

# REPORTING, MONITORING AND CONTROLLING TO BE PERFORMED BY THE *PARTNER COUNTRY*

## *References Instruments*

### **1 Objectives of the Document**

This document presents important elements of the monitoring and controlling of the Swiss Contribution to be performed by the Partner Country. It gathers some of the key monitoring and controlling elements required in the Bilateral Framework Agreement (FA) and delivers some brief interpretations. However, this document does not replace the respective stipulations in the FA and its Annexes which are preceding.

*FA*

This document is addressed to the National Coordination Unit (NCU) and shall be considered as a working instrument. It is in line with the intention expressed in the FA that the monitoring system shall be developed jointly by the Parties at the beginning of the Bilateral Cooperation Programme and be enhanced during its implementation as necessary.

*FA, Annex 2,  
section 1.1*

### **2 Management and Controlling Responsibilities**

The NCU has the overall responsibility for the management of the Contribution in the Partner Country, including the responsibility for financial control and audit.

*FA, Art. 9*

The authorities of the Partner Country have the final responsibility for the monitoring and supervision of the Bilateral Cooperation Programme.

*FA, Annex 2, section  
1.1*

### **3 Screening or Monitoring Committee**

The NCU (except for Malta) shall ensure the establishment of a screening or monitoring committee. A transparent selection of the committee members shall allow a balanced, complementary and diversified representation of the various interests.

*FA, Annex 2, section  
5.1 and other  
subsequent related  
sections (PL: section  
5.6; SK: section 5.5;  
EE: section 5.7)*

The NCU is responsible for the selection of Project Proposals to be submitted to Switzerland in consultation with the committee.

*FA, Annex 2, section  
5.1 and section 2.1*

The Embassy of Switzerland participates as an observer in the committee (except for Malta). The NCU shall take all measures to ensure that the necessary information is provided to the Swiss Embassy.

*FA, Annex 2, LT, CY:  
section 5.6; PL, HU,  
CZ, LV, SI: section  
5.7; SK, EE: section  
5.8*

The NCU shall guarantee that the committee can perform its functions regarding the selection of Project Proposals, the monitoring of the Swiss Contribution and other functions.

*FA, Annex 2*

## 4 Project Financing Request

### 4.1 Compliance of the Projects with the Conceptual Framework

The NCU shall submit to Switzerland Project Outlines and Final Project Proposals which comply with the thematic focus areas as well as with the geographic focus areas (if applicable) and their respective financial allocation, as defined in the Conceptual Framework. In this respect the NCU shall check the availability of the budget allocated for the focus areas concerned.

*FA, Annex 1 sections 4 and/or 5.*

### 4.2 Relevance of the Projects

The NCU shall examine Project Outlines and Final Project Proposals and shall ensure that the Projects contribute to the objectives and that they adhere to the principles of the Bilateral Cooperation Programme.

*FA  
FA, Annex 1, section 1*

For the submission of the Final Project Proposal, the NCU shall check that the recommendations made by Switzerland on the Project Outline following the 1st loop of the approval process have been duly considered.

*FA, Annex 2, section 2*

### 4.3 Monitoring System

The NCU shall ensure the establishment of a monitoring system that takes into account the identified risks. For larger Projects, Projects with a longer duration or Projects entailing high risks, intermediary reviews should be planned.

*FA, Annex 2, sections 2.2 and 2.4, Item "Project content"*

### 4.4 Requirements for Documents

For Projects larger than 1 million Swiss Francs, the definition of the objectives and related expected output, outcome and impact are in general integrated into a logical framework. It forms an Annex to the Project Agreement. The form for the logical framework is suggested in Annex 3 of this document.

*FA, Annex 2, sections 2.2 and 2.4, Item "Project content"*

The logical framework shows how the Project objectives contribute towards the objective of the Bilateral Cooperation Programme to reduce the economic and social disparities (see chapter 8.3 and Annex 1 of the present document).

*Annex 3: Suggested form for the Project Logical Framework*

The Project objectives shall be monitored on the basis of the logical framework.

*Chapter 8.3 and Annex 1*

*Project Agreement*

Projects are to be classified according to thematic and geographic focus. This classification shall help the Partner Country and Switzerland to monitor the Bilateral Cooperation Programme regarding the thematic and geographic focus areas as agreed in the FA, Annex 1.

*FA, Annex 1, section 5/6*

### 4.5 Submission of Project Outlines and Final Project Proposals

By submitting the Project Outline and the Final Project Proposal to Switzerland, the NCU guarantees the compliance with the requirements of the FA as well as the quality of the Project.

### 4.6 Approval by Switzerland

Switzerland decides on the Project Outline and on the Final Project Proposal based on the fulfilment of the FA requirements and on the quality of the

*FA, Annex 2, section 2*

Project. Switzerland shall officially communicate its decision to the NCU. In principle, four categories of decisions are possible:

1. approved (meaning without conditions)
2. approved with conditions
3. not approved
4. only for Final Project Proposals: not approved – to be resubmitted upon fulfilment of conditions.

Categories 1 and 2 for a Final Project Proposal constitute the approval of the financial request. The NCU shall ensure the fulfilment of the Swiss recommendations, if any.

## **5 Project Implementation**

### **5.1 Project Agreement**

The Project Agreements will be signed by the NCU and Switzerland. The NCU shall ensure that all conditions for the optimal implementation of the Project are fulfilled before signing the Project Agreement.

*FA, Annex 2, section 3*

*Standard Project Agreement*

The NCU shall particularly guarantee that it can perform its monitoring responsibilities. Controlling procedures are defined in the Project Agreement. Procedure description includes: periodicity of reporting, monitoring system and related consultancy (review), steering committees, time table for operations and results, auditing, etc. The NCU shall organise the contractual arrangements with the Executing Agency accordingly.

*FA, Annex 2, section 3, item 4*

### **5.2 Procurement and Award of Contracts**

The NCU shall make sure that the procurement of goods and services is carried out in accordance with the national law and in compliance with the respective EU directives. It shall ensure that the specific requirements of Switzerland regarding Switzerland's involvement in the controlling process, such as the timely delivery of documents and the participation in tender committees as an observer, are duly respected.

*FA, Annex 2, section 3, item 3*

*Project Agreement*

### **5.3 Project Steering Committee**

The NCU shall monitor the appropriate establishment and functioning of the Steering Committee of the Project, if foreseen in the Project Agreement.

*FA, Annex 2, section 3, item 4*

### **5.4 Payment Claims**

The NCU shall ensure that payment claims are submitted by the Executing Agency. The NCU shall ensure that submitted payment claims are based on a due verification by the Executing Agency of the original invoices or documents of equivalent value. The NCU shall perform all necessary checks before certifying the payment claims to the Paying Authority.

*FA, Annex 2, section 4, item 2.*

### **5.5 Project Reporting**

**Project Interim Reports** support payment claims and reimbursement requests. An interim report includes information on financial and physical progress, a comparison of actual with planned expenses, an update on progress status, while confirming the co-financing. Any deviation has to be justified and corrective measures suggested. Interim reports are due at least

*FA, Annex 2, section 4*

every six months.

**Annual Project Reports** describe the progress of a Project. They include summary data on financial progress for the reporting year as well as cumulative data to date. They compare actual with planned expenses and progress, based on quantified targets for output and where possible outcome indicators. Any deviation has to be justified and corrective measures suggested. Annual Project Reports are not linked to reimbursement requests.

**The Project Completion Report**, together with the last Project Interim Report and the Final Financial Report, is the base for the final reimbursement. It documents and comments the overall achievement of outputs and outcomes against the original plan, the compliance with principles such as cross cutting themes and sustainability, and it contains lessons learned and conclusions.

By submitting the Project report to Switzerland, the NCU declares that the quality, objectivity and the compliance with the requirements of the Project Agreement and the FA have been checked.

## 5.6 Reimbursement Requests

The Paying Authority shall check the formal conformity of the payment claims, including co-financing. It shall submit the reimbursement requests to Switzerland and confirm the compliance with the financial stipulations of contractual agreements.

*FA Annex 2, section 4, item 4*

## 5.7 Project Review and Evaluation

The NCU shall ensure that the intermediary Project reviews as well as the evaluations foreseen in the Project Agreements (see 5.1 above) are duly carried out.

*FA, Annex 2, section 3, item 4*

After Project completion, the Parties may request an independent evaluation. The cost will be borne by the requesting Party.

*FA, Annex 2, section 3, item 7*

## 6 Audits

The NCU shall inform Switzerland about the performed audits as stipulated in the FA and the Project Agreements.

*FA, Annex 2, section 3, item 6*

Switzerland attaches great importance to audits and means to carefully monitor their fulfillments.

*Standard Project Agreement*

## 7 Risks and Risk Mitigation Measures

The NCU shall take into consideration in its monitoring system the risks that may jeopardize the implementation of the Bilateral Cooperation Programme. For its part, Switzerland has concluded that the following risks might occur:

*FA, Article 3.1*

1. The allocated amount to the Partner Country is not committed entirely within the 5-year period:
  - There are not enough Projects proposed
  - The proposed Projects do not contribute to the purpose of the Swiss Contribution
  - The Projects proposed do not meet the quality requirements
  - The administrative burden prevents a timely and efficient analysis of the Project Proposals.
2. Projects do not reach the agreed objectives:

*FA, Annex 1, section 1 and section 4/5*

**References  
Instruments**

- Projects do not reach the planned outputs
  - Outputs do not generate the expected outcomes.
3. The financial means are not used efficiently:
- The financial means are not transformed into an appropriate value of output (inefficiency)
  - The principles of transparency and accountability are not respected,
  - Non respect of budgets impairs the success of Projects.
4. The amount of the Swiss Contribution is not fully disbursed within the respective time limit.

*FA; Annex 1*

The NCU has to take all measures to mitigate these risks as well as any other risks that may arise during the implementation of the Bilateral Cooperation Programme. These risks have to be addressed in the Annual Reports of the NCU.

## **8 NCU Annual Reporting**

### **8.1 Annual Meeting**

The Partner Country and Switzerland agree to hold annual meetings in order to ensure effective implementation of the Cooperation Programme. The first meeting shall be held no later than one year after the beginning of the application of this Agreement.

*FA, Article 8.1 and 8.2*

The meeting shall be the opportunity to discuss the NCU Annual Report, to decide on the allocation of the fund, to proceed with the modification of the Annexes of the FA and to fix the planning for the continuation of the cooperation.

The NCU is responsible for the organisation of the annual meetings. It will consult the Swiss Embassy on the organisation, the contents, the agenda, the participants and other organisational and logistical matters.

The Intermediate Bodies, the Executing Agencies and other institutions and persons may be invited to the annual meetings whenever this is felt desirable by the NCU or by Switzerland.

The Parties may invite the Commission of the European Communities to participate as an observer.

Minutes of the meetings shall be drafted by the NCU and be submitted to Switzerland for approval within 15 days after the meeting.

### **8.2 NCU Annual Report**

At the annual meetings, the National Coordination Unit (NCU) shall present an annual report to be distributed one month before the meeting.

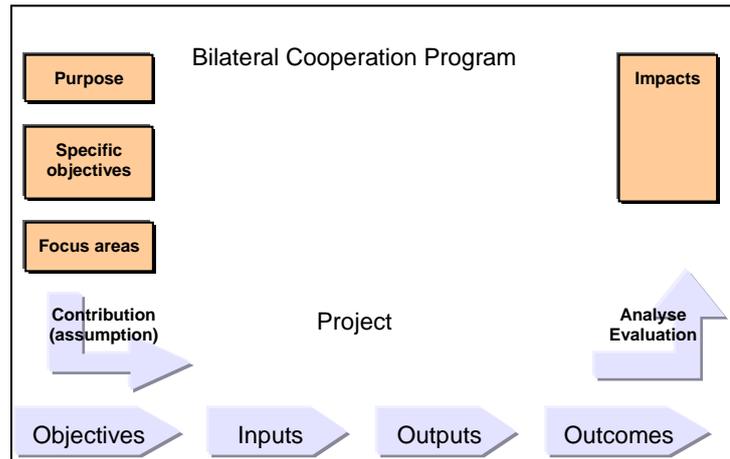
*FA, Annex 2, section 1.2.*

### **8.3 Reporting and Monitoring Concerning the Overall Objectives**

The overall objective of the Bilateral Cooperation Programme is to reduce economic and social disparities between the Partner Country and the more advanced countries of the enlarged European Union (EU) as well as between the dynamic urban centres and the structurally weak peripheral regions.

*FA, Annex 1, section 1**FA, Annex 1, section 3.2 a)*

Switzerland considers that the Swiss Contribution could achieve this overall objective by contributing to a set of specific objectives. Therefore the objectives of each Project shall be part of these specific objectives of the Swiss Contribution level.



The specific objectives are described in Annex 1 of the present document. They cover the following domains: Promoted economic growth and enhanced employment conditions, Enhanced social security, Preserved environment, Enhanced security and safety, Reinforced civil society.<sup>1</sup>

Annex 1

The NCU shall ensure that Projects are developed and selected within the set of the agreed Focus Areas as determined in the Conceptual Framework, Annex 1 of the FA. It shall ensure that Project objectives and related expected outcomes contribute to one or more specific objectives of the Swiss Contribution mentioned above (see also section 4.4 above).

FA, Annex 1, section 3.2 a)

FA, Annex 1, section 4 and/or 5

Annex 3 Suggested form for the Logical Framework

The NCU shall summarise in the annual report (see also section 8.2 above) how the whole Project portfolio has contributed towards the achievement of the specific objectives of the Swiss Contribution as well as of the overall objectives of the Bilateral Cooperation Programme mentioned in the FA, Annex 1, section 1.

FA, Annex 2, section 1.2.

Annex 1

FA, Annex 1, section 1

#### 8.4 Enhanced Bilateral Relations with the Partner Country

The Swiss Contribution is placed in the framework of bilateral relations between the two countries which benefits both countries. The Bilateral Cooperation Programme should enhance the bilateral relations in many aspects.

FA, Annex 1, section 3.1

Switzerland wishes to follow the development in the following areas (see Annex 2 of the present document): Swiss solidarity and Swiss presence and image, Swiss knowledge and reputation valorised, new prospect promoted for Swiss products and services created.

Annex 2

Switzerland suggests to seek the opinion of the Partner Country on the contribution towards the enhancement of the bilateral relations brought by the cooperation programme. The annual meeting shall be the opportunity for both parties to share their views on this subject.

#### 8.5 Monitoring of the Financial Framework of the Swiss Contribution

The FA defines a financial frame for the Swiss Contribution:

<sup>1</sup> This sentence has been modified on 20.9.2012 in line with the modified Annex 1

**References  
Instruments**

- The total amount of the Swiss Contribution and the indicated budget allocated for each focus area;
- In some countries, there is a minimum percentage of the Swiss Contribution that shall be used to support activities in structurally weak regions (geographical focus);
- The commitment period is limited to 5 years;
- The disbursement period is limited to 10 years.

*FA, Article 3.1 and  
FA, Annex 1, section  
4/5*

*FA, Article 3.1*

The NCU shall closely follow the financial situation of commitments and expenses. It shall amongst other things follow:

- the overall commitment in order to commit the Swiss Contribution on time; therefore it shall ensure the timely submission of Project Proposals;
- the amount committed by thematic focus area in order to comply with the amount allocated to each focus area;
- the amount committed to the geographical focus area in order to comply with the respective minimum requirement;
- the disbursements in order to make them within the deadline;
- the implementation of Projects in order to suggest a recommitment of funds, or budget reallocations for focus areas if necessary.

The NCU shall up-date the above mentioned figures regularly and present them in its annual report.

## **9 Evaluation of the Bilateral Cooperation Programme**

Switzerland and the Partner Country will decide later on the way and focus of the overall evaluation of the Bilateral Cooperation Programme.

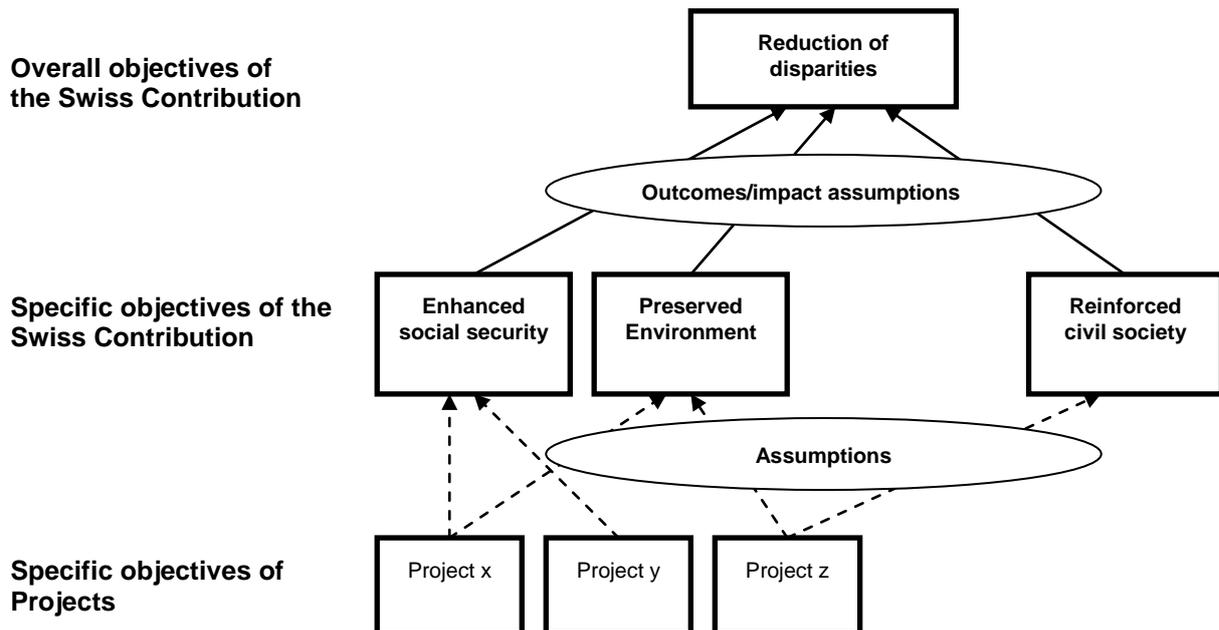
*FA, Annex 1, section  
1*

## **10 Final Meeting and Final Report**

Within three months after the final disbursement under the Bilateral FA, the NCU shall submit to Switzerland a final report assessing the accomplishment of the objective of the Bilateral FA and a final financial statement on the use of the Contribution, based on the financial audit reports of the Projects.

*FA Article 8.3*

## The Specific Objectives of the Swiss Contribution



1. **Promoted economic growth and enhanced employment conditions:** For instance increased income; improved security, stability, reliability of employment; increased number of jobs available; reduction of unemployed people; improved job security and safety (accident); facilitated access to capital; targeted research and development; targeted education.
2. **Enhanced social security:** For instance enhanced health prevention; enhanced health services; enhanced social services; enhanced social networking and solidarity; stronger and better organised unions.
3. **Preserved environment:** For instance enriched and better protected biodiversity; supportive legal framework, planning instruments and governance practices; reduction of toxic emissions; appropriate disposal of solid waste; appropriate treatment of waste water; mitigated risk of toxic waste; improved nuclear security; enhanced basic infrastructure.
4. **Enhanced security and safety:** For instance mitigate risks from environment (floods, land slides, etc.); improve nuclear safety; reduced criminality and organised crime; improve the protection of borders; enhanced judiciary system; reduced corruption.
5. **Reinforced civil society:** For instance strengthen NGOs institutional capacities; enhancing cooperation between NGOs and local municipalities; increased mutual cooperation and partnerships with Swiss organisations.

## **Enhanced Bilateral Relations with the Partner Country**

### **Description of the expectations**

#### **1. Asserted Swiss solidarity and promoted Swiss presence and image**

- Positive image in the country of the Projects implemented within the frame of the Swiss Contribution
- Enhanced partnership between institutions from Switzerland and from Partner Country (municipalities, regions, administration, etc.)
- Swiss companies are mandated for products and services for the Swiss Contribution
- Positive feedback expressed by the country in the Annual Report

#### **2. Valorised Swiss knowledge and reputation**

- Enhanced partnership between institutions from Switzerland and from Partner Country (municipalities, regions, administration, etc.).
- Increased opportunities for postgraduate students to study in Swiss academic institutions.
- Increased joint research initiatives between the two countries
- Enhanced degree of satisfaction about Swiss companies involved in Project implementation within the Swiss Contribution

#### **3. Created new prospect for Swiss products and services**

- Swiss companies are mandated for the supply of products and services in the frame of Projects financed by the Swiss Contribution
- Swiss companies are mandated for the supply of products and services as continuation beyond the Swiss Contribution (Nachfolgeaufträge)
- Increased Swiss exports to the Partner Country and increased imports from the Partner Country (outside the Swiss Contribution)

### Suggested form for Project Logical Framework

<b>&lt;Name of Operation&gt;</b>	<b>&lt;Country/Region&gt;</b>	<b>&lt;Reference&gt;</b>
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*Note: For supporting info click the ⓘ icon. Make sure the ⓘ - button in the command list is turned ON.*

<b>Strategy of Intervention ⓘ</b>	<b>Key Performance Indicators ⓘ</b>	<b>Means of Verification ⓘ</b>	<b>External Factors (assumptions / risks) ⓘ</b>
<b>Impact ⓘ</b>	<b>Impact Indicators</b>		
•	-		-
<b>Outcomes ⓘ</b>	<b>Outcome Indicators</b>		<i>note</i>
1.	-		-
<b>Outputs ⓘ</b>	<b>Output Indicators ⓘ</b>		<i>note</i>
1.	-		-
<b>Activities ⓘ</b> <i>(usually not included in logframe)</i>	<b>Inputs</b> <i>(usually not included in logframe)</i>		<i>note</i>

## Explanations

<b>Strategy of Intervention</b> (Results chain / Hierarchy of objectives) <i>Hint: Use one-sentence statements, in the form of a status achieved or an infinitive (to do something)</i> <a href="#">return</a>	<b>Key Performance Indicators</b> <i>Indicators measure whether the objectives on each level are achieved. Thereby standards define the level of expected performance.</i> <a href="#">return</a>	<b>Means of Verification</b> (Data Source) <a href="#">return</a>	<b>External Factors</b> (assumptions / risks) <a href="#">return</a>
<b>Impact</b> (Development objective /overall goal) <a href="#">return</a>	<b>Impact Indicators</b>		
<u>Definition:</u> <b>Improvements of a situation in terms of social and economic benefits which respond to identified development needs of the target population under a long-term vision.</b> <u>Scope of project management:</u> The achievement of the development objective lies outside the direct reach of the project and depends on the assumptions formulated at outcome level. However, outcomes should represent a relevant contribution to it.	<u>Definition:</u> <b>Features which can be measured or at least described precisely in terms of quantity and quality respectively and which show a change in situation.</b>  <b>NB:</b> Impact indicators are essentially used during evaluations.	<u>Definition:</u> <b>Means of verification indicate where and in what form information on the achievement of objectives and results can be found, e.g. reports of ministries, project reports, laws, statistics, assessments, etc.</b>  <b>NB:</b> It may be useful to also state the means and methods for collecting and reporting information (monitoring).	<u>Definition:</u> <b>Assumptions are conditions which could affect the progress of the project, but which are not under direct control of project management.</b> An <i>assumption</i> is a <b>positive</b> statement of a condition that must be met for the project's objectives to be achieved. A <i>risk</i> is a <b>negative</b> statement of a condition that might prevent the project's objectives from being achieved.
<b>Outcome</b> (Project Objectives / Purpose) <a href="#">return</a>	<b>Outcome Indicators</b>		
<u>Definition:</u> <b>Intended situation at the end of or soon after the project's lifespan in terms of gains in performance (as a result of changes in knowledge and behavior).</b> <u>Scope of project management:</u> The attainment of outcome is primarily dependent on the project outputs, but depends also on factors beyond the project's control. <b>Hint:</b> Where projects or programmes have several components, formulate one outcome statement for each component.	<u>Definition:</u> <b>Conditions at the end of the project indicating that the purpose has been achieved and that benefits are sustainable.</b>  <b>NB:</b> Outcome indicators are commonly used for project reviews and evaluations. <b>Hint:</b> Pay attention to the proper distinction between outcomes and outputs)		<b>Hint:</b> To ensure a proper vertical logic, it is essential to attribute assumptions to the corresponding level of intervention (in this box the assumptions at outcome level which are relevant for achieving the development objective need to be stated.)

<b>Outputs</b> (Project Results / deliverables) <a href="#">return</a>	<b>Output Indicators</b> <a href="#">return</a>		
<p><u>Definition:</u>  <b>Products and services produced or competences and capacities established directly as a result of project activities.</b></p> <p><u>Scope of project management:</u>                      Outputs are under the control / responsibility of project management.</p> <p><i>Hint: For clarity of logic, one output statement for each corresponding project component is recommended.</i></p>	<p><u>Definition:</u>  <b>Measures of the quantity and quality of outputs.</b></p> <p><b>NB:</b> Output indicators are predominantly used during monitoring and review.</p>		<p><i>Hint: Formulate assumptions at output level which are relevant for achieving the project's objective(s).</i></p>
<b>Activities</b> (Project components) <a href="#">return</a>	<b>Inputs</b>		
<p><u>Definition:</u>  <b>Specific tasks performed using resources and methods in order to achieve the intended outputs.</b></p> <p><u>Scope of project management:</u>                      Critical factors for activities are professional skills, the availability of sufficient financial resources and the absorption capacity of the local partners as well as of the target groups and beneficiaries.</p> <p><i>Hint: The matrix should not include the entire list of project activities, and focus on <b>what</b> the project is to deliver and not on <b>how</b>. The complete list of activities belongs in the main text of the project document and be referenced to show the link between activities and results</i></p>	<p><u>Definition:</u>  <b>Means are physical and non-physical inputs (personnel, equipment) and finance necessary to carry out the planned activities and manage the project.</b></p> <p><b>NB:</b> Inputs and budget figures are usually not included in the matrix, but detailed in the main text of the project document</p>		<p><i>Hint: Formulate assumptions at activity / input level which are relevant for achieving project outputs.</i></p>