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Press release

Fewer projects for a greater impact on the ground

Bern, 21.5.2015 – The Swiss Federal Audit Office (SFAO) has audited Switzerland's contribution to the enlargement of the European Union (EU), which finances almost 300 projects in the beneficiary countries. The SFAO recommends simplifying how it is organised. It would appear to be necessary to concentrate the projects in the event of a renewal. These recommendations have been accepted by the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC).

According to an SFAO audit, Switzerland's contribution to EU enlargement in Eastern European countries has proved its worth up to now. Nevertheless, improvements could be made to increase the effectiveness of this programme, which has funds of CHF 1.3 billion and is managed jointly by SECO and the SDC. The SFAO's conclusions are based on work that commenced back in 2009. They were underscored by onsite visits in Romania (2012), in Czech Republic (2013) as well as, within the scope of the audit published today, in Poland, Hungary and Bulgaria (2014).

To take account of distinctive national features, Switzerland's contribution provides for delegation with regard to the organisation and management of projects in partner countries. This steering promotes partnership-based cooperation and flexibility. However, it also creates uncertainty, as some countries do not use this leeway granted by Switzerland. It is also dependent on local administrative cultures.

Do not bite off more than you can chew

SECO and the SDC are responsible for choosing the projects. This allows for a high-quality selection which meets the needs of the public locally. This procedure is long, creates uncertainty and gives rise to relatively significant administrative and financial burdens. The SFAO believes that focusing more on large projects and fewer areas would enable Switzerland to better leverage its strengths if its

contribution were to be renewed. There would be a bigger impact and lower management costs, and our country would enjoy greater visibility.

Problems have appeared in terms of realisation. Aside from administrative, technical and organisational obstacles, the appreciation of the Swiss franc has increased the budget of certain projects by almost 40%. These additional funds – which have to be spent on the projects chosen – are leading to additional work and implementation delays in order for activities to be adapted. These projects will nevertheless be completed on time according to SECO and the SDC.

Only one potential case of fraud detected by monitoring bodies

Local players take care of project monitoring. The documentation is verified by the competent institutions before Switzerland approves the reimbursement of expenditure pre-financed by the partner country. This monitoring is burdensome and conclusions can arrive too late for corrective action to be taken. The current flow of information does not focus sufficiently on taking problems and risks into consideration.

The SFAO has seen a lack of harmonisation between the various control levels, although the supervision system has proved effective up to now. Suspicions regarding a case of fraud concerning more than CHF 100,000 were thus revealed by the implementing bodies. This does not influence Switzerland's contribution, rather the pre-financing of a project carried out in Hungary.

The SFAO's recommendations have been accepted by SECO and the SDC. They will be implemented if Switzerland's contribution is continued. The SFAO has posted a video illustrating this audit online (only available in German).

Further details

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This evaluation is available on the SFAO's website: www.cdf.admin.ch. In application of the Freedom of Information Act (FoIA), the SFAO has published three earlier audit reports on Switzerland's contribution. These were completed between 2009 and 2013 and are likewise available on the SFAO's website.