

Audit of SwissEnergy subsidies

Swiss Federal Office of Energy

Key facts

The Confederation's SwissEnergy programme (ECH) aims to promote voluntary measures to boost energy efficiency and increase the proportion of renewable energies. After the first stage from 2001 to 2011, the programme was realigned, a separate office was established at the Swiss Federal Office of Energy (SFOE) and the financial resources were increased from around CHF 30 million to around CHF 50 million. Initially, the funds were used mainly for awarding contracts, but half are now used for subsidies and the other half for contracts.

In parallel to the increase in funding, ECH switched from an agency model to a project model. With the agency model, the SFOE had directly implemented only overarching tasks and part of the building area up to 2010. All other activities and services were provided by agencies and networks with financial support from ECH. With the project model, the number of projects led directly by ECH or managed as subsidy items has soared. Relative to 2012, the number of both partners and contracts has tripled.

The SFAO sees a need for improvements in the SFOE subsidy process, in the implementation, application and documentation of the internal control system (ICS) and in the distinction between subsidies and procurement. These measures should help ensure a more efficient and effective use of funds.

Weak points in the subsidy process increase the risk of wasteful subsidies

The SFAO found that the SFOE subsidy process is still not standardised and mature enough to ensure correct and uniform processing of transactions. The dossier reviews for ECH subsidies are a perfect example of weaknesses in the entire process. Consequently, the economical and efficient use of funds is also called into question. There is a risk of unjustified and excessive payments being made to subsidy recipients.

In one specific case, the accrual of eligible costs was not made in line with the subsidy order. Subsidies that were too high were paid out in 2015 and 2016. Thanks to third-party services arising from a major commitment by a new communication partner in the last year of the contract period 2015 to 2017, the order can probably be complied with over the three years.

The subsidy process must be improved. The distinction between subsidies and procurement must be clearly defined. Insofar as possible, automated key controls should be defined in the ICS for the overall process and, where appropriate, tools should be made available for assessing applications and monitoring activities.

Efforts should be made to reduce the financing of umbrella associations and organisations

Despite the switch from an agency model to the current project model, both basic services and contracts are awarded to associations and umbrella organisations such as "Swissolar" and "QAED". In the case of association work, the SFAO believes that the share of the market

or of associations and organisations must be continuously increased. The subsidy is to be abolished in the medium term by means of a gradual reduction. Services (such as communication campaigns) are to be awarded as a subsidy with an appropriate contribution from applicants, or else they are to be put out to tender in accordance with procurement law and thus be made accessible to other potential providers as well. The first measures to reduce ECH contributions were agreed or discussed with individual associations back in 2017.

In addition, the SFAO found that there is limited transparency regarding actual expenses and financial flows in the case of partners without their own employees. Such partners, e.g. the support association "Energy City", purchase services from sub-contractors. The SFAO recommends regulating the treatment of sub-contractors and provisions on the duty to provide information within the meaning of the Subsidies Act in their contracts, among other things.

Evaluation and audit findings are to be used as management tools

The ECH programme was evaluated and the final report on this interim evaluation was submitted to the SFOE in March 2016. Most of the planned and implemented measures to reduce the risks identified and to implement the recommendations are difficult to understand. The SFAO thus recommends that the SFOE ensure the timely and systematic execution of the measures in an appropriate controlling system in the future.

Original text in German