



Transition assistance for Eastern Europe and Central Asia: audit of the organisation and processes at the main office

Key facts

As part of the cooperation in Eastern Europe, Switzerland has been providing support and within the scope of transition assistance since 1990 for various reforms in the former communist countries of Eastern Europe and Central Asia in becoming democracies with social market economies. In the years between 2013 and 2016, Switzerland invested CHF 1,125 billion overall in transition assistance. The Federal Council approved another credit facility amounting to CHF 1.3 billion to provide support for the new EU states in Eastern Europe (Switzerland's contribution to EU enlargement).

This Swiss Federal Audit Office (SFAO) audit looked into whether or not the conditions were in place at the main office in Bern for the systematic and efficient implementation of the transition assistance projects and programmes. The results allow the SFAO to conclude that there are no indications of major deficiencies or errors.

Various organisational changes have been successfully completed in the meantime

The organisational units of the State Secretariat for Economic Affairs (the Directorate of Economic Cooperation and Development, SECO WE) and the Swiss Agency for Development and Cooperation (Department for Cooperation with Eastern Europe, SDC CEE) mandated by the Federal Council to implement transition assistance rely on a stable and smooth-functioning work environment in the main office in order to perform the mandate correctly and efficiently.

The SFAO noted that the ICT measure taken in recent years by the Confederation in the area of public procurement (federal contract management) had not been optimally integrated in the SECO WE and had created interface problems. The Federal Office of Information Technology, Systems and Telecommunication (FOITT), which is responsible for this, is currently tackling existing problems, also with a view to subsequently replacing this application in the Federal Department of Foreign Affairs (FDFA). Alongside this, other organisational and technical adjustments at the departmental level have occurred in recent years, for example the integration of the FDFA foreign representations in Swiss embassies or the harmonisation of accounting.

The rapidly changing environment of development cooperation and requirements for improvements in administration have been initiated by both offices to stimulate internal reorganisation. These have, in the meantime, been successfully completed according to information provided.

In summary, the SFAO notes that most of the various innovations were handled well, but the replacement and consolidation of individual applications still requires some time. Against this backdrop, the SFAO is unable to come to any firm conclusions.

Main systems and processes are uniformly defined

The important business processes in the SECO WE and the SDC CEE have been documented and provide a good basis for project management which is efficient and satisfies the requirements. Key processes in the planning, management and steering of interventions by the SECO WE and the SDC CEE were jointly developed and are largely uniform. The definition and adjustment of country

strategies and the selection and approval of projects and programmes are carried out based on regulated procedures. The SFAO considers this to be an adequate basis for determining suitable interventions. For the purpose of optimising the impact, the SECO WE and the SDC CEE pursue an intervention approach in the transition assistance countries which is coherent, coordinated and complementary. A series of support tools such as guidelines and work aids are available to employees for performing their tasks. These were adapted as necessary to new circumstances.

The financial management and steering of interventions is effective

The existing financial management and intervention monitoring systems are appropriate for the adequate monitoring and controlling of financial data. The defined project management procedures make provision for the use of various reporting instruments. The SFAO examined the proper and legal implementation of requirements on the basis of spot checks on selected projects and programmes. It considers the financial reporting of interventions to be adequate. Payments are made properly in line with project progress and the contracts. Full accrual accounting is conducted in the Confederation's financial statements in line with the regulations. A financial controlling system exists in which key figures can be identified and analysed.

Targeted measures have been taken in supervision and controls

Both organisational units at the main office tasked with implementation have comprehensive risk management which extends to different levels. In addition, the SFAO notes that both units have an internal control system (ICS) to determine project-specific and institutional risks. Both have risk controlling which enables the swift provision of level-appropriate overviews of the key risks and the development of corresponding action plans to eliminate them. The risk management is geared to federal requirements.

To ensure correct use of resources and effective quality management, various inspection and monitoring measures were set up at different levels. At the programme and project levels, further inspections and monitoring activities are provided for systematically at all intermediate stages of project implementation. Employees of the SECO WE and the SDC CEE have been made aware of combating corruption and revealing irregularities. Quality management takes appropriate account of the institutional, trans-sectoral and intervention-related elements.

Apart from the small differences between the SECO WE and the SDC CEE in their organisation form and fundamental intervention strategy, and subject to the adjustments still being made, the SFAO considers the current measures in the main office for the proper and efficient management of transition assistance projects and programmes as appropriate and satisfactory.

Against this backdrop, the SFAO does not see any need for immediate action but recommends that the SDC and SECO consider the following measures: the complementarity, coherence and coordination of measures and interventions by the SECO WE and the SDC CEE should be suitably clarified for improved understanding of accountability reports. In addition, a more uniform design of tool updates will allow users to more swiftly comprehend and correctly implement the key changes and modified requirements.

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