

Collaboration between the Federal Administration and Non-Governmental Organisations

Summary of a Report by the Parliamentary Control of the Administration for the Council of States Control Committee

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In view of the frequent questions concerning cash flow, the use of funds and the dependent relationship between the federal administration on the one hand and NGOs (Non-Governmental Organisations) on the other, the Council of States Control Committee asked the Parliamentary Control of the Administration (PCA) in June 2008 to examine how the federal administration and NGOs work together. The aspects the PCA was to look at included the way in which the administration manages joint projects with NGOs. The PCA investigated whether collaboration is appropriate from an economic point of view, and in particular whether the administration takes suitable measures to prevent the misuse of funds, the creation of “traditional” subsidisation patterns or monopolies and other risks entailed in joint projects.

The present report is a summary of the PCA’s findings. To obtain a comprehensive picture of the results of all the analyses on which the findings set out here are based, we recommend interested parties refer to the full report.

In an empirical survey, 14 examples of collaboration were examined in detail, which involved carrying out more than thirty interviews and discussions with experts and analysing a mass of documents. The PCA worked closely with Dr. Marcel Egger (Egger, Dreher & Partners AG, Bern), who carried out a large part of the empirical data collection and analysis.

The investigation focused on collaboration with NGOs in relation to development aid projects in southern-hemisphere countries for which the Swiss Agency for Development and Cooperation (SDC) is responsible. A comparison was drawn of how collaboration with NGOs in the fields of agriculture (Federal Office for Agriculture) and the environment (Federal Office for the Environment) is managed. In the reference year 2007 the SDC spent around CHF 180 million on collaboration with NGOs. The corresponding expenditure for 2007 was around CHF 150 million for the Federal Office for Agriculture and a good CHF 13 million for the Federal Office for the Environment.

Overall, the PCA’s investigations revealed a marked difference with regard to both the interpretation of the legal basis and actual management practice.

In the field of development cooperation, legal provisions are so vague that the question arises as to whether they meet present-day requirements with regard to the principle of legality, namely the precept of the precision of legal norms governing financial aid. In the field of agriculture, in one case one supplier’s monopoly has already been included in the legislation, thus excluding all competition, although there appear to be no economic reasons for this. Moreover, practice in the field of environmental projects clearly showed that the legal mechanisms, namely the

compulsory publication of contracts awarded and the possibility of appeal, are not sufficient to ensure that the principle of competitive bidding set out in the law on public contracts is in fact applied.

The study also revealed that the actual management and control of joint projects varies considerably, not only in the comparison of the areas selected but also in part within one single federal office. It is worth pointing out that management measures are sufficient to preclude large-scale misuse of funds in only 5 out of 14 examples examined. Measures to ensure that monopolies do not develop were adequate in only 1 case out of 14. The study identified weak points in the following areas which are essential to guaranteeing the success and efficiency of joint projects with NGOs: the use of competitive bidding procedures, the calculation of financial aid, the awarding of contracts in the case of partnerships, the methods used for invoicing costs and services, and finally accounting measures and controlling aimed at preventing the misuse of funds. These weaknesses do not concern all the examples of collaboration examined to the same degree. The comparison of the three different areas showed rather that, in some cases, appropriate approaches had been adopted to eliminate these defects. Nevertheless, these approaches are not used everywhere or at least not with the same degree of consistency. A positive aspect, however, is that the weaknesses that were identified are at least partly recognised by the administration and that in many cases recent developments are going in the right direction.