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Factsheet 6 Financing



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This factsheet explains the calculation of the budget for the STANDARD and EXTENDED outcome evaluations and defines the content of the financial reporting.

6.1 Introduction

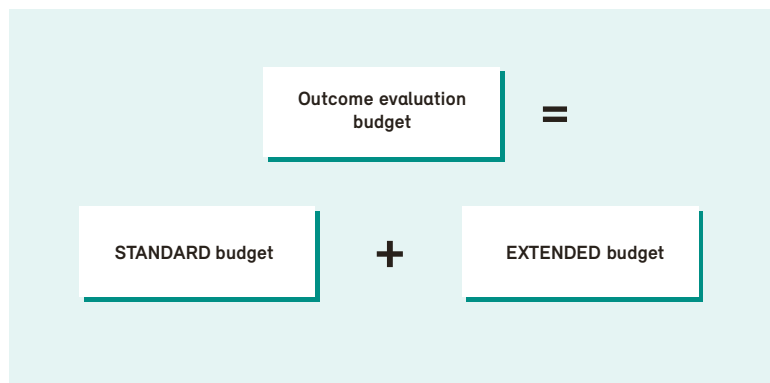
With the Programme Agreement (PA) period 2020–2024, the financing of outcome evaluation has been reorganised. Before 2020, outcome evaluations received federal support as a component of a restoration project. This meant that an outcome evaluation was generally performed one to two years after the completion of construction, so that the costs could be included in the final accounts for the construction project. In addition, before 2020, an outcome evaluation was usually only undertaken in the case of larger, or more costly, projects where this appeared justifiable to the canton or commune concerned. There may possibly also have been a perverse incentive to conduct an outcome evaluation only in the case of projects where the proportion of federal subsidies was particularly high. For projects involving small watercourses or short reaches, the financial expenses of an outcome evaluation often seemed disproportionate, compared to the project costs.

The financial framework was thus not ideal for appropriately assessing the effects of restoration measures: firstly, biological indicators may only respond to the measures implemented over a much longer period than has previously been considered. Secondly, consideration of smaller projects is of major importance, as these make up a large proportion of all restoration projects across Switzerland. Accordingly, with the PA period 2020–2024, the financing of outcome evaluation has been separated from restoration projects (apart from the “before” survey for individual projects, see Section 6.3.2). By defining financing and project requirements, the Handbook on Programme Agreements in the Environmental Sector provides the basis for federal-cantonal collaboration in the implementation of restoration projects. In the Handbook for the PA period 2020–2024, the two new performance goals/indicators “STANDARD outcome evaluation” and “EXTENDED outcome evaluation” were introduced under the Programme Goal “Restoration foundations”. With these performance indicators, fixed rates are set for federal subsidies for outcome evaluation. As these differ for STANDARD and EXTENDED, two performance indicators are required.

6.2 Financing model

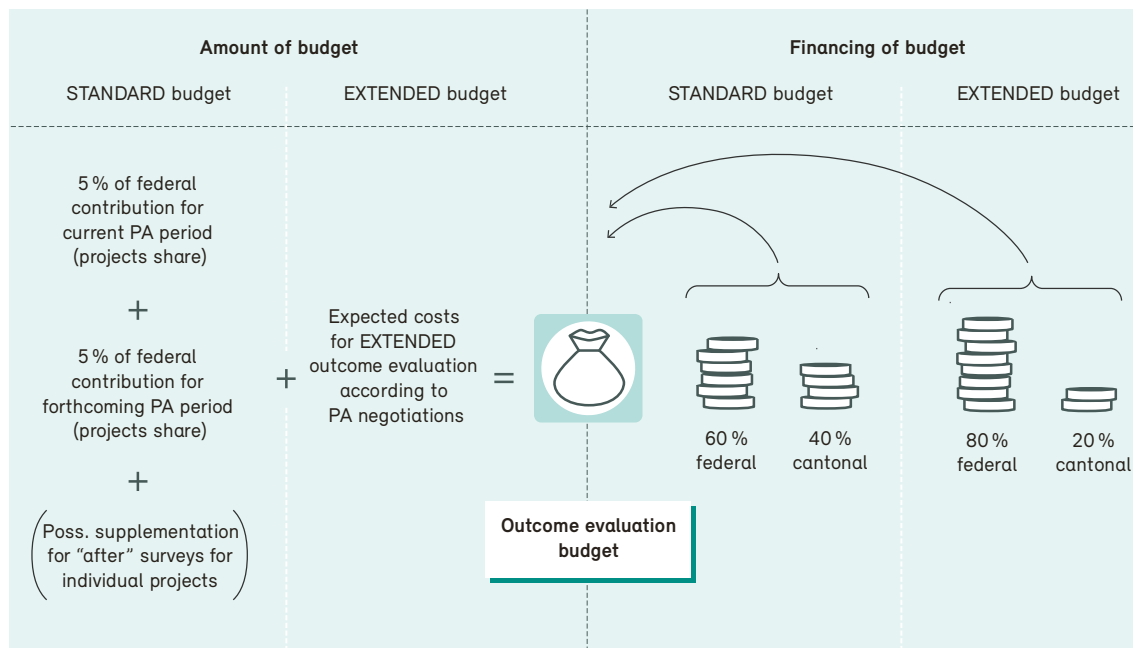
For each PA period, an outcome evaluation budget is calculated in the course of the PA negotiations between the federal and cantonal authorities. This comprises a STANDARD budget and an EXTENDED budget (Fig. 6.1).

Figure 6.1: The outcome evaluation budget, comprising the STANDARD and the EXTENDED budget.



The following sections (6.3 and 6.4) describe how the outcome evaluation budget is calculated and provide a breakdown of the financing (Fig. 6.2).

Figure 6.2: Amount and financing of the outcome evaluation budget comprising a STANDARD budget and an EXTENDED budget.



6.3 STANDARD budget

For the STANDARD outcome evaluation, a STANDARD budget is calculated, which is made up of federal and cantonal funds. Cantonal contributions may also be partly funded by communes or third parties. Federal subsidies for the STANDARD outcome evaluation amount to 60% of the costs arising. The amount of the STANDARD budget should be proportionate to the number and financial costs of a canton's restoration projects. It is therefore calculated on the basis of PA federal contributions. However, since the STANDARD budget is used to finance not only "before" surveys for new projects to be implemented under the forthcoming PA but also "after" surveys for projects already implemented during earlier PA periods (Fig. 6.3), and a canton's PA amount may vary widely from one period to another, the STANDARD budget is not calculated merely on the basis of a single PA period. Rather, the calculation is based on the amounts of the federal contributions for the forthcoming PA period (proportionate to the financial costs of new projects and "before" surveys) and for the current PA period (proportionate to the financial costs of implemented projects and "after 1" surveys).

Figure 6.3: Financing of "before" and "after" surveys by the STANDARD budget.

| Financing of: | „Before“ survey* | „After 1“ survey* | „After 2“ survey* |
|-----------------------------|------------------|-------------------|-------------------|
| Programme Agreement project | ✓ | ✓ | ✓ |
| Individual project | ✗ | ✓ | ✓ |

✗ Financed, as in the past, through the project, with the same subsidy rate as the construction project
 * For the same project, falls in different PA periods

6.3.1 Calculation model

Taken as a basis for calculation are the federal contributions for Programme Goals (PG) 2 (“Restoration projects”) and 3 (“Flood protection projects with additional financing under the WPA”) of the current and the forthcoming Programme Agreement (the contribution for PG 1 “Restoration foundations” is not taken into account). The amount calculated is 5% of the federal contribution in each case. The sum of these two 5% values is the STANDARD budget (see the calculation example in Table 6.1). This is supplemented, if necessary, if “after” surveys for individual projects are planned for the forthcoming PA period (see Section 6.3.2).

Table 6.1: Example for calculation of the STANDARD budget excluding individual projects

| | | PG 1 | PG 2 | PG 3 | Total |
|---|--|--------|-----------|---------|----------------|
| Current PA | Allowable costs (CHF) | 13,500 | 1,300,000 | 150,000 | |
| | Federal contribution (FC, in CHF) | 0 | 780,000 | 30,000 | |
| | Outcome evaluation sub-budget (5% of FC, in CHF) | 0 | 39,000 | 1,500 | 40,500 |
| Forthcoming PA | Allowable costs (CHF) | 60,000 | 1,800,000 | 800,000 | |
| | Federal contribution (FC, in CHF) | 0 | 1,150,000 | 200,000 | |
| | Outcome evaluation sub-budget (5% of FC, in CHF) | 0 | 57,500 | 10,000 | 67,500 |
| STANDARD budget for forthcoming PA | | | | | 108,000 |
| Federal share (60%) | | | | | 64,800 |
| Cantonal share (40%) | | | | | 43,200 |

This standardised model for calculation of the STANDARD budget ensures that all cantons invest comparable amounts in the STANDARD outcome evaluation. The STANDARD budget amounts to around 2–6% of the allowable project costs (empirical calculation based on real figures). This proportion resulted from exchanges between cantonal representatives and the FOEN at various events. While the funding reserved for outcome evaluation is not available for project implementation, lessons learned from outcome evaluation can be applied in future projects, helping to optimise the effects of restoration measures. The financing model adopted represents a compromise between the seemingly opposing interests of implementation and learning.

The FOEN supports the cantons in calculating the STANDARD budget, on the basis of the negotiation mandate defined for the forthcoming PA period and the federal contributions paid in the current PA period. The STANDARD budget calculated is communicated to the canton prior to the PA negotiations.

6.3.2 Individual projects: supplementation of the STANDARD budget

Not taken into account in the STANDARD budget thus calculated are individual projects. With regard to measures, system size and costs, individual projects vary widely, depending on whether they are implemented as restoration or as flood protection projects with additional financing under the WPA (“combined projects”). In addition, for purposes of outcome evaluation, the number of indicators recommended for individual projects is generally larger than for smaller projects (see Factsheet 2). The costs involved in outcome evaluation for individual projects therefore need to be estimated on a case-by-case basis, and such estimates are usually not yet available at the time of the PA negotiations.

For this reason, in contrast to PA projects, the “before” survey is, as in the past, financed through the project, with the same subsidy rate as the construction project. On the basis of experience with the “before” survey, a robust cost estimate can be prepared for the “after” surveys, which are then financed under the STANDARD outcome evaluation performance indicator. The calculated STANDARD budget (see Section 6.3.1) is supplemented by the amount of the cost estimate for the relevant PA periods in which the “after” surveys are to be conducted (see Table 6.2).

Table 6.2: Example for calculation of the STANDARD budget including individual projects

| | | PG 1 | PG 2 | PG 3 | Total |
|---|--|--------|-----------|---------|----------------|
| Current PA | Allowable costs (CHF) | 13,500 | 1,300,000 | 150,000 | |
| | Federal contribution (FC, in CHF) | 0 | 780,000 | 30,000 | |
| | Outcome evaluation sub-budget (5% of FC, in CHF) | 0 | 39,000 | 1,500 | 40,500 |
| Forthcoming PA | Allowable costs (CHF) | 60,000 | 1,800,000 | 800,000 | |
| | Federal contribution (FC, in CHF) | 0 | 1,150,000 | 200,000 | |
| | Outcome evaluation sub-budget (5% of FC, in CHF) | 0 | 57,500 | 10,000 | 67,500 |
| Subtotal: STANDARD budget for forthcoming PA | | | | | 108,000 |
| Supplementation for individual-project “after” surveys | | | | | 62,000 |
| STANDARD budget for forthcoming PA | | | | | 170,000 |
| Federal share (60%) | | | | | 102,000 |
| Cantonal share (40%) | | | | | 68,000 |

6.4 EXTENDED budget

Financed from the EXTENDED budget is the EXTENDED outcome evaluation for new, specific questions arising periodically. Depending on the particular question, not every canton will necessarily have implemented a restoration project suitable for EXTENDED. These efforts rely on the voluntary participation of cantons which do have suitable projects. In return, federal support for the EXTENDED outcome evaluation is offered in the form of a higher subsidy rate of 80%; the remaining 20% is financed by the canton (or communes/third parties), as for the STANDARD outcome evaluation. The relevant questions for EXTENDED are defined in each case by the FOEN in consultation with the cantons and discussed bilaterally with the cantons prior to the negotiations for the forthcoming PA period. At the latest during the PA negotiations, it is discussed whether suitable projects exist within the canton and to what extent the canton is prepared to participate in an EXTENDED outcome evaluation. The costs for the EXTENDED outcome evaluation in question are then determined on the basis of cost estimates and specified under the relevant performance indicator in PG 1 “Restoration foundations”.

For the outcome evaluation budget, the expected costs for EXTENDED are added to the calculated STANDARD budget. An exception to this is the PA period 2020–2024, in which the funding not required for “after” surveys from STANDARD is used for EXTENDED.

6.5 Financial reporting

In the annual financial reporting on the Programme Agreement, the canton separately reports progress for each individual performance indicator, and thus also for the two performance indicators for outcome evaluation under PG 1 “Restoration foundations”.

6.5.1 STANDARD outcome evaluation

Not infrequently in the course of a PA period, funds are shifted between programme goals (“alternative fulfilment”) or contracts are modified (increase or reduction in federal subsidies). This may affect the defined STANDARD budget, which relates to the federal subsidies for PG 2 and 3. If there are major deviations (on the order of a six-figure sum) in the federal subsidies cumulatively agreed upon under PG 2 and 3, then the STANDARD budget is also to be adjusted.

At the end of each PA period, the STANDARD budget should have been used up; a minor deviation can be tolerated. In addition, at the end of each PA period (possibly including the rectification year), a list of the services performed is to be submitted to the FOEN, together with the implementation evaluation data. The following information should be included:

- Watercourse and project name according to implementation evaluation
- Survey time point/type (“before”, “after 1” or “after 2” condition)
- Indicator sets determined (numbers)
- Year of survey
- Costs of outcome evaluation according to this framework (or in consultation with the FOEN, if more extensive)

6.5.2 EXTENDED outcome evaluation

For the EXTENDED outcome evaluation, performance of the agreed service is demonstrated by the submission of data to the FOEN. Deviations from the sum defined in the Programme Agreement are certainly possible, as it can sometimes be difficult to estimate costs in advance. The costs are documented via the relevant performance indicator in the financial reporting for the PA.

6.6 Consultation with the FOEN

If a canton plans to conduct an outcome evaluation going beyond the framework or the defined indicators (e.g. inclusion of a control reach, an additional “before” or “after” survey, Indicator Set 11), this is possible in consultation with the FOEN. Conceivable reasons could be project-specific goals not covered by the defined indicators (Indicator Set 11), project-specific learning processes or different methods in the case of projects for which a “before” survey has already been conducted prior to 2020 (comparability of results). Because of limited resources, the inclusion of additional indicators or control reaches can only be supported to a limited extent through the STANDARD outcome evaluation. These primarily serve the purpose of project-specific learning, but are not essential for learning at the national level. Decisions on financial support are taken on a case-by-case basis.

Data additionally collected is also to be submitted to the FOEN, and the services performed are to be documented.

List of modifications

Relevant changes are marked in **green**.

| Date (mm/yy) | Version | Change | Responsibility |
|--------------|---------|---|----------------|
| 4/2020 | 1.02 | Correction of spelling errors, minor terminological modifications | Eawag |
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