expenditure, 2017-2023

SOURCE: SDC SAP Database 2024.

Most projects (i.e., 51% by number) are larger than one million CHF, representing 92.05 per cent of total VSD portfolio expenditure. However, 36 per cent of projects (by number) fall within the CHF 1-5 million range, representing 38.48 per cent of total expenditure. There were 51 projects (39%) ranging from 100,000 to one million CHF, with a combined VSD expenditure of CHF 22.2 million (8.2% of total expenditure). Fourteen projects received less than CHF 100,000. See Figure 5.

Figure 5. Number of projects by size of VSD expenditure for 2017-2024

Project expenditure size (CHF)	Projects		Total expenditure	
	n	%	CHF	%
<100.000	14	11%	501,045	0.17%
100,001-500,000	34	26%	10,080,685	3.52%
500,001-1,000,000	17	13%	12,197,987	4.25%
1,000,001-5,000,000	47	36%	110,361,192	38.48%
>5,000,000	19	15%	153,632,040	53.57%
Total VSD expenditure	131	100%	286,772,948	100%

SOURCE: SDC SAP Database 2024.

The three most important implementing partners are Swiss NGOs (e.g., Helvetas and Swisscontact)**, foreign NGOs** (i.e., non-Swiss NGOs) **and the private sector. These agencies each implement 50.8, 39.7, and 39.2 per cent of the number of VSD projects, respectively.** See Figure 6. However, Swiss NGOs implement the lion's share (45.4%) of projects in terms of volume. See Figure 7.

Swiss NGOs implemented three of the four largest VSD projects valued above five million CHF and are the largest project implementers in terms of the VSD intervention size for projects ranging from CHF 1-5 million and CHF 100,000 to one million.

While the private sector implements just under ten per cent of the VSD portfolio by value, it contributes to implementing just under 40 per cent of all project phases. However, most of these (i.e., 57 out of 78 phases) fall below CHF 100,000 and are considered "small actions." The private sector implemented only five project phases worth one million CHF or more. In comparison, Swiss NGOs implemented 32 project phases of this size. Partner country organisations, referred to in the figures below as Foreign State Institutions, implemented ten projects in this size category.

Foreign NGOs (i.e., non-Swiss NGOs) implemented some 40 per cent of all VSD projects in the evaluation period. Of these, Foreign international NGOs (e.g., CARE International, Oxfam) implemented 71 per cent of all projects, while Local NGOs (e.g., BRAC in Bangladesh) implemented 29 per cent. Foreign NGOs are the most common project implementers in projects ranging from CHF 100,000 to CHF 500,000 (see Figure 6).

Foreign State Institutions (i.e., state institutions of partner countries) account for many interventions (62), with the majority falling within the CHF 100,000 to one million CHF range.

Figure 6. VSD project phase size and partner groups (number or project phases by value, CHF)

| Partner group	0-100,000	100,001-500,000	500,001-1m	1-5m	>5m	Total	% of total number of phases (n=169)
Swiss NGO	26	25	18	29	3	101	50.8%
Foreign NGO	37	31	6	5	0	79	39.7%
Private Sector	57	13	3	5	0	78	39.2%
Foreign State Institutions	27	13	12	10	0	62	31.2%
No Contract Partners	44	6	0	1	0	51	25.6%
United Nations Organisations	21	11	6	9	0	47	23.6%
Swiss Academic and Research Inst.	6	6	0	0	0	12	6.0%
International Financial Institutions	3	3	0	0	1	7	3.5%
International Academic Research Organisations	4	1	0	0	0	5	2.5%
Other International Organisations	1	2	0	1	0	4	2.0%

SOURCE: SDC SAP Database 2024.

Swiss NGOs also lead a substantial share of VSD projects when volume is considered (i.e., 45.4% by volume). See Figure 7.

Foreign State Institutions (i.e., partner country institutions) and United Nations (UN) organisations account for 14 and 11.9 per cent, respectively, while Foreign NGOs are responsible for 10.8 per cent of VSD project volume. Private sector companies or organisations

make up 10.4 per cent of the total volume of funds but stand out as a critical implementing partner group for SDC in terms of the number of projects (i.e., 78 project phases).

Figure 7. VSD funding by partner group and share (2017-2023, million CHF)
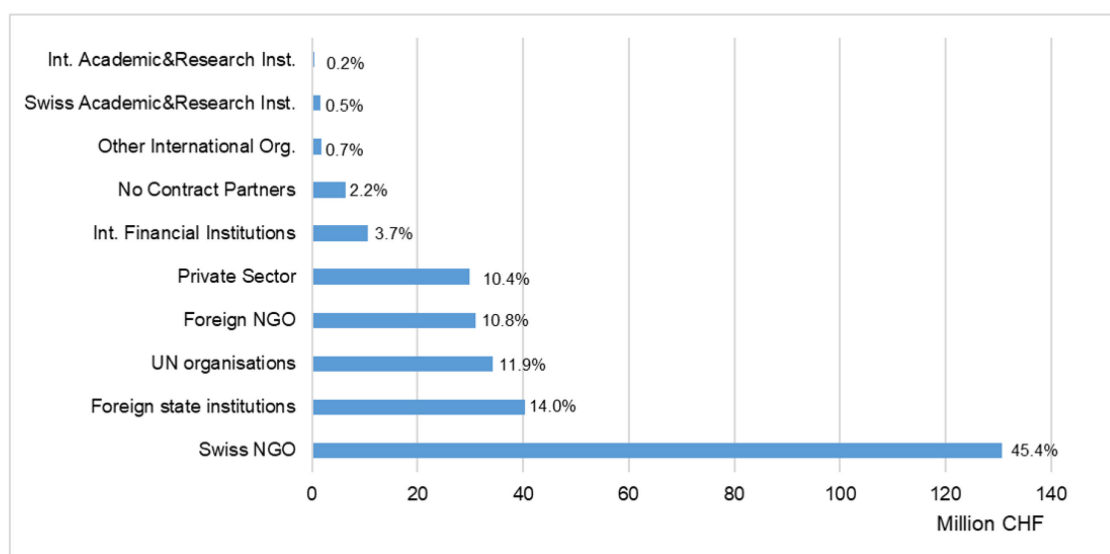
SOURCE: SDC SAP Database 2024.

The VSD volume of funds delivered through Swiss NGOs steadily increased from 2017 to 2021. There was an upward trend in the VSD volume implemented by foreign state institutions until 2022. The amounts for 2023, for both Swiss NGOs and partner country institutions, show a decrease in VSD funding compared to previous years. This is likely linked to shifts in SDC's strategic orientations (i.e., comparing IC 2017-2020 to IC 2021-24, which is less focussed on VSD). While there are some fluctuations in the volume of funds provided to other implementing partner groups in annual figures, there are no noticeable trends (see Figure 8).

Figure 8. Annual expenditure by partner group (by value, million CHF)

Partner Group	2017	2018	2019	2020	2021	2022	2023	Total
Swiss NGO	12.5	14.10	14.9	16.50	18.70	15.60	13.60	107.50
Foreign State Institutions	5.0	3.20	3.5	4.00	5.00	6.60	3.60	32.07
United Nations organisations	3.0	5.00	4.8	3.80	4.90	2.60	3.70	28.09
Private Sector	2.9	5.60	1.6	3.70	1.30	3.00	4.30	22.80
International NGO	1.5	4.00	3.1	2.30	3.60	4.20	3.40	24.40
No Contract Partners	1.0	1.00	0.4	0.30	0.50	0.50	0.30	5.16
International Financial Institutions	0.7	0.06	1.5	0.003	-0.10	5.70	-	9.33
International Academic and Research Institutions	0.06	0.07	0.07	0.07	0.05	0.02	0.03	0.40
Swiss Academic and Research Institutions	0.06	0.10	0.2	0.10	0.17	0.43	0.14	1.26
Other International Organizations	0.06	0.03	0.01	0.30	0.04	0.01	-0.40	1.70
Grand total	26.8	33	30.2	31.2	34.1	38.8	28.8	233.00

The proportion of VSD finance provided to implementers differs by geographic area. For example, Swiss NGOs were the most important implementers of Swiss VSD funding across all three domains (i.e., East, South and Humanitarian). However, their dominance is much more prominent in the South (52% of total VSD spending) than in the other two domains (East 28% and Humanitarian 35%). Major VSD implementers in the East have been state institutions, followed by a relatively even distribution of VSD financing among the United Nations, local NGOs, and IFIs. Foreign NGOs and UN agencies are significant implementing partners in the Humanitarian domain.

SDC's VSD bilateral cooperation at the country level represents 84.9 per cent of the SDC VSD portfolio. Regional VSD projects and interventions account for 12.7 per cent, while global interventions (i.e., those on two or more continents) comprise only 2.3 per cent of the total VSD expenditure. **Since 2017, bilateral cooperation has substantially increased, while support for global actions remained steady after 2018, following a considerable decrease.** The South domain has the largest portfolio by far in terms of VSD (71.7%), followed by the East (24%) and Humanitarian (4%). The VSD support to the East domain grew from 2017 to 2022 but declined thereafter. Several countries stand out when examining VSD projects per country (i.e., Nepal, Bangladesh, Myanmar, Egypt, Laos, Moldova, Mongolia, Niger, Syria, Tanzania, Albania). In the South Domain, Asian nations have been the primary recipients of VSD funding, accounting for 53 per cent of the total, followed by Southern, Eastern, Central and North Africa (17%) and West African countries (16%). The remaining 14 per cent represents spending in Latin America. Albania, Serbia, Moldova, North Macedonia, and Georgia were the major beneficiaries of Swiss VSD support in the East Domain. Kenya, Syria, Haiti, occupied Palestine Territories, and Jordan were notable recipients of Swiss VSD support in the Humanitarian Domain.

The highest number of bilateral projects were found in Nepal (7 projects: 6 active and 3 closed project phases in 2017-2023), Bangladesh (6 projects: 4 active and 3 closed phases in 2017-2023), and Myanmar (5 projects: 2 active and 4 closed project phases in 2017-2023).

Annex 4 provides full details on the portfolio analysis.

3 Evaluation findings

The evaluation findings are presented according to the six OECD-DAC criteria.

3.1 Relevance

Relevance is concerned with the extent to which the VSD portfolio is suited to the priorities and policies of the target group, recipient and donor and continues to do so if circumstances change. When assessing the relevance of VSD projects, the evaluation examined how SDC's VSD projects responded to the economic, social, and political context of partner countries and how they were designed and managed to achieve social inclusion and influence gender traditions.

EVALUATION QUESTION
Q1. To what degree do SDC's VSD projects and programmes systematically consider the economic, social and political context of partner countries?
SUMMARY OF FINDINGS
SDC's support for VSD is based on careful analysis of the partner country's economic, social and political context, its history of VSD support and its strong networks with government, civil society and

private sector representative organisations. Many projects have multiple phases, allowing for lessons to be learned and deeper contextual analysis.

Q2. To what extent are SDC's VSD projects and programmes designed and managed to achieve social inclusion and influence gender traditions?

SUMMARY OF FINDINGS

While SDC has designed and managed VSD to achieve social inclusion and influence gender traditions, there are concerns with how social inclusion is achieved. Often, VSD projects promote resilience and provide pathways outside of or parallel to the formal system rather than endeavouring to include or integrate marginalised or disadvantaged target groups into the national VSD system.

The evaluation found strong evidence that SDC's support for VSD is based on careful analysis of the partner country's economic, social and political context. Projects are formulated using a highly decentralised process that SCOs lead. SCOs engage local actors, identifying and responding to contemporary economic, social and political dynamics. In many countries, SDC has a history of VSD support and has established strong networks with government, civil society and private sector representative organisations. Moreover, there are many countries in which projects have multiple phases, allowing for lessons to be learned and deeper contextual analysis.

In most cases, SDC applied a bottom-up approach to designing projects in which project interventions are based on interactions with key stakeholders (e.g., national agencies, business membership organisations, and civil society). VSD has been flexibly applied in a range of contexts, including fragile and conflict-affected countries, such as Syria, where VSD is used to promote resilience and improve livelihoods, and poorer regions in Tanzania (i.e., the Morogoro Region), where VSD focuses on out-of-school youth and young mothers, and Nepal, Serbia and Albania where more attention has been given to the national systems for VSD. In some cases, SDC financed a comprehensive analysis of the national VSD system (e.g., Albania and Nepal). However, this approach is more common among donor and development agencies such as the World Bank and the Asian Development Bank. While the VSD Typologies have provided some guidance, the range of VSD project support reaches beyond these typologies.[23] While few SCOs interviewed were aware of or had used the VSD Typologies in project design, those who did found them useful but did not describe them as particularly influential in their approach.

Support for VSD was found to be aligned with the IC Strategy 2017–2020, which identified basic education and VSD as priorities, and the IC Strategy 2021-24. Increasing attention is being assigned to ensuring that education and training better meet the needs of the labour markets, while particular support is given to social inclusion, dual VSD systems development and private sector engagement.

There is some evidence that SDC projects support good governance within national economic, social, and political contexts. While all projects were implemented in accordance with SDC requirements (see Section 3.4, Efficiency) and governance as a transversal theme, not all were solely focused on improving the national VSD system. The Skills Development for Employment (SD4E) project in Albania was found to have contributed to a shift from a "fragmented and uncoordinated governance to a well-structured governance system, in which the 'checks and balances' are clearly distributed and accepted by most of the actors."[24] However, in Nepal, the National Vocational Qualifications System (NVQS) project's efforts to improve governance of the VSD sector were found to be hampered by processes of

---

23 See SDC (2009) VSD Project Typology Tool.

24 See: Ymeri, S. and M. Risler (2021) *Skills Development for Employment Evaluation Report*, SDC and UNDP, Albania

federalisation that were beyond its control.[25] This was also found to be a challenge for the Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE) project.[26]

Outmigration is a feature of the labour market in many partner countries. While many SDC projects focus on migration, the interventions applied tend to differ from those of typical VSD projects. Typically, in the context of migration and IDP, VSD is part of durable solutions and is not used to achieve systemic change but to give the targeted women and men perspectives. The VSD Typologies make no mention of VSD for migrants. This result is likely somewhat influenced by the selection of VSD projects within the portfolio, which typically fall within the thematic mandate of Migration and Forced Development (i.e., rather than E+E). The evaluation team met with migration-oriented projects in Nepal and Egypt. These projects typically provided short courses (i.e., ranging from a few weeks to a few months) that were not connected to the national VSD system or qualifications framework. The lessons from the Safer Migration (SaMi) project in Nepal (2013-2018) were that recognising the skills required by employers in the destination countries was a major challenge: Skills training must be connected to the demand and employment opportunities in the destination countries. Greater attention must be given to "a certification system accepted on both ends of the migration corridor."[27] The SDC (2022) thematic guidance on basic education and VSD describes education for migrants as an opportunity.[28] Moreover, SDC has produced a tool for practitioners in development cooperation, including humanitarian aid, using VSD in the context of migration.[29] This provides guidance for checking, adapting and designing VSD projects to consider populations of migrants, including refugees and internally displaced people, as part of the target group and to add or make better use of VSD as an instrument for economic and social integration and development in other SDC projects on migration and humanitarian aid.[30]

SDC has made deliberate and consistent efforts to design and manage VSD projects that respond to private sector needs and opportunities. In all countries assessed, SDC highlighted the importance of governments engaging with the private sector on VSD to ensure skills are developed in response to employer demands. Many business and employer representatives expressed their strong appreciation for SDC opening the doors to consultation with the government on skills demand and delivery. Many projects reviewed for this evaluation were committed to collaborating with the private sector to identify and deliver VSD courses.

---

25 See: Caves, K. and U. Reynold (2019) *External Evaluation: National Vocational Qualifications System Project*, ETH Zürich.

26 See: Orange and Teal (2024) Mid-Term Review (2024) Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE) - Phase 2; Evaluation Report.

27 SDC (2018) "Learning from the Safer Migration Project (SaMi) - Phase 1 and 2 (2013-2018)", *Learning Series* 02/2018, SDC.

28 The SDC thematic advice suggests that access to basic education and VSD opportunities, as well as recognising migrants' prior qualifications and level of education, enhances migrants' chances of social integration and access to labour markets in their host societies. Moreover, the active economic participation of migrants in host countries contributes to increased productivity, reduces their dependence on aid and social services, and favours their integration into the local society. "Education, knowledge and skill sets gained during migration and displacement constitute an asset on their return to their country of origin (p. 11)." SDC (2022) *Thematic Guidance on Basic Education and Vocational Skills Development*, Bern.

29 SDC (2020) *Vocational Skills Development and Migration; Working Tool for Practitioners in Development Cooperation including Humanitarian Aid*, E+I Network, SDC, Bern.

30 The SDC Guidance on inclusive economic development in fragile contexts describes the SDC project on Promoting Life Skills and Livelihoods in Kakuma Refugee Camp in Kenya, which hosts 186,000 refugees, mainly Somalis and South Sudanese, in a protracted refugee situation. This project seeks to strengthen the income-generating capabilities of youth (i.e., both refugees and those from the host community) by enhancing their technical, financial, life, and literacy skills. It applies a holistic approach in which skills training complemented by soft skills (e.g., communication, sexual reproductive health), entrepreneurship, financial literacy, work readiness training, basic literacy and numeracy skills.

However, major challenges remain mostly caused by the small size of the formal private sector in many partner countries and, in some countries, government structures' distrust in the private sector.

The countries reviewed lack sustainable working models in the formal economy that show how the private sector can be technically and financially engaged. This is discussed further in Section 4.2.2.1. One exception was found in Serbia, where capacity building in business membership organisations and government TVET institutions is beginning to improve the provision of demand-led VSD. **The challenges are even greater in countries where the economy is dominated by informality.** In these contexts, project relevance is achieved by engaging with the private sector by supporting self-employment and microenterprise development, particularly in agricultural production and small-scale agribusinesses. Thus, while VSD is typically not a mechanism for job creation, it can be combined with private sector development (e.g., business development, financial services, and market systems development) to support the creation of new jobs when the number of available employment opportunities is limited.

There is strong evidence that SDC has designed and managed VSD to achieve social inclusion and influence gender traditions. Indeed, this is often a hallmark of SDC's work. For almost all the evaluated VSD projects, the justification is to provide marginalised and vulnerable groups with employable skills and better employment opportunities. Disadvantaged and marginalised groups can include young people, women, refugees, migrants and internally displaced persons (IDPs). However, VSD projects that focus on social inclusion often do not endeavour to include or integrate these target groups into the national system, as these groups typically don't meet the requirements of formal VSD. Instead, VSD promotes resilience and creates pathways outside or parallel to the formal system. For example, the Opportunities for Youth Employment (OYE) in Tanzania reported that 91 per cent of trainees obtained self-employment in the informal economy after the first year and 87 per cent after the second year. Similarly, in Egypt, where there are more than 300,000 refugees and asylum seekers that the government expects will return to their countries of origin, formal employment opportunities are limited. The SDC-funded Youth Empowerment and Integration in Host Communities project, which is implemented by the United Nations Children's Funds (UNICEF) and International Labour Organization (ILO), aims to improve livelihood opportunities and strengthen the socio-economic resilience of migrants, refugees, IDPs and host community youth. These projects incorporate life skills training into training courses that improve practical technical skills. However, they do not help marginalised groups to enter or re-enter the formal system. These findings do not suggest that SDC's focus on social inclusion is misplaced. Instead, they illustrate how VSD is applied when the formal system is not functioning as it should. While the SDC (2019) typologies guidance describes Access and Inclusion into VET interventions as focusing "on the access and inclusion of potential learners and students from all types of disadvantaged groups into regular programs of the formal VET system at any qualification level", this is not the focus of these projects. Indeed, **alignment or integration between formal and non-formal VSD pathways is often unclear in many projects.** The strategy of achieving social inclusion by improving jobseeker skills is limited in a context with few formal job opportunities. In such cases, employment in the informal economy as an informal worker or sole employee is the only viable option.[31] One exception was found in Serbia, where SDC supports a project providing employment in registered companies to youth via non-formal training and where the retention rate of these trained youth is high (67%).

---

31 The SDC Guidance on inclusive economic development in fragile contexts describes how "widespread violence and the erosion of social standards and services limit the development of basic and vocational skills and thus hamper the chance to develop social and personal qualifications and competencies, in turn impeding integration into the labour market." In such contexts, VSD skills development might not lead to systemic social inclusion but may lead to conflict reduction and peaceful co-existence, which is a vector for stability at a local or subnational level.

Only a few VSD projects explicitly identify climate change. While several projects have more recently included the development of green skills (e.g., Inclusive Green Growth in Egypt 2019-2023) or improved and sustainable agricultural practices (e.g., Skills for Employment Tanzania Phase 2 2022-2026), not many projects do this. There is a growing demand among partner country governments, private employers and the international donor and development community to improve how VSD interventions can contribute to a just and green transition.[32] In some countries, there is a growing demand for courses that improve digital skills and support for the digitalisation of VSD systems.

3.2 Coherence

Coherence concerns the compatibility of interventions with other interventions in a country, sector or institution. When assessing the coherence of VSD projects, the evaluation examined the extent to which SDC's VSD projects were **internally** consistent and complementary to other SDC and Swiss approaches and **externally** consistent with other donor and development partners operating in partner countries.

EVALUATION QUESTION
Internal Coherence: Q3. To what extent are SDC's VSD interventions consistent and complementary with other SDC policies, strategies and plans, as well as with the work of other Swiss agencies?
SUMMARY OF FINDINGS
SDC's VSD interventions are consistent and complementary with other SDC policies, strategies and plans, and other Swiss agencies. There is scope to improve knowledge management of VSD across a highly decentralised and diverse portfolio while strengthening the strategic narrative regarding the role of VSD in global labour markets and climate change.
EVALUATION QUESTION
External Coherence: Q4. To what extent are SDC's VSD interventions consistent and complementary with other donor and development partners operating in partner countries?
SUMMARY OF FINDINGS
SDC's VSD interventions complement other donor and development partners, with SDC often taking a lead role in donor coordination. SDC is recognised as an authoritative, credible and reliable partner that adjusted its approach to local circumstances and collaborated with others development partners.

SDC's VSD interventions displayed a high level of internal coherence. They are consistent and complementary with other SDC policies, strategies and plans, including those of other Swiss agencies. SCOs lead a process through which SDC divisions are invited to engage in project design, implementation and monitoring. Moreover, SDC's VSD projects have cooperated closely with SECO in countries where SECO operates to ensure alignment and coordination. **Strong evidence was found that VSD is integrated within SDC humanitarian responses and emergency contexts.** Indeed, the cases of Syria, Egypt, and Bangladesh show how VSD has been applied to reduce vulnerability and improve resilience in fragile and conflict-affected situations. This is largely achieved by providing vulnerable and marginalised groups with life skills training and technical and income-generating support (e.g., sewing, hairdressing and mobile phone repair).

There is some evidence that SDC has intentionally designed VSD projects to support or complement PSD. Examples include the Making Labour Market Work for Youth project in Albania (RisiAlbania) and the Skills and Employment Programme (SEP/Sudokkho) project in Bangladesh. Both PSD projects employ market systems development (MSD) methods. The

---

32 For some recent thinking on this topic, see SDC (2024) "Input Paper on Green Skills; Why skills are important for the green transition, what green skills are, and how SDC can define entry points for embedding green skills in VSD programs." *Workstream on Inclusive Green Economy*. E+E SDC, Bern.

Building Skills for Unemployed and Underemployed Labour (B-SkillFull) project in Bangladesh initiated several partnerships with private sector organisations that supported micro, small and medium-sized enterprises. In Burkina Faso, a project to Support Vocational Training through Dual Apprenticeship (PAFPA-Dual) worked with the National Council of Burkinabé Employers, while SDC worked with industry-linked skills councils, and the OYE project supported self-employment and microenterprise development in agricultural value chains.

There were few connections between SCOs, VSD projects and the International Cooperation in Vocational and Professional Education and Training (IC-VPET). This umbrella structure for VSD technical exchange and knowledge management was created in 2015 to foster development, foreign trade and international migration policy while enhancing the visibility and relevance of the Swiss VPET system abroad. This mechanism has been drawn upon occasionally by VSD advisers at headquarters, with links created with regional and SCOs where relevant. The SDC (2021) external review of the implementation of the SDC education strategy reported the structure as "not very dynamic and active."[33] This evaluation confirms this finding. **The major challenges to internal coherence are ensuring quality and improving knowledge management across a highly decentralised and diverse portfolio of VSD projects.** This is discussed further in Section 4.2.2.3.

SDC's VSD interventions were typically externally coherent, displaying high levels of interaction and complementarity with other donor-supported projects and programmes. Strong ties between SDC and other development partners were observed. Many donor and development partners, host governments and business representatives described SDC as a cooperative, credible and authoritative development partner in VSD. While the mechanisms for donor coordination vary across countries—ranging from *ad hoc* and informal to highly structured with opportunities for government interaction—SDC is typically a strong and leading partner. SDC is leading and supporting national donor coordination mechanisms in several countries (e.g., Egypt, Nepal, Tanzania, Burkina Faso). Many donor and development agencies described SDC as a small donor in terms of volume but significant regarding its understanding and national and international experience in VSD. These views were shared by partner government ministries and private sector representative organisations. This reputation often extended beyond SDC to include the Swiss academic and technical advice it draws upon (e.g., Nepal and Serbia). SDC was recognised for supporting social inclusion and gender and engaging with the private sector while pioneering new approaches to VSD. SDC's leadership and support for donor coordination contributed to better information sharing among development partners and stronger alignment. In Nepal, SDC is a leading donor partner in efforts to promote a sector-wide approach (SWAP) to VSD support.

SDC's cooperation with other donor agencies often extends to co-financing arrangements. There are many VSD projects in which SDC is a partner, either as a majority partner or as a minor partner (e.g., in Egypt, SDC funds 20% of the German-funded and managed Vocational Skills Development project). In Burkina Faso, SDC is a lead partner in a basket funding mechanism (i.e., APOSE/EFTP in Burkina Faso).

There are some differences among donors regarding what dual VSD looks like. While this can be a healthy competition of ideas, there were some instances where SDC was criticised for promoting particular VSD models (e.g., dual VET) too strongly (e.g., Burkina Faso and Serbia). In practice, dual VSD can take many forms and development partners broadly

---

33 This would require a more comprehensive approach to integrate educational, vocational and labour market insertion components, services and instruments, while forming stronger linkages with potential job creators (i.e., the private sector). Moreover, the review found complementarities between VSD and PSD and financial sector development (FSD). Reference: SDC (2021) External Review of the Implementation of the SDC Education Strategy: Basic Education and Vocational Skills Development and the SDC Education Fund, External Review 2021, Bern.

appreciate SDC's knowledge and experience.[34] Collaboration was found to be particularly strong with the German technical cooperation agency (GIZ), one of the strongest advocates of the dual apprenticeship model. For example, the SCO in Cairo works closely with other donors and development partners in Egypt. There is good collaboration in the VSD portfolio under the leadership of GIZ, which also involves USAID and the EU. SDC is not a large donor but is well regarded as an authority in VSD and a cooperative partner.

3.3 Effectiveness

Effectiveness is concerned with the extent to which the intervention achieved, or is expected to achieve, its objectives and results, including any differential results across groups. Three elements of effectiveness were considered by the evaluation: (1) the extent to which SDC's VSD interventions had achieved or were expected to achieve their intended objectives; (2) engagement with the private sector to foster demand-driven skills development; and (3) support for the transformation of national systems for VSD.

EVALUATION QUESTION
Q5. To what extent did SDC's VSD interventions achieve their intended objectives?
SUMMARY OF FINDINGS
SDC projects often met or exceeded their targets when working with direct beneficiaries and specific target groups (e.g., women, young people, IDPs), but fewer results were reported when it came to systems change. SDC VSD projects are designed to contribute in part to the transformation of national systems, yet the extent to which they do this varies and the overall results are limited.
EVALUATION QUESTION
Q6. To what extent do SDC VSD projects and programmes engage the private sector and foster demand-driven skills development?
SUMMARY OF FINDINGS
SDC has sought to engage the private sector and foster demand-driven skills development. However, there are major challenges in how to involve the private sector in skills development and with ensuring VSD is sufficiently demand-driven. Moreover, the challenges with working with informal employers and supporting self-employment and microenterprise development outcomes deserve greater attention.
EVALUATION QUESTION
Q7. To what extent do SDC VSD projects and programmes support the transformation of national systems for VSD?
SUMMARY OF FINDINGS
Most SDC VSD projects are designed to contribute to the transformation of national systems. However, the overall results are limited, and persistent challenges remain. National systems are typically complex and bureaucratic. Reform takes time and often there are few incentives or drivers for change. While national VSD system reform typically requires policy dialogue, not all implementing agencies have the authority or political gravitas to drive this.

SDC VSD projects are well-designed, with clear project logic and sound management arrangements. The tools and processes for project (e.g., Entry or Credit Proposal) development and approval are rigorous, and the mechanisms for project management and monitoring are well-established and effective. **Attention has been given to identifying lessons from past project experiences and incorporating these into new projects or project phases.** Tracer studies have sometimes been commissioned to measure outcomes

---

34 The dual approach is not unique to SDC. Many donors promote a model that combines classroom and workplace-based learning. What is unique for SDC and GIZ is the heavy element of workplace-based learning (i.e., usually 75% of the curriculum) and the role of the private sector in implementing the dual model.

and impacts. For example, the Albania Skills for Jobs project (Phase 2) undertook a tracer study of vocational education graduates in 2019-2020.[35] In Egypt, the Vocational Skills Development project relies on the results of tracer studies to verify anticipated outcomes in its results chain, as do the Skills for Employment (SET) and OYE projects in Tanzania. While some tracer studies have been undertaken in Nepal, a recent study on the net benefits of the dual VET apprenticeship was undertaken this year.[36]

There is strong evidence that SDC has sought to engage the private sector and foster demand-driven skills development. Governments often would not have tried interacting with private employers if SDC had not advocated for this. This is discussed further in Section 4.2.2.1. The ENSSURE project in Nepal, the Vocational Skills Development project in Egypt, and the SET project in Tanzania are excellent examples. However, there are major challenges when involving the private sector in skills development and ensuring VSD is sufficiently demand-driven. There are few working models that demonstrate the roles, responsibilities, and processes for long-term government and private employer engagement. For example, a 2021 mid-term review of Albania's Skills Development for Employment project found that efforts to engage the private sector were sporadic and not consolidated to become "systemic". It recommended a roadmap for guiding a more systemic engagement, including supporting capacity building among business associations on human resource and skills development.[37]

Little evidence of VSD directly affecting private sector productivity, profitability, and competitiveness was found. As discussed above, many projects focus on the training and employment outcomes of VSD projects and the institutionalisation of systemic reforms. However, very little attention has been given to the effects of VSD on private firms. A recent cost-benefit analysis of the ENSSURE 24-month dual apprenticeship scheme in Nepal estimated that the median company made a net benefit of 130,000 Nepal Rupees or about 3.7 monthly wages of a skilled worker, largely due to the productive contribution of apprentices. However, it does not suggest that these firms have become more profitable or competitive. The challenge for many private firms in Nepal is that they face a difficult business environment with limited access to finance and growing markets. Thus, improvements in worker productivity alone are not enough to produce broader firm-level results. In Serbia, a study of company-related costs and benefits of a dual system concluded that companies currently observe negative net benefits (i.e., costs exceed benefits).[38]

The challenges of working with informal employers and supporting self-employment and microenterprise development outcomes deserve greater attention to maximise the perceived and actual benefits of investing in skills development and pay more attention to the challenges facing informal firms. In many of the countries studied for this evaluation, the informal economy dominates (e.g., Burkina Faso, Niger, Syria, and Tanzania), while in others it is a major feature (e.g., Bangladesh, Egypt and Nepal). In these circumstances, private sector representation is extremely challenging, as is the ability of private employers to pay for formal skills development. Similarly, these countries are challenged to ensure decent working conditions during training in accordance with human rights standards. For example, in

---

35 Skills for Jobs (2021) What happens to Vocational Education Graduates after leaving School? Findings from Tracer at Provider Level 2019-2020. Cited in the 2022 Mid Term Review, Skills for Jobs project (Phase 2) Report.

36 Renold, U., T. Bolli, P. McDonald, and A. Sharma (2024) Net Benefits of Dual VET-Apprenticeship; An Analysis of Costs and Benefits in the Dual VET-Apprenticeship Programme in Nepal; Report. ETH Zürich, Zurich.

37 Ymeri, S. and M. Risler (2021) Mid-Term Review: Skills Development for Employment (Consolidation Phase), Albania, SDC and UNDP.

38 Bolli, T., K.M. Caves, F. Pusterla, and U. Renold (2021) "New Dual Education Program in Serbia. Do Benefits Exceed Costs for Participating Companies?" *CES Studies*, 9. This study will be repeated with an improved common understanding of the inputs required for a cost-benefit analysis adapted to the Serbian context.

Burkina Faso, informal private employers' reluctance to consider insurance can make VSD untenable. SDC's work with the private sector in VSD is discussed further in Section 4.2.2.1.

While there is evidence that most, if not all, SDC VSD projects are designed to contribute in part to the transformation of national systems, the extent to which they do this varies, and the overall results are limited. Only a few reviewed projects were substantially designed to address system-level constraints (e.g., Albania, Nepal and Serbia). As a result, the effects of the supported initiatives may be less than desired due to legal or institutional constraints **National VSD systems are typically complex and bureaucratic. Reform takes time, and there are often few incentives or drivers for change.** Many project documents present a case for sustainability that is unrealistic and beyond the project's scope. SDC's ambitions for national systems change are high and not always matched with the time and resources required. For example, the ENSSURE project in Nepal is a system-building initiative that began in 2016 with an overall timeframe of 12 years spread across three phases. Problems in the process of federalisation and anticipated changes to the role of the Council for Technical Education and Vocational Training have created delays. The project works across all tiers of government as well as with employers and training institutions to develop nationally accredited training programmes. A 2024 mid-term evaluation of the project (i.e., conducted eight years since the beginning of the project) described some successes in systems reform and significant uncertainty about whether municipalities would have the capacity and willingness to sustain funding once external donor support ends. This "stems partly from the possibility that municipalities may not be the most appropriate level of government for such initiatives." This highlights the challenges facing systems reform projects. Thus, while all VSD projects should be aligned with the national system and contribute in some manner to the improvement of the system, there are risks that come with systems reform that require a judicious balancing of ambition with budget and timeframes.

National VSD system reform requires policy dialogue. While not all implementing agencies have the authority or political gravitas to engage in dialogue at this level, SDC, representing the Government of Switzerland, is well-placed to take on this role. In Nepal, the SCO is fully engaged in policy dialogue. It describes its operations at three levels: politics, policy and programmes. Support for VSD is framed within these three levels: politics (i.e., state building in a federated system), policies (e.g., TVET Act, National Qualifications Framework, etc.) and programmes (e.g., introduction of dual system, etc.). SDC's support for systems changes is discussed further in Section 4.2.2.2.

3.4 Efficiency

Efficiency concerns the extent to which interventions deliver, or are likely to deliver, results economically and in a timely manner. When assessing the coherence of VSD projects, the evaluation examined how efficiently SDC's VSD projects and programmes were delivered across HQ, regional and SCOs.

EVALUATION QUESTION
Q8. How efficiently are SDC's VSD projects and programmes delivered across HQ, regional and SCOs?
SUMMARY OF FINDINGS
SCOs are fully responsible for project management and efficiencies, and VSD projects are efficiently implemented according to market conditions. At the country level, SDC organises its VSD support over several phases to enhance project flexibility and adaptability to changing circumstances and based on lessons learned in earlier phases. The use of project phases allows SDC to pilot new approaches in one phase and to support the replication or embedding of successful pilots in a later phase.

Efficiency has two elements. The first concerns the efficiency of how VSD projects are managed. The second concerns the efficiency of the VSD portfolio (2017-2023) in each country.

At the project level, there is evidence that SDC VSD projects are efficiently run. VSD projects have been implemented cost-efficiently, timely and according to market conditions. SCOs regularly use mid- and final-term reviews containing project performance and results assessments, including value-for-money considerations. While some project reviews assessed for this evaluation cited concerns, this was not a consistent trend. Indeed, mid and final-term reviews are a valuable mechanism for identifying and responding to cost efficiencies at the project level. **SDC's VSD projects have cooperated closely with SECO** in countries where SECO operates to ensure alignment and coordination. There is evidence of a collaborative division of labour and information sharing within SDC at the SCO, regional and headquarters levels.

At the bilateral (i.e., country) level, SDC organises its VSD support over several phases. This enhances project flexibility and adaptability to changing circumstances and is based on lessons learned in earlier phases. Figure 9 provides data for the nine countries assessed through field and desk studies. Project phases allow SDC to pilot new approaches (e.g., new forms of private sector-led VSD delivery) in one phase and to support the replication or embedding of successful pilots in a later phase. Not all project interventions were entirely focused on VSD (i.e., VSD was a component of a larger project). While there is significant value in ensuring VSD is incorporated into projects dealing with other sectors (e.g., agriculture and green growth), applying numerous interventions raises the dangers of duplicating or overlapping projects. For example, three projects reviewed in Bangladesh displayed overlaps regarding their target groups and interventions (i.e., Skills for Employment Investment Program, Building Skills for Unemployed and Underemployed Labour and Skills and Employment Programme). Similarly, in Nepal, the 2024 mid-term evaluation of the ENSSURE project found that while partners considered the committee structures useful, they also highlighted a "need for improvements, particularly in streamlining decision-making processes to make them more efficient." While the pattern of many projects suggests the country portfolio is adapting to local contexts and changing dynamics, there is an opportunity cost to this approach. Creating systemic change will often require fewer, larger projects that can work more intensely with partners to support the institutional, policy and legal transformations.

Figure 9 Active and closed VSD interventions in case study countries (2017-2023)

Country/Region	Projects	Project Phases	
		Active	Closed
Albania	**3**	3	1
Bangladesh	**6**	4	3
Burkina Faso	**2**	2	1
Egypt	**4**	3	1
Nepal	**7**	6	3
Niger	**4**	3	1
Serbia	**3**	3	1
Syrian Arab Republic	**4**	4	0
Tanzania	**4**	4	2

Under a highly decentralised system, SCOs are fully responsible for project identification, scoping, approval, and management. This system is well-regarded by SCO, regional and headquarters staff and has many benefits. The fit-for-purpose reorganisation of 2022 produced a shift towards further decentralisation, and while not all SDC staff interviewed were happy with these changes, it appears to have been generally well received. Much time

was taken in the internal processes of the fit-for-purpose reorganisation, and many regional and country staff felt somewhat removed from these processes. However, since adopting the new arrangements, there has been greater awareness that country and regional staff need to become more aware of the opportunities for support in the new arrangements.

Efficiency is influenced by SCOs' ability to learn from their experiences in the country and regional and international best practices. Highly decentralised systems require attention to knowledge management. The current demand-oriented approach requires the SCO to contact its regional thematic adviser, the E+E thematic adviser in Bern or the thematic backstop (KEK-CDC). Management sees this bottom-up, demand-led approach as the most effective mechanism for obtaining technical support and knowledge management. The thematic backstoppers have responded to around forty requests since 2020, and several SCOs interviewed have used and appreciated this support. In some cases, the turnaround time for support (i.e., up to six months) was not considered satisfactory, although this was often determined by the complexity of the request. While some SCOs and regions are critical of the institutional arrangements for VSD project design and management, the system appears robust and consistent, ensuring a high quality of management supervision and results reporting.

3.5 Impact

Impact considers the extent to which interventions have generated or are expected to generate significant positive or negative, intended or unintended, higher-level effects. When assessing the impact of VSD projects, the evaluation examined the extent to which SDC's VSD projects produced higher level effects at macro (policy), meso (institution) and micro (employers, beneficiaries) levels.

EVALUATION QUESTION
Q9. To what extent have SDC VSD projects and programmes produced higher level effects at macro (policy), meso (institution) and micro (employers, beneficiaries) levels?
SUMMARY OF FINDINGS
The evidence varies regarding higher level effects at macro, meso and micro levels. Good results have been achieved at the micro level, with many projects creating positive and meaningful impacts among direct beneficiaries, especially marginalised and disadvantaged target groups. Considerable results have also been achieved at the meso level where VSD projects have worked with organisations, government agencies, training centres, and business organisations to improve their capacity and system governance. Macro level reforms have proved to be more difficult because they are more vulnerable to external factors and require more time. This demands policy dialogue that combines diplomatic and political support with relevant and timely technical assistance.

Strong evidence shows good results have been achieved at the micro level. Many projects have created positive and meaningful impacts among direct beneficiaries, such as out-of-school and unemployed young women and men, and migrants and women in general. Projects have also trained staff and new recruits in local businesses. While most of the reviewed projects have exceeded the planned target regarding the number of beneficiaries trained, many projects have experienced difficulties finding job placements for recently trained participants. This is mainly due to low labour market absorption rates. For example, while formal dual apprenticeship schemes enjoy a higher share of graduates who find employment, some countries such as Egypt and Tanzania reported below 50 per cent employment rates. Thus, projects would improve impact by paying more attention to labour demand and more closely aligning training to opportunities. For short-term vocational training, the impact tends to be less pronounced, primarily due to the limited number of employment or self-employment opportunities. There are strong indications that the employment rate of the trainees increases with the level of education (e.g., the ENSSURE training programme in Nepal targeting unemployed secondary school leavers reports employment rates above 80%). Another lesson

from Bangladesh is that short-term skills training does not create employment, and a more comprehensive approach aligned to the demands of private employers is often required.

There have also been considerable results achieved at the meso level where VSD projects have contributed to the quality and relevance of skills provision (e.g., in Egypt, Nepal, Bangladesh, Niger, Serbia, and Tanzania). National systems development typically requires change at the meso and macro levels, and meso interventions are often more feasible. Meso interventions build the capacity of what are often weak partner institutions in the national system. Meso-level organisations (i.e., associations, chambers of commerce, training centres) act as intermediaries, bridging the gap between macro-level policy and micro-level implementation. By strengthening these organisations, SDC contributes to the resilience and sustainability of VSD systems and can improve system governance without broader (i.e., macro) systemic reforms and long-term public and private funding.[39] Meso-level capacity development through service providers' training and business development has been strengthened, while intensive technical assistance combined with years-long support has produced impacts at the meso level. However, more care should be given to ensuring institutional and financial sustainability beyond the project, which will be addressed below.

While there is evidence of impact change at the macro level in some countries (e.g., Albania, Nepal and Serbia), **the impact on the national VSD systems has been limited in many others** (e.g., Burkina Faso, Egypt and Tanzania).[40] Macro interventions, such as policies, laws and regulatory mechanisms, while comparatively easy to produce as an output (e.g., drafting a policy or law), can take time to adopt and implement. Moreover, successful macro-level results require policy dialogue, and a sophisticated combination of diplomatic and political support accompanied by relevant and timely technical assistance. Even when this balance is attained, many extraneous factors can impede reform. While some projects focus on macro reforms, most provide smaller contributions. For example, SDC supports projects that pilot new approaches in a specific sub-national territory or industry sector on the basis that success will be nationally adopted.[41] However, there are many obstacles on the pathway from a local pilot to macro change. A 2020 review of VSD systems in Albania and selected countries from Central and Western Europe and the Balkan Region found that while donor programmes have contributed enormously to improvements in the VSD system, very often, these ambitious donor projects remain "islands of success", or even vanish shortly after the project expires, instead of becoming sustainable solutions, scaled-up and mainstreamed into a coherent national VSD model.[42]

3.6   Sustainability

Sustainability considers the extent to which the net benefits of the intervention continue or are likely to continue. When assessing the sustainability of VSD projects, the evaluation examined the extent to which SDC's VSD projects would continue or were likely to continue after closure.

---

39 This finding aligns with the recent review of VSD support in Latin America. See SDC (2023) "Capitalization exercise on Technical and Vocational Training Systems in Latin America", *Brief*. Bern.

40 This finding is somewhat in keeping with the SDC (2011) VSD evaluation, which found that many VSD activities did not "significantly contribute to higher incomes" and that "achieving impact remains a challenge."

41 It is understood that SDC has recently been paying more attention to scaling innovations across all thematic areas. This has included internal discussions and workshops on scaling, experimentation with artificial intelligence apps to support scaling processes, engagements with development peers and support for staff, including videos, case studies, tools and guidance.

42 Hilpert, A. (2020) *Review of the Albanian VET System including a Comparative Analysis with Selected Countries from Central and Western Europe and the Balkan Region; Final Document*. SDC.

FEQ10. To what extent are SDC's VSD projects and programmes likely to ensure that intervention results will continue or are likely to continue after closure?

SUMMARY OF FINDINGS

Sustainability is elusive in many of SDC's VSD projects. While there is evidence that some intervention results will continue or are likely to continue after closure there are many factors that influence sustainability. All Credit Proposals include an Exit Strategy, but many of these are overly optimistic and ambitious in their assumption and claims regarding sustainability. In some instances, the SDC support for VSD demands a degree of political, bureaucratic and institutional maturity that is not aligned with current realities.

Sustainability is a challenge for many SDC-supported VSD interventions. While there is evidence that some activities will continue or are likely to continue after project support ends, many factors beyond SDC's immediate control influence sustainability (e.g., budget allocation, staffing, private sector co-financing, institutional structures, and political disruptions). This is particularly the case for macro-level interventions. Still, it is also present at the meso level, where support for sustainable organisational or institutional change can take time and additional resources for new practices, procedures, or financing modalities to become entrenched.

Examples of the challenges to sustainability include the Albania case study, which reported that while major achievements by 2020 had led to the establishment of a comprehensive legislative framework for the VET system, the challenge is to make this legal framework operational. The Bangladesh study found that it is questionable whether the project activities will continue once the external funding ends. In Syria, the evaluation found that sustainability remains vulnerable to the context where conflict is protracted, and the situation worsens. Finally, in Tanzania, many political and economic challenges undermined sustainable change, including donor dependence and the lack of incentives to operate independently of external financial and technical support.

The Federal Financial Control 2024 audit of SDC's support for the development of professional training found that professional skills facilitate the integration of young people into the labour market and contribute to reducing poverty. While some projects support young people through employment agencies or schools by providing equipment, training teachers or updating study plans, others focus on strengthening national systems to improve the governance of professional training. However, the results of the audit are mixed. Promoting professional training was found to be complex and demanding to the extent that the SDC must integrate educational and economic concerns and work with many actors. Once the projects were completed, the effectiveness of interventions was found to be uncertain without continued external support and funding. The Federal Financial Control argued that it is not wise to pursue projects without the commitment of governments and the private sector to continue support beyond the project's life. Its recommendations included applying a flexible, pragmatic approach to project design, focusing on scaling up successful projects while developing public-private partnerships.[43]

Securing financing for the activities introduced in connection with support is usually challenging. In several countries, including Bangladesh, SDC has pursued a market systems development (MSD) approach that seeks to address underlying causes of market systems underperformance by introducing cost-sharing mechanisms rather than providing direct support. The experience of this approach in Bangladesh has been mixed for two reasons. First, most market actors are underdeveloped and poorly organised, especially micro, small and medium-sized enterprises. Second, VSD markets are often distorted by other market actors, including other donor-funded projects. There was more success in Albania, where the

---

43 Federal Financial Control (2024) *Audit de la coopération au développement dans le domaine de la formation professionnelle*, Bern.

RisiAlbania project triggered more than nine million Euros in direct investment. This evaluation did not have the opportunity to dig deeply into the pros and cons of using different funding models and the impact thereof. The evaluation team is also unaware of any comprehensive assessment of the impact of Swiss support on VSD and the growth and competitiveness of the enterprises employing the trainees.

All Credit Proposals are required to include an Exit Strategy. However, the exit strategy in a Credit Proposal is often only one or two paragraphs long. **Many of these are overly optimistic and ambitious in their assumption and claims regarding sustainability.[44]** While these claims could be more rigorously tested, a more strategically realistic approach would be to agree on feasible milestones that may be achieved along a pathway to increasing sustainability. In Albania, the sustainability of VSD projects has been consciously considered. However, the long history of VSD programming with multiple project phases suggests this goal is elusive.

4 Lessons, conclusions and recommendations

4.1 Lessons learned

Some of the major **strengths** of SDC's support to VSD in partner countries are:

- SDC's support for VSD is highly relevant to the needs of partner governments and private employers while valuable in ensuring marginalised and vulnerable groups (e.g., women and young people) are not left behind.
- Relevant SCO staff are well qualified and have a sound knowledge of that national VSD sector.
- Good collaboration across divisions and between humanitarian and development themes contributes to project and program cohesion.
- The decentralised SDC structures allow a flexible and adaptable implementation approach, facilitating adjustments in response to local economic and political changes.
- VSD courses that target disadvantaged, marginalised and vulnerable groups (e.g., women and young people) are successful when they combine life skills development with practical, technical and vocational skills development. Many of these programmes also include business development skills in situations with few formal employment opportunities, thus contributing to increased incomes and livelihoods.
- To ensure sustainability and scale, SDC supports national systems development through a careful balance of political and policy dialogue, legal, regulatory and institutional reform, and piloting new VSD models, including those related to long-term financial sustainability.
- Successful national systems reform requires a combination of political, policy, and programme dialogue, which is best managed by the SCO office rather than implementing partners.
- SDC can leverage its credibility and authority in partner countries to lead national donor coordination and facilitate joint funding mechanisms (e.g., basket funds and SWAPs).
- Helping partner governments interact with private employers to identify skill gaps and VSD delivery mechanisms is essential for achieving demand-driven skills programmes.
- When flexibly applied, the dual system of work-based training can ensure that courses are relevant to partner governments and private employers.

---

44 This finding is an improvement from the SDC (2011) VSD evaluation, which argued that SDC "should insist on the formulation of exit strategies as early as at the credit proposal stage. Comprehensive inception phases are important. These should more systematically consider political-administrative structures and existing training cultures and assess the underlying motivations of key stakeholders to engage in fundamental changes to VSD systems."

- Combining VSD with broader PSD measures contributes to enterprise growth and increases the demand for skilled labour.
- Experience from SDC support for market systems development methods can be used to increase the scaling effects of VSD projects and their contribution to national systems development.
- Constant attention to knowledge management in the decentralised SDC structure will ensure that learning is transmitted between SCOs and that experience from international cooperation is shared.

Some of the major **challenges** of SDC's support to VSD in partner countries are:

- While VSD can be successfully applied in a wide range of contexts, supporting the development of national VSD systems among immature government systems or within fragile and conflict-affected situations is particularly challenging. In these situations, success is often incremental and based on efforts that build trust and experience over time among system actors (i.e., the public and private sector actors). Improving the synergies between VSD supply (e.g., new training methods and curriculum, recognition of prior learning, and certification) and VSD demand (e.g., designing courses based on the demand of private employers) is essential. So, too, are linkages with VSD in other sectors (e.g., agriculture, tourism, manufacturing). In some contexts, such as in Syria, supporting the national system is impossible. Thus, VSD focuses more on improving resilience and livelihoods among vulnerable communities.
- Integrating marginalised and vulnerable groups into formal VSD systems can be challenging in countries where the informal economy dominates. As a result, not all projects attempt this. It is best to design VSD projects that target marginalised and vulnerable groups to identified job opportunities in the formal sector. Where this is not possible, projects should increase access to formal VSD opportunities through the recognition of prior learning and the accreditation of training. Where the formal system is failing (e.g., in fragile or conflict-affected situations or where informality dominates), SDC works with national actors to improve the system while helping vulnerable groups to improve their incomes and livelihoods.
- While jobseekers and employers benefit from permeable national qualifications frameworks that recognise prior learning, this is also increasingly important internationally (i.e., skills accreditation in the global labour market). However, this can be challenging for partner governments and their development partners, who fear the effects of outward migration based on the employment search (e.g., brain drain). Employment migration may be feasible for young job seekers when local jobs are scarce. Thus, the demands for skills accreditation beyond the national border are increasing.
- Creating sustainable VSD models in which partner governments and private employers contribute to designing, delivering and monitoring demand-oriented training courses requires practical examples that show how these actors can engage and how skills development contributes to enterprise growth and profitability. These models are likely to vary with national and regional contexts.
- While intensive technical assistance packages can help project implementation, it can be challenging to phase this out as the project ends. Even for projects in their last phase, handing over the full responsibility for implementation to the partner country has proved to be a complicated process that occasionally may lead to discontinuing some of the supported activities.

4.2 Conclusions

The conclusions are organised in two parts below. First, the conclusions based on the OECD-DAC Evaluation Criteria are presented. This is followed by conclusions to the three thematic issues (i.e., private sector cooperation, systems development and organisational arrangements).

4.2.1 Conclusions based on the evaluation criteria

RELEVANCE

SDC's support for VSD is responsive to national economic, social and political contexts. It typically applies a bottom-up approach based on the experiences and challenges of local actors rather than a top-down approach that would begin with a more comprehensive analysis of the system. An overall VSD analysis is more likely in countries where SDC provides broader support to systems development. Support for VSD was found to be aligned with the IC Strategies of 2017-2020 and 2021-2024. Increasing attention is being assigned to ensuring that education and training better meet the needs of the labour markets, while particular support is given to social inclusion, dual VSD systems development and private sector engagement. While SDC supports VSD to achieve social inclusion, this does not always integrate marginalised or disadvantaged target groups into the national system. Instead, it often promotes resilience and pathways outside of or parallel to the formal system. More attention could be given to linking formal and informal systems. There are several globally emerging themes that the VSD portfolio could benefit from more thematic guidance: VSD that support a just green transition, the role of VSD in global labour markets, proven successful models in private employer-led dual systems training, and digital skills and support for the digitalisation in VSD systems.

COHERENCE

SDC's VSD interventions support and complement with other SDC policies, strategies and plans, and other Swiss agencies. There is scope to improve knowledge management of VSD across a highly decentralised and diverse portfolio. SDC's VSD interventions are consistent and complementary with other donor and development partners, often taking a lead role in donor coordination. SDC is recognised as an authoritative, credible and reliable partner that adjusted its approach to local circumstances and collaborated with others development partners. While knowledge management is based on SCO demand, it requires investment to promote best practice and respond to contemporary VSD topics and challenges. SDC is well placed to drive policy dialogue among the development partners.

EFFECTIVENESS

SDC VSD projects are well-designed, with clear logic and sound management arrangements that rely on a small group of implementing partners. Attention has been given to identifying lessons and tracer studies to measure outcomes, but little has been done to assess the broader systems outcomes and impacts of VSD support.

While there is strong evidence that SDC has sought to engage the private sector and foster demand-driven skills development, less attention has been given to the effects of VSD on private sector productivity, profitability, and competitiveness. The challenges of working with informal employers and supporting self-employment and microenterprise development outcomes deserve greater attention to maximise the perceived benefits of investing in skills development and pay more attention to the challenges facing informal firms.

SDC projects often met or exceeded their targets when working with direct beneficiaries, including women, young people and vulnerable and marginalised groups. Fewer results were reported when it came to embedding institutional or macro-level changes. There are challenges with embedding VSD institutional or macro-level changes, which are heavily dependent on factors beyond the influence of the projects. SDC has sought to engage the private sector to foster demand-driven skills development but faces challenges in creating sustainable public-private financing models. Support for national systems development is critical and requires policy dialogue, which SCOs are best placed to lead (rather than implementing partners).

EFFICIENCY

VSD projects are efficiently implemented according to market conditions. SDC's VSD projects have cooperated closely with SECO in countries where SECO operates to ensure alignment and coordination. There is an efficient division of labour and information sharing within SDC at the SCO, regional and headquarters levels. SDC organises its VSD support over several phases, enhancing project flexibility and adaptability to changing circumstances based on lessons learned in earlier phases. Under a highly decentralised system, SCOs are fully responsible for project identification, scoping, approval, and management. While VSD knowledge management is based on SCO demand, it requires investment to promote best practices and respond to contemporary VSD topics and challenges.

IMPACT
Good results have been achieved at the micro level, with many projects creating positive and meaningful impacts among direct beneficiaries, especially marginalised and disadvantaged target groups (e.g., the number of women and young people trained and gaining employment). Results have also been achieved at the meso level, where VSD projects have worked with organisations (e.g., government agencies, training centres, and business organisations) to improve their capacity and system governance. Macro reforms have proved to be more difficult, often demanding policy dialogue that combines diplomatic and political support with relevant and timely technical assistance.

SUSTAINABILITY
Sustainability is elusive in many VSD projects. While there is evidence that some intervention results will continue or are likely to continue after closure, many factors influence sustainability. At the beneficiary level, the benefits of VSD can be lifelong (e.g., access to employment and increased incomes). At the meso and macro levels, the sustainability of project outcomes is more vulnerable to erosion from external factors. Many Exit Strategies are too short and overly optimistic in their assumptions and claims regarding sustainability. While these claims could be more rigorously tested, a more strategically realistic approach would be to agree on feasible milestones that may be achieved along a pathway to increasing sustainability. In some instances, the SDC support for VSD demands a degree of political, bureaucratic and institutional maturity that is not aligned with current realities. More consideration needs to be given to how these issues are framed and contextualised. Financial models for sustainable private sector engagement (PSE) in VSD are essential. It is only through effective cost-sharing between the public and private sectors that VSD can become sustainable.

4.2.2 Conclusions of relevance for the specific evaluation topics

The three topics of concern for this evaluation are presented below: private-sector cooperation, VSD systems development and organisational arrangements.

4.2.2.1 Private sector cooperation

The evaluation assessed the private sector's involvement in VSD, including the programming links between VSD, PSD and PSE. This includes the role of the private sector in planning and financing VSD projects to ensure relevance, employability and productivity increases.[45] **SDC is commended for its efforts to engage with private employers in VSD. SDC has intentionally designed VSD projects to support or complement PSD** (e.g., RisiAlbania, SEP/Sudokkho and B-SkillFull in Bangladesh, support to the National Council of Burkinabé Employers in Burkina Faso, and the OYE project in Tanzania). These projects seek to ensure demand-oriented skills development while supporting PSD.

The private sector is not homogenous and varies across regions and countries. In those countries where the formal sector dominates, private employers and business organisations are represented through formal membership-based organisations (e.g., employers organisations, chambers of commerce and industry, sector associations). In other countries, business organisations are weaker and more fragmented. Thus, the mechanisms for interacting with the private sector vary considerably.

Major challenges remain in finding a PSE/VSD model in which private employers are prepared to contribute financially to skills development in a sustainable manner that continues beyond the termination of donor-funded training. This requires private enterprises to understand the business case for skills development that connects investments into worker skills with firm productivity, profitability and competitiveness improvements. The

---

45 The SDC (2021) *General Guidance on the Private Sector in the Context of the International Cooperation Strategy 2021–24* set the general parameters for its interaction with the private sector based on economic policy frameworks (i.e., promoting favourable framework conditions for a sustainable private sector), the promotion of local companies (i.e., developing the local private sector in the SDC's partner countries), collaboration with the private sector (i.e., cooperating with the private sector in joint development endeavours), and public procurement (i.e., promoting sustainable principles in SDC contracts awarded to private sector actors).

problem in many developing economies is that this link is not clear or demonstrable. Indeed, even in cases such as Nepal, where skills development was found to improve worker productivity, there are often other constraints to business profitability, growth and competitiveness (e.g., poor access to financial services, a difficult business environment, and poor access to new markets) that prevent the investments into skills development from being realised.

For example, the evaluation found solid evidence in Albania that SDC's VSD projects sought successful private-sector collaboration, including working with small and medium-sized enterprises (SMEs). While a 2021 review of the Skills Development for Employment project found that more support should be directed towards reflecting private sector needs, the RisiAlbania project paid particular attention to SME development and job creation. MSD modalities consider the market drivers for enterprise growth and view VSD within this context. However, a skilled workforce is only one of many factors affecting business profitability and competitiveness. In a 2022 review of Albania's VET system for the Skills Development for Employment project, long-term funding for VSD was identified as a major problem, which could be achieved if the private sector invests in skills training.

In Bangladesh, SDC VSD projects have sought to engage the private sector and foster demand-driven skills development. However, the sector is poorly organised, and most private enterprises employ low-skilled labour, making PSE in VSD activities challenging. Because the government did not adequately support industry skills councils, the Skills for Employment Investment Programme had to support the Readymade Garments and Textiles Industry Skills Council in partnership with the Skills and Employment Programme, which engaged the private sector to deliver employment-led training by working with 12 industry associations. However, success was undermined because many employers in the readymade garments sector do not need to engage with private training providers. They can source workers from their factory gates and through their networks. Moreover, other donors fully subsidise readymade garments industry training, which crowds out private investment. The market is crowded with subsidy-driven programmes that do not necessarily focus on linkages with the industry or job creation.

Similarly, in Burkina Faso, all national system actors acknowledge the importance of the private sector in VSD. Still, that evaluation found that modes of engagement have not yet been calibrated to the private sector's capacity and motivations. Providing project funding to private sector development partners inadvertently might have made future engagement more difficult, as participation may become conditional on financial benefit for private sector actors' involvement.

In Egypt, more success was found in a SECO-funded Economic Inclusion project implemented by the European Bank for Reconstruction and Development, which supported the Sewedy Technical Academy (STA) in offering three-year dual apprenticeships for fee-paying students and claims a very high success and employment placement rate. STA is a not-for-profit entity funded by the private sector and provides nationally and internationally accredited training that meets the specific demands of private employers.

As these examples illustrate, a more holistic view of the firm and the challenges faced by private employers must be adopted. These findings are consistent with the recent findings of the recent Federal Financial Control (2024) audit of SDC's professional development activities.[46]

In conclusion, SDC has helped partner governments understand the importance of a private employer-led approach and piloted new PSE approaches in VSD. However, the feasibility and success of these approaches are heavily reliant on a range of factors affecting private sector growth. There are few sustainable models demonstrating how partner governments and private employers co-contribute to a durable programme that

---

46 Federal Financial Control (2024) *Audit de la coopération au développement dans le domaine de la formation professionnelle*, Bern.

serves marginalised and vulnerable target groups. So far, limited attention has been given to critically analysing what is working and not working in these models and documenting the features that lead to success.

4.2.2.2 VSD systems development

Many partners recognise SDC for its work in national systems development. Despite being risky and vulnerable to external influences that resist or undermine reform efforts, support for national systems development is essential for long-term sustainability and scale. This requires a careful balance of political and policy dialogue, legal, regulatory and institutional reform, and piloting new VSD models that can be scaled with sufficient time. **However, meso and macro-level results have been difficult to achieve, and measure compared to micro-level results, such as the number of young people trained, etc.** Thus, the system development approach seeks opportunities to scale up project interventions where possible, shifting from micro-level training courses to supporting the transformation of meso-level organisations (e.g., regulatory authorities and training providers) and the functioning of government and market systems. Concerns have been raised regarding the efficiency of many small projects. While these provide a flexible approach to addressing specific systems-based problems, there may be value in packaging larger projects that provide the resources required to achieve system results.

SDC's understanding of the importance of national systems reforms is evolving based on experience. While other agencies typically take a top-down approach to supporting VSD as a sector with comprehensive sector analysis, SDC has applied a bottom-up approach based on the experiences and problems of local actors.[47] Thus, systemic change is mainly focused on identifying and addressing the root causes of a problem and stimulating adaptations and changes in the systems.[48] **As SDC's experience in national systems change evolves, so does its understanding of how sustainable change is fostered.** The theory of change for many projects is that they pilot or demonstrate new approaches, assuming that once they are proven successful, they will be scaled up across the system. However, systemic change typically requires more than this. Many MSD projects highlight the mechanisms through which systemic change occurs and incorporate these elements in their design. Other VSD projects could learn from these experiences. For example, the SNV-implemented Opportunities for Youth Employment project in Tanzania applies a market-based approach that is informed by opportunities for youth self-employment in selected economic sectors. It conducts gender-sensitive market scans for sectors and markets with growth potential and applies a "Push-Match-Pull approach." The project aims to increase youth employment and incomes through skills and capacity development (i.e., the push factor), linking young women and men to market opportunities for employment and enterprise development (i.e., the match factor), in growth sectors that have concrete potential for employment creation (i.e., the pull factor). Another relevant example is the market systems development project in Albania, RisiAlbania, which supports systemic change at the output level. Change is considered systemic when it is commercially sustainable (i.e., private funds) or adopted by the government (i.e., public funds), has reached a scale of outreach, and is in line with the objective of the intervention. Scale is achieved when one partner serving many, such as the National Agency for Employment and

---

47 Troxler, R. (2024) *Systemic approaches in Vocational Skills Development; Some key concepts and learnings*; Draft version, PowerPoint presentation, January.

48 Troxler (2024) describes how, in the early 2010s, SDC's Western Balkan Division pioneered within SDC and launched a series of market systems development (MSD)-inspired projects under their overarching topic, "youth employment", with a particular focus on VSD. An SDC working group discussed the transferability of MSD approaches to VSD in 2014/15 and found that the MSD approach is rather utilitarian, valuing VSD systems merely as providers of marketable skills. It applied a market-based approach and sought market-based solutions. While a systemic analysis can benefit VSD projects, VSD should not be considered a market.

Skills, or when many partners serving few, such as training providers and similar market players, copy the innovations introduced by RisiAlbania and its partners.

In addition, **systems change requires policy dialogue (i.e., high-level strategic discussions with the partner country government that identify and guide reform interventions).** While SDC relies heavily on a small group of implementing partners (e.g., Helvetas and Swisscontact), these partners are not equipped to lead the required dialogue. This requires SCOs to provide their time and gravitas to such dialogue. Moreover, there are cases where advice from Swiss VSD experts and academics can buttress policy dialogue with relevant technical inputs (e.g., Serbia).

In conclusion, SDC's support for national systems reform seeks to scale and sustainability, but these results are difficult to achieve. SDC's bottom-up approach to addressing problems in the national system could benefit from more attention given to how scaling is achieved and measured. This may require managers to pay more attention to the mechanisms for scaling, adopting and embedding new systemic arrangements.

4.2.2.3 Organisational arrangements

SDC is highly decentralised, with SCOs having the primary role in project identification, scoping, approval, and management. While the system is well-regarded and has many benefits, it requires attention to knowledge management. The current demand-oriented approach requires the SCO to reach out to its regional thematic adviser, where it exists, the E+E thematic adviser in Bern or the thematic backstop (KEK-CDC). Management sees this bottom-up, demand-led approach as the most effective mechanism for obtaining technical support and knowledge management. However, just as designing projects and mobilising technical support are core functions of SCO project managers, so is knowledge management. The challenge is that managers may not always know what support is available. Indeed, recent learning events have proven helpful in helping SCOs understand what support is available.

Furthermore, and closely linked to knowledge management, there is a need for clearer thematic guidance in addressing the broad range of emerging and contemporary development and humanitarian challenges that have a bearing on VSD or that VSD projects need to respond to remain relevant. The five challenges identified in this evaluation that appear to deserve more attention:

1. Designing, managing and monitoring projects that support a just green transition, green growth and the development of green skills. These three fields occupy different positions in an overarching strategic narrative that locates VSD.
2. Designing, managing and monitoring projects for migration and the role of VSD in global labour markets.
3. Proven successful financial models in sustainable private employer-led dual systems training. This would include integrating PSD and PSE tools and methodologies that explicitly integrate VSD considerations and help build the business case for private investment into skills development to increase productivity, profits and competitiveness.
4. Strengthening the design, management and monitoring of VSD projects on social inclusion that provide practical advice on how VSD systems can be made more permeable while ensuring greater links between formal and informal training opportunities.
5. Supporting partner governments and private employers in designing courses that improve digital skills and support the digitalisation in VSD systems.

SDC has produced guidance in some of these areas, but awareness of this is limited, and, in some cases, the information provided is too general.

In summary, the fit-for-purpose reorganisation has created new challenges for a demand-led approach to VSD knowledge management across the country, regional and headquarters offices. These challenges affect how SDC can draw on national

experiences and regional and international best practices to improve impact and sustainability. New opportunities for a stronger thematic narrative that guides SCOs and project partners in addressing contemporary development and humanitarian challenges are emerging.

4.3   Recommendations

The recommendations below are derived from the conclusions drawn from the findings. Annex 7 shows the linkages between the evaluation findings, conclusions and recommendations.

JUSTIFICATION: RELEVANCE AND COHERENCE

Conclusion 1. Responsive to national economic social and political contexts.

Conclusion 2. Bottom-up approaches respond to local VSD experiences and challenges can be complemented with comprehensive analysis of the system and private sector demands.

Conclusion 3. Social inclusion often promotes resilience and provides pathways outside or parallel to the formal system, rather than integrating formal and informal systems.

Conclusion 4. Several globally emerging themes in VSD deserve greater attention to guide programming.

Conclusion 5. While knowledge management is based on SCO demand, it requires investment to promote best practice and respond to contemporary VSD topics and challenges.

Conclusion 6. SDC is well placed to drive policy dialogue among the development partners.

RECOMMENDATIONS

Recommendation 1: To ensure continued relevance, VSD projects should conduct more detailed assessments of the employment opportunities for project target groups (i.e., ways to better match the supply and demand for skills) and identify mechanisms to improve linkages between informal and formal education and labour markets (e.g., through increased attention to the recognition of prior learning and micro-credentials). The approaches used will be context-specific and based on each target group's needs and opportunities.

Recommendation 2: Because guidance documents continue to be of importance for thematic steering, it is recommended that SDC gives more attention to implementing the thematic guidance on (i) skills for the green transition, (ii) the globalisation of the labour markets, (iii) empowerment of private sector to engage in the national dialogue on VSD, and (iv) the demand for digital skills and the digitalisation of VSD systems.

Recommendation 3: SDC should ensure an adequate budget for knowledge management, including support for sharing best practices and lessons learned to inform project design and policy dialogue among the other development partners.

JUSTIFICATION: EFFECTIVENESS AND EFFICENCY

Conclusion 7. There are challenges with embedding VSD institutional or macro-level changes, which are heavily dependent on factors beyond the influence of the projects.

Conclusion 8. National VSD system reform typically requires policy dialogue. SCOs are best placed to lead this dialogue (rather than implementing partners). Key messages have been produced to assist SCOs in this regard, but more can be done to ensure SCOs have the advice and support they require to lead national VSD dialogue.

Conclusion 9. Attention has been given to identifying lessons and tracer studies to measure outcomes, but little has been done to assess the broader systems outcomes and impacts of VSD support.

RECOMMENDATIONS

Recommendation 4. E+E should provide technical guidance and advice to SCOs to lead national policy dialogue on VSD, especially in countries where SDC investments support VSD systems development. Where relevant, policy dialogue should be accompanied by high-level, independent Swiss technical advice.

Recommendation 5. It is recommended that SDC conducts more frequent impact evaluations that specifically assess the longer-term impacts of VSD project outcomes and impacts (e.g., long-term employment outcomes and effects on private sector profitability, productivity and competitiveness).

JUSTIFICATION: IMPACT AND SUSTAINABILITY

Conclusion 10. While there has been some success in piloting and scaling up successful new practices, project designers and managers can pay more attention to the mechanisms for scaling, adopting and embedding new systemic arrangements.

Conclusion 11. Macro reforms have proved to be more difficult because they are more vulnerable to external factors and require more time. This is particularly challenging in fragile and conflict-affected situations.

Conclusion 12. VSD sustainability demands more attention to be given to addressing the institutional capacity and incentives for sustainability and more realistic ambitions and assumptions.

Conclusion 13. SDC has helped partner governments understand the importance of a private employer-led approach and has piloted new approaches to PSE in VSD, but with few sustainable models.

RECOMMENDATIONS

Recommendation 6. SDC should update the guidance material on VSD support for systems development (including the 2019 Typologies note), with particular attention to strategies for scaling up and embedding new VSD practices in national systems' development.

Recommendation 7. More realistic exit strategies should be designed at least two years before a project ends. These strategies should include a plan for gradually phasing out technical assistance and transferring financial responsibility to the government. This often requires early agreements to get government buy-in on projects and their long-term sustainability.

Recommendation 8. It is recommended that stronger synergies between VSD, PSD and PSE projects, including dual VSD systems, be developed by piloting and building more sustainable models for private sector-led VSD.