



Switzerland's enlargement contribution – does the division of tasks with EU partner countries allow efficient implementation?

Key points

Switzerland makes an enlargement contribution of 1,3 billion of francs to reduce the economic and social inequalities in the enlarged European Union. For ten years, Switzerland has been supporting bilaterally agreed projects and programmes in 13 countries in Central and Eastern Europe which became EU members in 2004 or later. Against the backdrop of a possible renewal of Switzerland's enlargement contribution, the Swiss Federal Audit Office (SFAO) examined how the implementation of the support programme in various partner countries was progressing and whether cooperation was conducted in an effective and efficient manner thus far. The examination comes to the following conclusions:

Concept of the enlargement contribution has proven its worth in principle

Within the scope of the country agreement, the partner countries had a voice and were given freedom in the shaping of the implementing structures within the meaning of a "results-oriented management approach". This allows countries to expediently adjust enlargement contribution management, implementation and control procedures to their political and administrative systems (use of country systems principle). Together with the partner countries, Switzerland agreed on a concept whereby the conscientious cooperation of the partner countries should be capitalised upon as far as possible. The strategic topic areas and the budget allocations were jointly negotiated. The institutions in the partner countries play a decisive role in project selection, implementation and in the monitoring of the projects and programmes. At the end of 2012 and 2014, the selection and approval of all of the projects and programmes in the countries benefiting from support had been concluded on time and the implementing structures of the enlargement contribution had proved effective. Even the financial and economic crisis with its far-reaching consequences for business, politics and society in Europe which coincided with the start of the enlargement contribution could not significantly jeopardise the implementation of the enlargement contribution. Nonetheless, it led to more difficult overall conditions.

The challenge of a complex management system

Both the institutional structures and the management structures and procedures are important elements in the efficient and effective implementation of the enlargement contribution. The complex fragmentation of the strategic and operational management of the projects between Switzerland and the partner countries causes confusion in some places. While extensive autonomy and responsibility have been accorded to the partner countries for the implementation of the projects, final decisions on the funding of projects and the correct use of financial support rest with Switzerland. The SFAO finds the complexity of the management forms at the different administrative levels to be a potential area of tension: although flexibility and collaboration based on partnership are valued, at times they lead to uncertainty as many of the countries supported cannot always use or want to use the leeway granted to them to the desired extent.

Need for coordination to increase process efficiency

The operational running of project selection and implementation between the respective partner countries showed various disparities. One reason is to be found in the differing absorption and management capacities of the numerous players involved in the supported countries. The high level of process complexity with the decentralised division of roles and responsibilities but, at the same time, centralised decision-making powers leads in places to inefficiencies such as duplications, interface problems and finally to interruptions and delays in the procedures.

Selection of projects and programmes true to the motto: less is more (efficient).

Within the enlargement contribution, numerous projects and programmes from a broad catalogue of funding areas are supported. The two-tier project selection procedure used with the involvement of external specialists is considered to be an adequate method to select high-quality and needs-based projects and programmes. The disadvantage is that the selection of projects and programmes can thereby drag on too long and under certain circumstances even last several years. For project applicants, this is associated with uncertainty and high administrative and financial burdens. Up to the end of 2014, approximately 300 projects from 25 topic areas had been approved by Switzerland for the EU-12 countries. The SFAO is of the opinion that Switzerland should concentrate more strongly on selected, specialised funding areas if the contribution is due to be renewed. This would allow Switzerland to better integrate its strengths and to streamline the long-drawn-out selection process. The tendency is for priority to be given to promoting not more but bigger and integral projects. The advantages would be seen in an improved, widespread impact, greater publicity and the tendency towards lower management costs.

Realisation of projects and programmes not without difficulties

Currently, the majority of the projects and programmes are in the implementation phase. The results show that the realisation of projects and programmes is coming up against problems which are more or less to be expected. In addition to administrative, technical and organisational hurdles, the appreciation of the Swiss franc in particular in recent years has led to an increase of almost 40% in the project budget. As determined in the agreements and based on the parliamentary financing resolution, the additional funds are to be used for the same project, which will involve additional expense for the project managers concerned in terms of planning and realisation of the project extensions. As a result, numerous projects and programmes have bigger delays now. However, the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC) assume that even the delayed projects and programmes can be concluded on time by the end of the duration of the enlargement contribution, i.e. by mid-2017 in the case of the EU-10.

Reporting not sufficiently risk-oriented

All of the players involved in implementation have a duty to ensure that the respective projects are properly handled. The required documents of all project activities are examined by the mandated institutions before Switzerland clears reimbursement of the expenses funded in advance by the partner country. Here, effective monitoring and controlling represent essential instruments of efficient project management and supervision. The existing monitoring and controlling of project progress is cumbersome and thereby occurs in a timely manner only to a limited extent so that the required management measures can be taken at short notice.



In the view of the SFAO, the enlargement contribution's information management system is also insufficiently geared towards the systematic reporting of problems and risks in projects. In line with this, additional measures such as visits to project locations and regular meetings are required.

Multi-layered supervision and audits, but danger of auditing gaps

The correct use of resources is a basic principle of the enlargement contribution. In line with this, a series of measures are envisaged to monitor and control the correct implementation of the enlargement contribution. Up to now, it is clear that the system is working in principle. The SFAO is nonetheless of the opinion that due to insufficient coordination between the various monitoring and control levels, there is the danger that individual audit aspects are being audited several times whereas other audit areas, such as process efficiency, are not audited or only insufficiently.

On the basis of the available results, the SFAO has the following recommendations to make which should be noted within the scope of the renewal of Switzerland's enlargement contribution:

- elaborating support measures to optimise processes and increase management efficiency
- streamlining project and programme selection procedures
- regulating the methods for the use of additional or released financial assistance
- optimising the information management system and increasing coordination in supervision

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