

Construction audit of infrastructure projects abroad

State Secretariat for Economic Affairs

Key facts

The Confederation spends around CHF 2.8 billion on international cooperation. The State Secretariat for Economic Affairs (SECO) receives around CHF 350 million per annum; it spends approximately CHF 100 million of that amount on infrastructure projects. In its focus areas in Eastern Europe and Central Asia, SECO uses these funds to promote the transition from planned economy to market economy.

The Swiss Federal Audit Office (SFAO) audited projects in three countries: the expansion of infrastructure by a private electricity company in Tajikistan, security surveillance of dams in Albania and the construction of a sewage treatment plant in North Macedonia. Institutionally speaking, bilateral cooperation with the three partner countries is anchored in the international cooperation strategy. By financing infrastructure projects, SECO wants to raise living standards for the population and improve the conditions for business.

Overall, the audit findings were positive. The audited plants were operational and are being used as intended. By and large, SECO is running the projects professionally. Its reputation among its development cooperation stakeholders is very high. The SFAO identified a need for action with regard to defining exit strategies and checking the long-term effectiveness of projects.

The choice of projects is comprehensible but improvements are needed in one project

When drawing up construction measures, the stakeholders are involved at an early stage. The technical feasibility of projects is carefully examined, and they are institutionally and locally well anchored. The project goals are based on rational assumptions.

Controlling and monitoring during project execution are generally fit for purpose. However, the case studies revealed that additional activities are necessary after the infrastructure has been built, in order to ensure the long-term operation of the plants. The dam project in Albania showed that security-related aspects need to be improved. To reduce the security risk and, hence, the reputational risk for the Confederation, SECO should provide a clearer definition of the security standard to be achieved for dam surveillance, and should clarify the need for further measures.

Projects must have a definite end-date and their sustainability must be assessed

Where necessary, even several years after completion of the construction project, SECO supports the recipients financially to strengthen the utility companies. This is intended to promote the sustainability of projects. However, to avoid very long projects, the exit must be actively planned.

SECO should also consider how pragmatic ex post monitoring can be used to check the sustainability of the co-financed plants over the long term, with a view to learning lessons for other projects.

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