

**Switzerland
and
Croatia**

Framework Agreement between the Swiss Federal Council and the Government of the Republic of Croatia concerning the implementation of the Swiss-Croatian cooperation programme to reduce economic and social disparities within the enlarged European Union (with annexes). Zagreb, 30 June 2015

Entry into force: *provisionally on 30 June 2015 and definitively on 9 January 2017, in accordance with article 11*

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**Suisse
et
Croatie**

Accord-cadre entre le Conseil fédéral suisse et le Gouvernement de la République de Croatie concernant la mise en oeuvre du programme de coopération helvético-croate visant à réduire les disparités économiques et sociales au sein de l'Union européenne élargie (avec annexes). Zagreb, 30 juin 2015

Entrée en vigueur : *provisoirement le 30 juin 2015 et définitivement le 9 janvier 2017, conformément à l'article 11*

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FRAMEWORK AGREEMENT

BETWEEN

THE SWISS FEDERAL COUNCIL

AND

**THE GOVERNMENT OF THE REPUBLIC OF
CROATIA**

CONCERNING

**THE IMPLEMENTATION OF THE SWISS-
CROATIAN COOPERATION PROGRAMME TO
REDUCE ECONOMIC AND SOCIAL DISPARITIES
WITHIN THE ENLARGED EUROPEAN UNION**

THE SWISS FEDERAL COUNCIL (hereinafter referred to as "Switzerland")

AND

THE GOVERNMENT OF THE REPUBLIC OF CROATIA (hereinafter referred to as "Croatia"),

hereinafter collectively referred to as "the Parties",

- AWARE of the importance of the enlargement of the European Union (hereinafter referred to as "EU") for the stability and prosperity in Europe;
- NOTING the solidarity of Switzerland with the endeavours of the EU to reduce economic and social disparities within the EU;
- BUILDING upon the successful cooperation between the two countries during Croatia's transition process leading to its accession to the EU;
- HAVING regard to the friendly relations between the two countries;
- DESIROUS of strengthening these relations and the fruitful cooperation between the two countries;
- INTENDING to promote further the social and economic development in Croatia;
- IN VIEW of the fact that the Swiss Federal Council has expressed, in the Addendum of 2 May 2014 (hereinafter referred to as "Addendum") to the Memorandum of Understanding with the European Community of 27 February 2006 (hereinafter referred to as "Memorandum of Understanding"), the intention that Switzerland shall increase its contribution to reduce economic and social disparities within the enlarged EU by an additional contribution amounting up to CHF 45'000'000 (forty five million Swiss francs) to Croatia;

HAVE agreed as follows:

Article 1 – Definitions

For the purpose of this Framework Agreement:

- "Contribution" means the non-reimbursable financial contribution granted by Switzerland under this Framework Agreement;
- "Swiss-Croatian Cooperation Programme" means the bilateral programme for the implementation of this Agreement;
- "Project" means a specific project or programme or other joint activities in the framework of this Framework Agreement. A programme consists of component projects linked by a common theme or shared objectives;
- "Commitment" means the allocation of a certain amount of the Contribution to a Project agreed upon by the Parties;
- "Project Agreement" means an agreement between the Parties and, if need be, additional contracting parties, on the implementation of a Project agreed upon by the Parties;

- "National Coordination Unit" (NCU) means the Croatian unit in charge of the coordination of the Swiss-Croatian Cooperation Programme;
- "Intermediate Body" means any legal public or private entity which acts under the responsibility of the NCU or which carries out duties on behalf of the NCU with regard to Executing Agencies implementing Projects;
- "Executing Agency" means any public authority, any public or private corporation as well as any organization recognized by the Parties and mandated to implement a specific Project financed under this Framework Agreement;
- "Implementation Agreement" means an agreement between the NCU and/or the Intermediate Body and the Executing Agency for the implementation of the Project;
- "Block Grant" means a fund set up for a clearly defined purpose, providing assistance to organizations or institutions, facilitating a cost-effective administration mainly in programmes with many small projects;
- "Project Preparation Facility" means the Facility providing financial support for the preparation of the Final Project Proposals;
- "Technical Assistance Fund" means the Fund for the financing of tasks performed by the Croatian authorities additionally and exclusively for the implementation of the Contribution;
- "Paying Authority" means the Croatian unit responsible for ensuring appropriate financial control over the use of the funds of the Swiss-Croatian Cooperation Programme;
- "Audit Organisation" means an internal or external certified audit organisation which carries out financial audits during and after Project implementation.

Article 2 – Objectives

1. The Parties shall promote the reduction of economic and social disparities within the enlarged EU through Projects mutually agreed upon between the Parties and in line with the Memorandum of Understanding and its relevant Addendum and the Conceptual Framework of the Swiss-Croatian Cooperation Programme as outlined in Annex 1 of this Framework Agreement.
2. The objective of this Framework Agreement is to establish a framework of rules and procedures for the planning and implementation of the cooperation between the Parties.

Article 3 – Amount of the Contribution

1. Switzerland agrees to grant a non-reimbursable Contribution towards the reduction of economic and social disparities within the enlarged EU of up to CHF 45'000'000 (forty five million Swiss francs) to Croatia for a Commitment period from the approval date of the Contribution by the Swiss Parliament, which is 11 December 2014, until the end of the validity period of the legal basis of the Contribution, which is 31 May 2017, and a disbursement period of ten years, starting from the approval date of the Contribution by the Swiss Parliament.
2. Switzerland shall accept submissions of Final Project Proposals according to Annex 2, Chapter 2 for Commitment of funds until four months before the end of the Commitment period.
3. Funds not committed during the Commitment period shall not be available anymore for the Swiss-Croatian Cooperation Programme.

Article 4 – Scope

The dispositions of this Framework Agreement shall apply to national Projects financed by Switzerland or co-financed by Switzerland with multilateral institutions and other donors, executed by an Executing Agency, mutually agreed upon by the Parties.

Article 5 – Utilization of the Contribution

1. The Contribution shall be used for the financing of Projects and can take any of the following forms:
 - a) Financial assistance including grants and technical assistance
 - b) Block Grants
 - c) Project Preparation Facility
 - d) Technical Assistance Fund
 - e) Research Funds.
2. The Contribution shall be used in line with the objectives, principles, strategic directions, geographical and thematic focus as outlined in the Conceptual Framework in Annex 1.
3. 5% of the Contribution shall be used by Switzerland for its administration of this Framework Agreement. This includes, inter alia, expenses for staff and consultants, administrative infrastructure, missions, monitoring and evaluation.
4. The Contribution, in the form of grants, may not exceed 60% of the total eligible costs of the Project, except in the case of Projects receiving additional financing in the form of budget allocations from national, regional or local authorities, in which case the Contribution may not exceed 85% of the total eligible costs. Institution-building and technical assistance Projects as well as Projects implemented by non-governmental organisations may be fully financed by the Contribution.

5. The following costs shall not be eligible for grant support: interests on debt, the purchase of real estate, staff costs of the Croatian Government for the management of the Swiss-Croatian Cooperation Programme, and recoverable value added tax as specified in Article 7 of this Framework Agreement. Expenditures incurred before the signing of the respective Project Agreement by all parties are not eligible. As an exception, in the case of the Technical Assistance Fund and the Project Preparation Facility, Switzerland can reimburse costs occurred before the entry into force of the Framework Agreement, and the respective Technical Assistance Fund and Project Preparation Facility Agreements.

Article 6 – Coordination and Procedures

1. To make sure that Projects have the greatest possible impact and in order to avoid duplication and overlapping with projects financed through means of structural and/or cohesion funding as well as by any other funding source, the Parties shall assure an effective coordination and share any information needed to that end.

2. All the correspondence exchanged between the Parties, including reports and Project documents, shall be drafted in English.

3. As a general rule, each Project shall be subject to a Project Agreement, which shall set out the terms and conditions of grant assistance as well as the roles and responsibilities of the contracting parties.

4. Croatia is responsible for the identification of Projects to be financed by the Contribution. Switzerland can offer Croatia proposals to finance Projects, including Projects of multilateral, national or trans-national institutions. The rules and procedures for the selection and implementation of Projects are defined in Annex 2 and for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Research Funds in Annex 3.

5. All Projects shall be supported by Croatia and approved by Switzerland. The Parties attach high importance to the monitoring, the evaluation and the audit of Projects and of the Swiss-Croatian Cooperation Programme as stipulated in Annex 2. Switzerland, or any mandated third party acting on its behalf, is entitled to visit, monitor, review, audit and evaluate all activities and procedures related to the implementation of the Projects financed by the Contribution, as deemed appropriate by Switzerland. Croatia shall provide all requested or useful information and shall take or cause to be taken all actions allowing the successful realisation of such mandates.

6. Upon entry into force of this Framework Agreement, Croatia shall open a separate bank account in which the funds received from the Swiss Contribution shall be deposited. The Swiss administration costs referred to in Article 5, Paragraph 3 of this Framework Agreement shall not be managed through this account. The accumulated net interest shall be yearly reported to Switzerland.

7. Payment and reimbursement procedures are outlined in Annex 2, Chapter 4 of this Framework Agreement.

Article 7 – Value Added Tax and other Taxes and Charges

1. Value added tax (VAT) shall be considered eligible expenditure only if it is genuinely and definitively borne by the Executing Agency. VAT which is recoverable, by whatever means, shall not be considered eligible even if it is not actually recovered by the Executing Agency.
2. Other levies, taxes or charges, in particular direct taxes and social security contributions on salaries and wages, shall constitute eligible expenditure only if they are genuinely and definitively borne by the Executing Agency.

Article 8 – Annual Meetings and Reporting

1. In order to ensure effective implementation of the Swiss–Croatian Cooperation Programme, the Parties agree to hold annual meetings. The first meeting shall be held no later than one year after the beginning of the application of this Framework Agreement.
2. Croatia shall organize the meetings in cooperation with Switzerland. The NCU shall present one month before the meetings an annual report. Its content shall include but not be limited to the issues listed in Annex 2.
3. Upon the final disbursement under this Framework Agreement, Croatia shall submit to Switzerland a final report assessing the accomplishment of the objective of this Framework Agreement and a final financial statement on the use of the Contribution, based on the financial audits of the Projects.

Article 9 – Competent Authorities

1. Croatia has authorized the Ministry of Regional Development and EU Funds to act on its behalf as the NCU for the Swiss-Croatian Cooperation Programme. The NCU shall have the overall responsibility for the management of the Contribution in Croatia, including the responsibility for financial control and audit.

2. Switzerland has authorized:

the Federal Department of Foreign Affairs, acting through the Swiss Agency for Development and Cooperation (SDC)

and

the Federal Department of Economic Affairs, Education and Research, acting through the State Secretariat for Economic Affairs (SECO)

to act on its behalf for the implementation of the Swiss-Croatian Cooperation Programme.

Projects are assigned to one or the other institution according to their respective fields of competence.

3. The Swiss Embassy shall act as the contact point for the NCU with regard to official information referring to the Contribution. Day-to-day communication between the competent authorities may be maintained directly.

Article 10 – Common Concern

The Parties share a common concern in the fight against corruption, which jeopardises good governance and the proper use of resources needed for development, and, in addition, endangers fair and open competition based upon price and quality. They declare, therefore, their intention of combining their efforts to fight corruption and, in particular, declare that any offer, gift, payment, remuneration or benefit of any kind whatsoever, made to whomsoever, directly or indirectly, with a view to being awarded a mandate or contract within the framework of this Framework Agreement, or during its execution, will be construed as an illegal act or corrupt practice. Any act of this kind constitutes sufficient grounds to justify termination of this Framework Agreement, the respective Project Agreement, the annulment of the procurement or resulting award, or for taking any other corrective measure laid down by applicable law. The Parties shall promptly inform each other in case of any relating well-founded suspicion of an illegal act or corrupt practice.

Article 11 – Final Provisions

1. Annexes 1, 2 and 3 shall form an integral part of this Framework Agreement.
2. Any dispute which may result from the application of this Framework Agreement shall be resolved by diplomatic means.
3. Any amendment to this Framework Agreement shall be made in writing with the mutual agreement of the Parties and according to their respective procedures.
4. Annexes 1, 2 and 3 of this Framework Agreement may be subject to review at the annual meetings. Amendments to the Annexes 1, 2 and 3 of this Framework Agreement do not require formal change to this Framework Agreement. Such amendments shall be confirmed through an exchange of letters with the mutual agreement of the competent authorities mentioned in Article 9.
5. This Framework Agreement can be terminated at any time by one of the Parties upon a six-month prior written notice. In this case, the provisions of this Framework Agreement shall continue to apply to the Project Agreements concluded before the termination of this Framework Agreement. The Parties shall decide by mutual agreement any other consequences of the termination.
6. This Framework Agreement shall enter into force on the date of the latter notification confirming the completion by both Parties of their respective approval procedures. Starting on the day of the signing of this Framework Agreement, the Parties shall apply this Framework Agreement provisionally until it enters into force.

7. This Framework Agreement covers a Commitment period from 11 December 2014 until 31 May 2017 and a disbursement period ending on 10 December 2024.

8. This Framework Agreement shall be terminated on the date of reception of the final report by Croatia assessing the accomplishment of its objective according to Article 8 Paragraph 3.

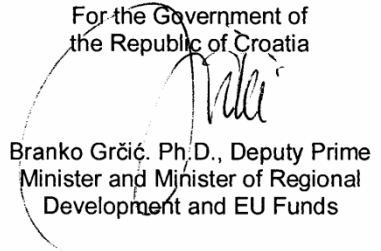
Signed at Zagreb on 30 June 2015, in two authentic copies in the English language.

For the Swiss
Federal Council



Stefan Estermann
Ambassador of Switzerland
to the Republic of Croatia

For the Government of
the Republic of Croatia



Branko Grčić, Ph.D., Deputy Prime
Minister and Minister of Regional
Development and EU Funds

Annex 1: Conceptual Framework of the Swiss-Croatian Cooperation Programme

Annex 1 is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Croatia concerning the implementation of the Swiss-Croatian Cooperation Programme. Any amendment to this Annex shall be made in writing with the mutual agreement of the competent authorities mentioned in Article 9 of the Framework Agreement.

Annex 1 defines objectives, approaches, principles, geographic focus, and thematic focus including an indicative portfolio of Projects and indicative financial allocations.

Annex 2 defines the controlling at the Swiss-Croatian Cooperation level, procedures at Project level, requirements for Project proposals, payment and reimbursement procedure, and responsibilities and tasks. Rules and procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Research Funds are defined in Annex 3.

1 Objectives

The Swiss-Croatian Cooperation Programme pursues two main objectives: To contribute to the reduction of economic and social disparities between Croatia and the more advanced countries of the enlarged European Union (EU); and/or to contribute within Croatia to the reduction of economic and social disparities.

The Swiss Contribution is an important element of the bilateral relations between Switzerland and Croatia. The Swiss-Croatian Cooperation Programme shall enhance the bilateral relations in many aspects, such as providing opportunities to assert Swiss solidarity, to establish Swiss-Croatian institutional partnerships, to promote Swiss presence and visibility as well as to make good use of Swiss knowledge and experience.

The Memorandum of Understanding between the Swiss Federal Council and the European Community defines four funding guidelines for the Contribution:

- Security, stability and support for reforms;
- Environment and infrastructure;
- Promotion of the private sector; and
- Human and social development.

These funding guidelines provide a broad base for cooperation. Efficiency and effectiveness considerations as well as concern for the optimal allocation and use of available resources are important. Therefore, Projects of the Swiss-Croatian Cooperation Programme shall focus on pursuing one or more of the following five objectives:

- Promoting economic growth and improving working conditions;
- Improving social security;

- Protecting the environment;
- Improving public safety and security; and
- Strengthening civil society.

Projects in the Swiss-Croatian Cooperation Programme shall pursue a sustainable, economically and socially balanced development.

Towards the end of the implementation period of the Swiss-Croatian Cooperation Programme, both Parties may jointly decide on a global evaluation of the results achieved by the Swiss-Croatian Cooperation Programme.

2 Operational Approaches

The Swiss-Croatian Cooperation Programme is based on the following approaches:

Projects. Project means an individual project or programme. An important part of the Swiss Contribution is provided in the form of project and programme financing. The respective rules and procedures are laid down in Annex 2 and 3.

- An **individual project** approach shall be applied in a focus area in which stand-alone projects shall be implemented. To assure efficiency and effectiveness, the contribution for each project under the individual project approach shall represent in general a minimum amount of CHF 1 million. Higher minimal financial volumes may be agreed upon (see Chapter 5 of this Annex). In exceptional cases, the competent authorities mentioned in Article 9 of this Framework Agreement may agree on lower minimum financial volumes.
- A **programme** consists of component projects linked by a common theme or shared objectives. A programme approach shall be applied in focus areas which have several of the following characteristics: large financial commitments; linking of different levels (national, regional, local); variety of actors; contribution to policy development; significant contributions to capacity building; and application of a common set of rules and procedures. A programme approach implies a delegated authority for decision-making on component projects. A programme approach includes: an initial assessment of the focus area; the definition of objectives, guidelines and budgets; a programme implementation plan; and a monitoring, steering and evaluation concept.

Project Preparation Facility. Identification of Projects, Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Support for the identification of Projects or for the Project preparation may be requested by Croatia or recommended by Switzerland and shall be financed through the Project Preparation Facility (see Annex 3).

Technical Assistance Fund. A Technical Assistance Fund shall be established to contribute to some additional costs incurred by Croatia for the efficient and effective implementation of the Contribution (see Annex 3).

3 Principles

3.1 General Principles

The Swiss-Croatian Cooperation Programme is guided by the following general principles:

Transparency. Transparency and openness are key to all cooperation activities and are binding at all levels. Special emphasis on transparency shall be given in project and activity selection, contract awarding and financial management.

Social inclusion. Cooperation activities shall respect the need for including socially and economically disadvantaged groups in the opportunities and benefits of development.

Equal opportunities and rights. Cooperation activities shall increase women's and men's opportunities to exercise their rights equally through an age and gender-based approach.

Environmental sustainability. Cooperation activities shall respect the need to incorporate requirements of environmental sustainability.

Commitment by all actors involved. All decision-makers and entities involved in the Swiss-Croatian Cooperation Programme shall be committed to the efficient and effective implementation of the agreed Projects.

Subsidiarity and decentralisation. Cooperation activities shall respect the need to include considerations of subsidiarity and decentralisation primarily in Projects at municipal and regional levels.

3.2 Swiss-related Principles

The Swiss Contribution is an important element of the bilateral relations between Switzerland and Croatia. The Swiss-Croatian Cooperation Programme shall enhance the bilateral relations in many aspects:

Combining Croatian needs with specific value added by Switzerland. Swiss support targets the specific needs of Croatia (demand-driven approach). Swiss support is provided in areas in which Switzerland can offer specific value added.

Emphasising Swiss experience. Switzerland gives priority to thematic areas, where it has extensive cooperation experience and can provide widely recognised specific knowledge and methodology.

Partners and beneficiaries. The Swiss-Croatian Cooperation Programme shall include partners and beneficiaries, inter alia the public and private sectors, non-governmental organisations and civil society organisations.

Partnerships. Partnerships between Swiss and Croatian partners are an enriching element of the Swiss-Croatian Cooperation Programme. The Parties will strive to integrate such institutional partnerships in the Cooperation Programme on different levels, especially in focus areas in which Switzerland can contribute particular experience, know-how and technologies. Project partners shall strive to maintain established partnerships also after the end of the Framework Agreement.

Visibility. Visibility of the Swiss-Croatian Cooperation Programme for the Croatian and Swiss public is an important aspect that shall be taken into account when selecting and implementing Projects. Both Parties shall proactively inform about their cooperation.

4 Geographical Focus

An important part of the financial resources of the Swiss-Croatian Cooperation Programme shall be spent in the areas with low economic and social indicators.

5 Thematic Focus, Indicative Portfolio of Projects and Indicative Financial Allocations

The Swiss-Croatian Cooperation Programme shall apply the thematic focus and indicative financial allocation according to the following table. Projects and programmes foreseen to be implemented through the Swiss-Croatian Cooperation Programme, the respective indicative Project budgets and the indicative co-financing rates are also listed in the following table:

1. Security, Stability and Support for Reforms				
N°	Focus areas	Description of the Project	Indicative Project budget (total)	Indicative financial allocation (Swiss Contribution)
1		<p>Name: Demining and Socio-economic Integration</p> <p>Type: Individual project</p> <p>Project Partner / Executing Agency: Government Office for Mine Action</p> <p>Objective: Demining of protected forest and forest land and socio-economic integration of mine victims.</p> <p>Approach: Clearance and release of a part of the mine contaminated and mine suspected areas. Socio-economic integration of mine victims and of the population living in mine suspected areas through relevant education and empowerment.</p> <p>Activity: Mine clearance in regions to be determined. Establishment of victims database and need assessment. Provision of relevant education and empowerment.</p> <p>Financing: Swiss Contribution: 85%; Croatian co-financing 15%</p> <p>Duration: 2015 – max.2024</p>	Minimum CHF 3.53 mio.	Minimum CHF 3 mio.

2. Environment and Infrastructure				
N°	Focus areas	Description of the Project	Indicative Project budget (total)	Indicative financial allocation (Swiss Contribution)
2	Basic Infrastructure	<p>Name: Water supply and wastewater of the municipality of Delnice Operational approach: Individual project Priority: This project shall be implemented with first priority, provided the final approval of the project by the Parties (Annex 2, chapter 2.3). Executing Agency: Croatian Waters – <i>Hrvatske vode</i> Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Delnice, contributing to the environmental protection of the groundwater and surface water in the Danube river basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Delnice. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water. Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives. Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15% Duration: Approx. 2017-2020</p> <p>The elaboration of the Final Project Proposal (Annex 2, chapter 2.4) could be supported through the Project Preparation Facility: Swiss Contribution: 85%; Croatian co-financing 15%</p>	<p>Up to CHF 9.76 mio.</p> <p>+/- 10% for unforeseen events]</p>	<p>Up to CHF 21.5 mio.</p> <p>This sum includes the indicative financial allocation of the Project the Project Preparation Facility.</p>

Basic Infrastructure	<p>Name: Water supply and wastewater of the Municipality of Fužine Operational approach: Individual project Priority: This project shall be implemented with first priority, provided the final approval of the project by the Parties (Annex 2, chapter 2.3). Executing Agency: Croatian Waters – <i>Hrvatske vode</i> Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Fužine, contributing to the environmental protection of the groundwater and surface water in the Adriatic basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Fužine. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water. Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives. Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15% Duration: Approx. 2017-2020</p>	Up to CHF 6.112 mio. [+/- 10% for unforeseen events]
Basic Infrastructure	<p>Name: Water supply and wastewater of the Municipality of Brod Moravice Operational approach: Individual project Priority: This project shall be implemented with second priority, provided (i) the final approval of the project by the Parties (Annex 2, chapter 2.3), and that (ii) funds remain in the financial allocation for the thematic focus "environment and infrastructure" after the final decision (2nd loop approval) on projects with higher priority. Unused funds from the implementation of projects with higher priorities shall be allocated to this project, until the Swiss Contribution reaches a co-financing rate of maximum 85% or the total available financial allocation of CHF 21.5 mio. for the thematic focus "environment and infrastructure". Executing Agency: Croatian Waters – <i>Hrvatske vode</i> Objective: The project will improve the wastewater collection and treatment as well as the water</p>	Up to CHF 2.792 mio. [+/- 10% for unforeseen events]

	<p>supply infrastructure in the municipality of Brod Moravice, contributing to the environmental protection of the groundwater and surface water in the Dabube river basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Brod Moravice. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water.</p> <p>Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives.</p> <p>Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15%</p> <p>Duration: Approx. 2017-2020</p>		
<p>Basic Infrastructure</p>	<p>The elaboration of the Final Project Proposal (Annex 2, chapter 2.4) could be supported through the Project Preparation Facility: Swiss Contribution: 85%; Croatian co-financing 15%</p>	<p>Name: Water supply and wastewater of the Municipality of Mrkopalj</p> <p>Operational approach: Individual project</p> <p>Priority: This project shall be implemented with third priority, provided (i) the final approval of the project by the Parties (Annex 2, chapter 2.3), and that (ii) funds remain in the financial allocation for the thematic focus "environment and infrastructure" after the final decision (2nd loop approval) on projects with higher priority. Unused funds from the implementation of projects with higher priorities shall be allocated to this project, until the Swiss Contribution reaches a co-financing rate of maximum 85% or the total available financial allocation of CHF 21.5 mio. for the thematic focus "environment and infrastructure".</p> <p>Executing Agency: Croatian Waters – Hrvatske vode</p> <p>Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Mrkopalj, contributing to the environmental protection of the groundwater and surface water in the Danube river basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Mrkopalj. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water.</p>	<p>Up to CHF 1.559 mio.</p> <p>[+/- 10% for unforeseen events]</p>

		<p>Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives.</p> <p>Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15%</p> <p>Duration: Approx. 2017-2020</p> <p>The elaboration of the Final Project Proposal (Annex 2, chapter 2.4) could be supported through the Project Preparation Facility: Swiss Contribution: 85%; Croatian co-financing 15%</p>		
Basic Infrastructure	e	<p>Name: Water supply and wastewater of the Municipality of Lokve</p> <p>Operational approach: Individual project</p> <p>Priority: This project shall be implemented with forth priority, provided (i) the final approval of the project by the Parties (Annex 2, chapter 2.3), and that (ii) funds remain in the financial allocation for the thematic focus "environment and infrastructure" after the final decision (2nd loop approval) on projects with higher priority. Unused funds from the implementation of projects with higher priorities shall be allocated to this project, until the Swiss Contribution reaches a co-financing rate of maximum 85% or the total available financial allocation of CHF 21.5 mio. for the thematic focus "environment and infrastructure."</p> <p>Executing Agency: Croatian Waters – <i>Hrvatske vode</i></p> <p>Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Lokve, contributing to the environmental protection of the groundwater and surface water in the Adriatic basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Lokve. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water.</p> <p>Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives.</p> <p>Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15%</p>	<p>Up to CHF 2.156 mio.</p> <p>[+/- 10% for unforeseen events]</p>	

	<p>Duration: Approx. 2017-2020</p> <p>The elaboration of the Final Project Proposal (Annex 2, chapter 2.4) could be supported through the Project Preparation Facility: Swiss Contribution: 85%; Croatian co-financing 15%</p>		
<p>Basic Infrastructure</p>	<p>Name: Water supply and wastewater of the Municipality of Skrad</p> <p>Operational approach: Individual project</p> <p>Priority: This project shall be implemented with fifth priority, provided (i) the final approval of the project by the Parties (Annex 2, chapter 2.3), and that (ii) funds remain in the financial allocation for the thematic focus "environment and infrastructure" after the final decision (2nd loop approval) on projects with higher priority. Unused funds from the implementation of projects with higher priorities shall be allocated to this project, until the Swiss Contribution reaches a co-financing rate of maximum 85% or the total available financial allocation of CHF 21.5 mio. for the thematic focus "environment and infrastructure".</p> <p>Executing Agency: Croatian Waters – <i>Hrvatske vode</i></p> <p>Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Skrad, contributing to the environmental protection of the groundwater and surface water in the Adriatic basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Skrad. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water.</p> <p>Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives.</p> <p>Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15%</p> <p>Duration: Approx. 2017-2020</p> <p>The elaboration of the Final Project Proposal (Annex 2, chapter 2.4) could be supported through the Project Preparation Facility: Swiss Contribution: 85%; Croatian co-financing 15%</p>	<p>Up to CHF 2.247 mio.</p> <p>[+/- 10% for unforeseen events]</p>	

	<p>Name: <u>Water supply and wastewater of the Municipality of Ravna Gora</u></p> <p>Operational approach: Individual project</p> <p>Priority: This project shall be implemented with sixth priority, provided (i) the final approval of the project by the Parties (Annex 2, chapter 2.3), and that (ii) funds remain in the financial allocation for the thematic focus "environment and infrastructure" after the final decision (2nd loop approval) on projects with higher priority. Unused funds from the implementation of projects with higher priorities shall be allocated to this project, until the Swiss Contribution reaches a co-financing rate of maximum 85% or the total available financial allocation of CHF 21.5 mio. for the thematic focus "environment and infrastructure".</p> <p>Executing Agency: Croatian Waters – <i>Hrvatske vode</i></p> <p>Objective: The project will improve the wastewater collection and treatment as well as the water supply infrastructure in the municipality of Ravna Gora, contributing to the environmental protection of the groundwater and surface water in the Adriatic basin and to sustainable economic development by ensuring better and more reliable access to public utilities in the municipality of Ravna Gora. Furthermore, the project will reduce the operating expenses for the water supply network, reduce the loss of water in the network and reduce the risk of pollution of existing sources of drinking water.</p> <p>Activity: Carry out construction and rehabilitation works on the municipal infrastructure (wastewater collection and treatment as well as the water supply). In addition, a system for supervisory control and data acquisition (SCADA) is to be installed. Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives.</p> <p>Financing: Swiss Contribution: Max. 85%, Croatian co-financing: Min. 15%</p> <p>Duration: Approx. 2017-2020</p>	<p>Up to CHF 4.572 mio.</p> <p>[+/- 10% for unforeseen events]</p>	
Basic Infrastructure			

3. Human and Social Development				
N°	Focus areas	Description of the Project	Indicative Project budget (total)	Indicative financial allocation (Swiss Contribution)
3		<p>Name: <u>Promotion of Tenure Track Model</u> Type: Individual project Project Partner / Executing Agency: Croatian National Science Foundation Swiss Partner: Ecole polytechnique fédérale de Lausanne EPFL Objective: To offer to young and talented researchers an interesting long-term career perspective in Croatia. Approach: Bringing together about 10 research groups, providing for the selected tenure-track assistant professors a stimulating opportunity to conduct visionary research and lay the foundation of a new generation of professors in areas important to Croatia. Activity: Introduce modern research management methods and review processes, introducing a tenure-track process as a new instrument for human capacity building in the scientific sector of Croatia. Financing: Swiss Contribution: CHF 4 mio (85%); Croatian co-financing CHF 0,7 mio (15%) Duration: Approx. 2015 – max. 2023</p>	Up to CHF 4,7 mio.	Up to CHF 11 mio.
4		<p>Name: <u>Croatian-Swiss Research Programme</u> Type: Programme approach Project Partner / Executing Agency: Swiss National Science Foundation (SNSF) Croatian partner: Croatian Science Foundation (HRZZ) Objective: To contribute to the knowledge based Croatian economy through the enhancement of the knowledge base and to strengthen the research cooperation between Croatia and Switzerland through know-how and technology transfer. Approach: Provide approx. 12-15 grants for joint research projects up to CHF 400'000.</p>	Up to CHF 4.67 mio.	

	<p>Activity: Prepare and organise a call for joint research projects, selection of projects, financial and operational management of the overall programme. Support the development of skills of the Croatian Science Foundation staff. Financing: Swiss Contribution: CHF 4 mio (85.6%); Croatian co-financing CHF 0.67 mio (14.3%) Duration: Approx. 2016 – 2020</p>	
5	<p>Name: Eurostars Type: Programme Approach Project Partner / Executing Agency: Croatian Agency for SMEs, Innovation and Investment Swiss Partner: SBF1 Objective: Support innovation performing SME, improve their competitive capacity and encourage cooperation with partners in Europe, in particular with Swiss partners. Approach: Eurostars is a publicly financed programme and is currently supported by 34 EUREKA countries. It supports research-performing small and medium enterprises, which develop innovative products, processes and services, to gain competitive advantage. Eurostars does this by providing funding for transnational innovation projects; the products of which are then rapidly commercialized. The project aims at the support of Croatian R&D-performing entrepreneurs, enabling them to hand in Eurostars projects together with Swiss partners, and to compete successfully within the Eurostars programme. Activity: Organizing brokerage and awareness events in Switzerland and Croatia, educational and training measures, direct project coaching and best-practice support to improve the quality of proposals and to push projects to better ranking levels. Co-financing of the Croatian contribution to approved Eurostars projects. Financing: Swiss Contribution: CHF 1 mio (85%); Croatian co-financing CHF 0.17 mio (15%); EU (Horizon 2020); CHF 0.3 mio; SBF1 providing funding for the Swiss partners. Duration: Approx. 2016 – 2022</p>	Up to CHF 1.17 mio.
6	<p>Name: <u>Modernisation Vocational Education and Training programs</u> Type: Individual project Project Partner / Executing Agency: Ministry for Science, Education and Sports, Directorate for Education Swiss Partner: SFIVET (EHB) Objective: To modernize the System of 3-year Vocational Education and Training programs for crafts.</p>	Up to CHF 2.35 mio.

		<p>Approach: To better align 3-years VET crafts curricula with labor market needs, to raise capacities of VET schools for its implementation and to significantly improve Quality Assurance (QA) in the system of VET 3-year programs for craft. To analyse limits of equal access to VET and elaborate improvements.</p> <p>Activity: comprehensive analyses of existing structure of 3-years VET curricula for crafts, identification of priority qualifications in each of the 9 education sectors for which learning outcome based VET curricula will be developed, in-service teacher training of VET teachers and trainers for implementation of new VET curricula, investments in premises and procurement of equipment for VET schools implementing new modernized curricula, development of specific model of QA in 3-years programs, with special emphasis on quality of practical training outside of VET schools, improvement of general teaching and training skills of mentors/trainers.</p> <p>Financing: Swiss Contribution: CHF 2 mio (85%); Croatian co-financing CHF 0.35 mio (15%)</p> <p>Duration: Approx. 2016 – 2020</p>	
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4. Special Allocation			
Item	Description	Indicative Project budget (total)	Indicative financial allocation (Swiss Contribution)
Block Grant	<p>Name: NGO Block Grant Type: Programme approach Project Partner / Executing Agency: Government Office for Cooperation with NGOs Objective: To promote civil society's contribution to economic and social cohesion. Approach: Grant scheme with open calls for proposals for projects up to max. CHF 250'000. Final decision shall be taken by a steering committee consisting of representatives of the civil society, the NCU and SDC. The Project will support NGO's activities aiming at sustainable development as the overarching objective with "Environmental Protection", "Social Equity and Cohesion", "Social Inclusion" and "Economic Prosperity" as interlinked sub-objectives. Activity: Managing a grants scheme, providing approx. 40 grants to NGOs. Priority may be given to activities improving the skills and knowledge of youth, schools and local authorities on sustainable development. The focus of the activities will be put on practical experiences of children and youth in implementing (pilot) activities through non-formal learning. Financing: Swiss Contribution: CHF 4.8 mio (90%); Croatian co-financing CHF 0.48 mio (10%), which shall be provided by the grantees Duration: Approx. 2015 – 2020</p>	Up to CHF 5.28 mio.	Up to CHF 4.8 mio.
	<p>Name: Partnership Block Grant Type: Programme approach Project Partner / Executing Agency: Government Office for Cooperation with NGOs Objective: To promote bilateral cooperation and partnerships between Croatian and Swiss non-profit organizations and to contribute to improved living conditions. Approach: Grant scheme with open call for proposals for projects up to max. CHF 250'000. Final decision shall be taken by a steering committee consisting of representatives of the civil society, the NCU and SDC. The Project will support activities aiming at the improvement of living conditions through the exchange of information, transfer of knowhow and best practices between the two countries. Activity: Managing a grants scheme, providing approx. 20 grants.</p>	Up to CHF 2.2 mio.	Up to CHF 2 mio.

	<p>Financing: Swiss Contribution: CHF 2 mio (90%); Croatian co-financing CHF 0.2 mio (10%), which shall be provided by the grantees Duration: Approx. 2015 – 2020</p>		
Project Preparation Facility	<p>Operational approach: Project Preparation Facility Executing Agency: Croatian Waters – <i>Hrvatske vode</i> Objective: Fully elaborate seven Final Project Proposals that enable the practical implementation of the projects described under “2. Environment and Infrastructure” of this table. Activity: Support the activities needed to elaborate a full project documentation that complies with the minimal requirements laid down in art. 2.4 of Annex 2 of the bilateral Framework Agreement. Studies such as feasibility studies and/or environmental impact studies are eligible for financial support. Financing: Swiss Contribution: 85%, Croatian co-financing: 15% Duration: Approx. 2015-2017</p> <p>Unused balances after the elaboration of the Final Project Proposals shall be allocated to projects of the thematic area “environment and infrastructure”.</p>	Up to CHF 1.26 mio.	[Up to CHF 1.07 mio.] This amount is the indicative financial allocation of the focus area “environment and infrastructure”.
Technical Assistance Fund	<p>Operational approach: Technical Assistance Fund Executing Agency: Ministry of Regional Development and EU Funds (National Coordination Unit) Objective: Efficient and effective administration of the Swiss-Croatian Cooperation Programme, incl. preparation, monitoring and evaluation. Financing: Swiss Contribution: CHF 0.45 mio (100%) Duration: 2015 – 2024</p>	Up to CHF 0.45 mio	Up to CHF 0.45 mio
Swiss Management Cost	Swiss administration of the Swiss-Croatian Cooperation Programme		CHF 2.25 mio.

Overview of the Indicative Allocations	
Funding lines	Indicative financial allocation (Swiss Contribution, million CHF)
1. Security, Stability and Support for Reforms	3
2. Environment and Infrastructure	21.5

3. Human and Social Development	11
4. Special Allocations	9.5
Total indicative allocations	45

Any unused balances in all the Projects of the Swiss-Croatian Cooperation Programme shall be transferred to the project "Demining and Social Integration", by mutual agreement (e.g. confirmed in the minutes of meetings or by correspondence) between the competent authorities mentioned in Article 9 of the Framework Agreement in the course of the implementation of the Swiss-Croatian Cooperation Programme.

Annex 2: Rules and Procedures for the Swiss-Croatian Cooperation Programme

Annex 2 is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Croatia concerning the implementation of the Swiss-Croatian Cooperation Programme. Any amendment to this Annex shall be made in writing with the mutual agreement of the competent authorities mentioned in Article 9 of the main part of the Framework Agreement.

Annex 2 defines the controlling at the Swiss-Croatian Cooperation level, procedures at Project level, requirements for Project proposals, payment and reimbursement procedure, and responsibilities and tasks.

Annex 1 defines the conceptual framework of the Swiss-Croatian Cooperation Programme. Rules and procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Research Funds are defined in Annex 3.

1 Controlling at the Swiss-Croatian Cooperation Programme level

1.1 Supervision

The Croatian authorities have the final responsibility for the monitoring and supervision of the Swiss-Croatian Cooperation Programme. A monitoring system shall be developed jointly by the Parties at the beginning of the Swiss-Croatian Cooperation Programme and be enhanced during its implementation as necessary.

1.2 Annual meetings

In order to ensure an effective implementation of the Swiss-Croatian Cooperation Programme, the Parties shall hold annual meetings. At the annual meetings, the National Coordination Unit (NCU) shall present an annual report to be distributed one month before the meeting which shall amongst other things address:

- General experience and results achieved;
- Progress made in the implementation of the Swiss-Croatian Cooperation Programme against the Conceptual Framework;
- Reporting on the status of the Swiss-Croatian Cooperation Programme, including:
 - o Statements on approved Projects, progress of Project identification / preparation and foreseeable Commitments;
 - o Overall financial statement on past and tentative future disbursements and Commitments for the entire Swiss-Croatian Cooperation Programme;
 - o Summary and main conclusions of the financial audits of the Projects in accordance with Article 3.6;

- Statistics on tenders, contract awards and successful bidders;
 - Information about important issues with regard to particular Projects.
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- Reporting on Block Grants, the Project Preparation Facility and the Technical Assistance Fund, if applicable;
 - Proposals for the allocation of non-committed funds;
 - Reporting on administrative implementation issues;
 - Strategy and activities to inform the general public about the Swiss-Croatian Cooperation Programme and the Projects implemented;
 - Further issues to be discussed, recommendations, next steps;
 - Risk analysis on programme and Project levels, including actions to mitigate such risks.

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 European Commission 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.

2 Procedures of Project Financing Requests

In principle, the financing request undergoes a two-loop approach that allows guidance early in the decision making process. In the first loop, a Project Outline is submitted and a decision in principle is made. In case of a successful first loop, the second loop is initiated. In the second loop, the Final Project Proposal is submitted and a final decision is taken by Switzerland.

If a specific Project is being described in Annex 1 of the present Agreement, this fact is considered as the approval in the first loop of the decision making process. In this case, the Articles 2.1 and 2.2 of the present Annex 2 to the Framework Agreement do not apply.

2.1 First loop: Application and approval procedure of the Project Outline

Art.	Steps	Activities and specific rules	Organisations
2.1.1.	Initiation of Project identification	<p>Initiation in accordance with the Conceptual Framework (Annex 1, section 5) on the basis of:</p> <ul style="list-style-type: none"> – Lists of priority Projects provided by the Croatian Government – A proposal by an Intermediate Body / Executing Agency – A proposal by Switzerland 	<p>Responsible: NCU</p> <p>Involved: Intermediate Body, Executing Agency, the Swiss Agency for Development and Cooperation (SDC) or State Secretariat of Economic Affairs (SECO)</p>
2.1.2.	Elaboration of the Project Outline	<p>Preparation of the Project Outline based on the requirements for Project Outlines (Article. 2.2).</p> <p>The Project Outline may include a request for financial support for the preparation of a Final Project Proposal (Article 2.4) through the Project Preparation Facility. Such cost can be retroactively financed through the Project Preparation Facility, also if the cost occurred before the entry into force of the Framework Agreement, and of the Project Preparation Facility Agreement.</p>	<p>Responsible: Intermediate Body, Executing Agency</p>
2.1.3.	Pre-screening of the Project Outline	<p>Possibility of informal consultations with the Swiss Embassy.</p>	<p>Responsible: NCU</p>
2.1.4.	Screening	<p>Screening based on a thorough assessment of the relevance of the Project Outline endorsed by the NCU, based on the Conceptual Framework and the requirements for Project Outlines (Article. 2.2).</p>	<p>Responsible: NCU</p> <p>Involved: Intermediate Body</p>

Art.	Steps	Activities and specific rules	Organisations
2.1.5.	Submission of the Project Outline	If accepted, submission of the Project Outline with a cover letter and a reasoned opinion to the Swiss Embassy.	Responsible: NCU Involved: Swiss Embassy
2.1.6.	Formal Check	Formal check by SDC or SECO.	Responsible: SDC or SECO
2.1.7.	Final decision on Project Outline	Final decision on the Project Outline (including, if relevant, decision on the request for financing of Project preparation through the Project Preparation Facility). Switzerland reserves the right to carry out its own appraisal. In principle, three categories of decision are possible: 1. approved without conditions 2. approved with conditions 3. not approved The NCU shall ensure the fulfilment of the Swiss conditions, if any. If accepted by Switzerland, request for the preparation of the Final Project Proposal (requirements specified in Article 2.4).	Responsible: SDC or SECO

2.2 Requirements for Project Outlines

The Project Outline (approximately 5 pages) shall include all necessary information to allow a general appraisal of the proposed Project.

Item	Content
General information	Project title, planned Project duration, priority sector, location/ region, nature of the Project (for instance pilot Project etc.)
Applicant	Name and contact details; previous, relevant experience, if any; Croatian and/or Swiss Project partners; Swiss link, if any (know-how, technology, partners or any other cooperation with Switzerland).
General context	Issue to be tackled, present situation, key socio-economic and environmental data related to the issue, attempts to solve the issue so far, other related initiatives, etc.
Project content	Description including objectives (outcome), expected results (outputs) and activities (components); beneficiaries, target group; risks and potentials; sustainability of the Project.
Relevance	Contribution to the reduction of economic and social disparities within the country and/or between the country and the more advanced member states of the EU (impact - see also the set of objectives of Annex 1, section 1), fit within the development strategies of the country/region and chosen sector; strategy of the intervention.
Prior investments	Prior investments in the same issue/sector over the past 5 years (project title, amount, source of funding).
Contribution to the enhancement of bilateral relations	Provision of opportunities to promote Swiss presence and visibility and to use Swiss experience (see also Annex 1, Article 3.2).
Project organisation	Organisational chart, responsibilities, capacity of the Executing Agency etc.
Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial source, etc.; cost efficiency aspects versus alternatives.
Horizontal issues	Environmental, social and economic aspects of the Project, gender equality.
Maturity of Project	Status of Project (in elaboration or fully prepared; possible request for financial support for preparation of the Final Project Proposal through the Project Preparation Facility).
Annexes	Additional documentation as deemed appropriate.

2.3 Second loop: Application and approval procedure of the Final Project Proposal

Art.	Steps	Activities and specific rules	Organisations
2.3.1.	Elaboration of the Final Project Proposal	Preparation of the Final Project Proposal based on the requirements for Final Project Proposals (Article 2.4) and the comments of Switzerland.	Responsible: Intermediate Body, Executing Agency
2.3.2.	Screening	Screening based on a thorough assessment of the feasibility of the Final Project Proposal, endorsed by the NCU.	Responsible: NCU Involved: Intermediate Body
2.3.3.	Decision to submit the Final Project Proposal	If accepted, submission of the Final Project Proposal with a cover letter taking into account the requirements for Final Project Proposals and the conditions of Switzerland, as well as a reasoned opinion to the Swiss Embassy. It will also confirm the compliance of the Executing Agency with legal and financial obligations.	Responsible: NCU Involved: Swiss Embassy
2.3.4.	Formal Check	Formal check by SDC or SECO.	Responsible: SDC or SECO
2.3.5.	Final decision	Final decision on the financing request by taking into account the Final Project Proposal, the cover letter of the NCU, and the Project document. Switzerland reserves the right to carry out its own appraisal.	Responsible: SDC or SECO

2.4 Requirements for Final Project Proposals

The Final Project Proposal shall provide all key information related to the implementation of the Project. It shall be accompanied by all necessary documents (Project document, Logical Framework and e.g. feasibility study, environmental impact study) to allow a thorough appraisal. The Final Project Proposal (5 – 10 pages; for large infrastructure Projects 10 - 20 pages, plus annexes) shall provide adequately detailed information on inter alia:

Item	Content
Project summary (1 page)	Fact sheet: Project title, short description including objectives, budget, partners, duration.
Applicant	Name and contact details; previous, relevant experience, if any; Project partners; Swiss link, if any (know-how, technology, partners or any other cooperation with Switzerland).
General context	Issue to be tackled, present situation, key socio-economic and environmental data related to the issue, attempts to solve the issue so far, other related initiatives, etc.
Project content	Description including objectives, expected outcomes / outputs (Logical Framework), activities and the respective indicators; beneficiaries, target group; risks and potentials; sustainability of the Project. Main conclusions of the feasibility study (if requested). Statement on the fulfilment of the conditions from the decision in the first loop.
Relevance	Contribution to the reduction of economic and social disparities within the country and/or between the country and the more advanced member states of the EU (impact - see also the set of objectives of Annex 1, section 1), fit within the development strategies of the country/region and chosen sector; strategy of the intervention.
Contribution to the enhancement of bilateral relations	Provision of opportunities to assert Swiss solidarity and promote Swiss presence and image, to valorise Swiss knowledge and reputation, as well as to create new prospect for Swiss products and services (see also Annex 1, Article 3.2).
Project organisation	Organisational chart, responsibilities, etc.
Detailed implementation schedule	Including milestones and indicators based on which monitoring of progress will be done.
Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial sources etc.; cost efficiency aspects.
Procurement	Procurement procedures for goods and services.
Development impact	Monitoring and evaluation of output/outcome/impact indicators.
Horizontal issues	Environmental, social and economic aspects of the Project, gender equality.
Annexes	Project document, Logical Framework and e.g. feasibility

	study, environmental impact study, permissions (if available).
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3 Project Implementation Procedures

The Project implementation procedures are as follows:

Art.	Steps	Activities and specific rules	Organisations
3.1.	Project Agreement	Preparation of the Project Agreement between Croatia and Switzerland.	Responsible: NCU on the Croatian side; SDC or SECO on the Swiss side
3.2.	Signing	Signing of the Project Agreement. The Project Agreement can be signed by more than two contracting parties (e.g. tripartite or multipartite agreement: SDC or SECO, NCU and Intermediate Body, Executing Agency). Signing of the Implementation Agreement	Responsible: Normally the Swiss Embassy on behalf of SDC or SECO. The Croatian signatory or signatories shall be appointed by Croatia. Responsible: NCU
3.3.	Procurement and award of contracts	Procurement of goods and services is to be made in accordance with Croatian law and in compliance with the respective EU directives. Confirmation of compliance with the relevant procurement rules shall be provided to Switzerland. To increase transparency and to prevent corruption, tender documents shall contain an integrity clause. All persons performing actions in connection with a tender procedure shall provide a written statement called "Impartiality clause" under the pain of penal liability for making false statements. According to the clause, persons shall be excluded from performing actions in a tender procedure if, for example, they remain in such legal or material relationship with the contractor that may raise justified doubts as to their impartiality. In general, for public tenders within the scope of the EU directives on public	Responsible: NCU, Intermediate Body, Executing Agency

		<p>procurement [(EU) No 1336/2013], an English translation of the official tender evaluation report shall be provided to Switzerland for information at the latest 30 calendar days after the award of contract.</p> <p>In addition to the above, for tenders above the threshold of CHF 500'000, Switzerland may also request a copy of the tender documents (incl. the technical specifications) for non-objection and of the contracts for information. These documents shall be submitted at the latest 30 days before the planned commencement of tendering and 20 calendar days after the signing of the contract, respectively.</p> <p>Furthermore, for tenders above the threshold of CHF 500'000, Switzerland may also request that an English translation of the tender documents and the draft contracts be made available to tenderers and contractors, respectively. Possible translation costs shall be borne by the Project and financed under the Contribution.</p> <p>In line with Art. 6.5 of the Framework Agreement, both Parties agree to provide all such information pertaining to the tender process and beyond the documents listed above that the other Party may reasonably request. Switzerland shall have the right to conduct an audit of the procurement practices and procedures in general.</p> <p>In case of irregularities, wilfully or negligently caused in the framework of the tender process and/or the execution of the contract, Switzerland - after consultation with the NCU - is entitled to stop reimbursements immediately, to instruct the NCU to stop payments from the Swiss Contribution and to ask repayment of illegitimately paid reimbursements at any stage of the Project.</p>	
3.4.	Controlling (Monitoring)	Controlling procedures are defined in the Project Agreement. Procedure description includes: periodicity of reporting, monitoring system and consultant, steering committees, time-table for	<p>Responsible: Executing Agency</p> <p>Involved:</p>

		<p>operations and results, auditing, etc.</p> <p>Switzerland reserves the right to ask for or to carry out technical audits for Projects.</p>	<p>NCU, Intermediate Body Executing Agency, SDC or SECO</p>
3.5.	Reporting	<p><u>Interim Reports</u> support Payment Claims and are therefore to be presented to Switzerland with the corresponding Reimbursement Request.</p> <p>Payment Claims comprise eligible costs incurred during a given period with copy of the invoices.</p> <p>Interim Reports cover a given period and include 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.</p> <p>Interim Reports are due to Switzerland at least every six months. An Interim Report shall also be presented in case no Payment Claim has been made for a period exceeding 6 months.</p> <p><u>Annual Project Reports</u> have an operational part that describes the progress of the Project and includes a financial part (Financial Report) having a summary of 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. The report structure shall follow the Logical Framework. It shall also contain an updated project execution schedule as well as an updated budget for the year ahead. Annual Project Reports are not linked to Reimbursement Requests.</p> <p>The <u>Project Completion Report</u> - together with the last Interim Report and the conclusions of the Final Financial Audit Report (Article 3.6 Audit) - is the base for the payment of the final reimbursement. The Project Completion Report has an</p>	<p>Responsible: Executing Agency</p> <p>Involved: NCU, Intermediate Body</p>

		<p>operational part that documents and comments the overall achievement of outputs and outcomes against the Logical Framework, the compliance with principles such as cross cutting themes and sustainability, and suggests lessons learned and conclusions. It contains a financial part (Final Financial Report) having a summary of financial data for the whole project and comparing effective with planned expenses.</p>	
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3.6.	Audit		
3.6.1	Financial Audit at Project level	<p>During implementation, financial audit(s) shall be carried out by an internal (internal audit units and controlling units of public administration institutions) or an external certified audit organisation for the Projects, as specified in the respective Project Agreement.</p> <p>The audit organisation shall carry out audits of the Projects according to the terms of reference and International Standards on Auditing (ISA). In doing so, it shall verify the correct use of funds, make recommendations to strengthen the control system and report any actual or alleged fraud or irregularity.</p> <p>The audit reports are transmitted to the NCU. The competent authorities with the full support of the Government of Croatia shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted according to existing regulations.</p> <p>For each Project lasting longer than two years and exceeding the amount of CHF 500,000, Intermediary Financial Audit(s) have to be additionally carried out, unless otherwise specified in the Project Agreement. The conclusions and recommendations shall be transmitted to Switzerland.</p> <p>In principle, a Final Financial Audit, certified by an internal or external audit organisation, has to be carried out for each Project at its completion.</p> <p>A Final Financial Report and the conclusions and recommendations of the Final Financial Audit Report shall be presented to Switzerland by the NCU together with the Project Completion Report (Article 5 Reporting).</p>	<p>Responsible: NCU</p> <p>Involved: Internal Audit Units of the Intermediate Body or External Audit Organisation, Executing Agency</p>

3.6.2	Compliance / System Audit	<p>According to the rules and procedures set up in the pre-accession period, as well as for the purpose of the EU and EEA & Norway assistance programmes in Croatia, Compliance Assessment / System Audit is seen as a prerequisite for the use of funds. This obligation shall also be applied for the Contribution.</p> <p>Once performed, Switzerland will reimburse the costs of the Compliance/ System Audit carried out by the External Certified Audit Organisation from the Technical Assistance Fund. The competent authorities mentioned in Article 9 of the Framework Agreement shall agree on the eligibility of such costs by correspondence before the Compliance/ System Audit is performed and such costs occur.</p>	
3.7.	Evaluation	<p>The respective Project Agreement can foresee an evaluation at Project completion. In this case, the evaluation is financed through the Technical Assistance Fund.</p> <p>After Project completion, the Parties may request an evaluation. The corresponding cost shall be borne by the requesting Party.</p>	<p>Responsible: NCU SDC or SECO</p>

4 Payment and Reimbursement Procedure

The Ministry of Finance is the Paying Authority for the Contribution. In principle, all disbursements under the Contribution shall be pre-financed out of the national budget of Croatia according to the national budget procedure. The Executing Agency shall submit Payment Claims covering all eligible expenses over the current period to the NCU, together with certified copies of all supporting documentation and the Interim Report. The NCU and/or the Intermediate Body shall verify the completeness and certify the correctness of the submitted documents. The Paying Authority shall make payments to the Executing Agency (and/or Intermediate Body) in accordance with the Implementation Agreement. The Paying Authority shall submit the Reimbursement Requests to Switzerland for approval and payment.

The detailed reimbursement procedures are laid down in the Project Agreements and must, if not otherwise specified, comply with the following procedures:

Art.	Steps	Activities	Organisations
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4.1.	Issue of the original invoice	Issue the original invoice.	Responsible: Supplier of a product or service; contractor, consultant, organisation (claimant)
4.2.	Examination of the original invoice or a document of equivalent value and the preparation of the Payment Claim	<ul style="list-style-type: none">▪ Control the original invoice or a document of equivalent value with regard to the specifications of the Project Agreement, the Implementation Agreement, the supply / services contract and the agreed tariffs.▪ Verify the conformity of the execution (quantity and quality) of the work, the supply of goods / services, and the special conditions, etc.▪ Payment to the supplier(s) of the original invoice.▪ Submit the Payment Claim and copy of the invoices, including an Interim Report, to the Intermediate Body/NCU.	Responsible: Executing Agency

4.3.	Certification of the Payment Claims to the Paying Authority and pre-financing payments and payment to the Executing Agency	<ul style="list-style-type: none"> ▪ Check the conformity of the Payment Claim with the Framework Agreement, the Project Agreement and the Implementation Agreement. ▪ Ensure that no double-financing occurs. ▪ Verify the completeness of the documentation, i.e. copy of invoices and other accounting documents, and the relevance of the Interim Report. If necessary, verify the correctness of the use of funds by means of fact-finding missions. ▪ Certify the conformity and legality of the Payment Claims to the Paying Authority. ▪ Ensure the payment to the Executing Agency. ▪ Transmit to Switzerland a copy of the related documentation, such as Interim, Annual Project and Project Completion Reports (Articles 3.5 and 3.6), audit reports, or their consolidated summary as requested in the Project Agreement. 	Responsible: NCU and/or Intermediate Body
4.4.	Submission of the Reimbursement Request to Switzerland	<ul style="list-style-type: none"> ▪ Check the formal conformity of the Payment Claims, including co-financing. ▪ Ensure that no double-financing occurs. ▪ Submit the Reimbursement Requests to Switzerland and confirm compliance with the financial stipulations of contractual agreements. 	Responsible: Paying Authority
4.5.	Payment by Switzerland to Croatia	<ul style="list-style-type: none"> ▪ Check conformity of Reimbursement Requests and supporting documentation. ▪ Transfer the requested amount in Swiss francs to the separate bank account. 	Responsible: SDC or SECO Involved: Paying Authority

In particular cases, other payment procedures may be defined by the Parties in the respective Project Agreements.

The final date for eligibility of costs shall be specified in the Project Agreement. It shall be maximum 12 months after the scheduled date for Project completion, but

not later than ten years after the approval of the extension of the Contribution to Croatia by the Swiss Parliament according to Article 3 of the Framework Agreement.

In case of irregularities, wilfully or negligently, Switzerland is entitled to stop reimbursements immediately, to instruct the NCU to stop payments from the Swiss Contribution and to ask repayment of illegitimately paid reimbursements at any stage of the Project. The reasons for the respective instructions shall be communicated in writing to the NCU and other entities involved.

5 Responsibilities and Tasks

The responsibilities and tasks of the main actors are outlined below. Project Agreements will contain more detailed responsibilities and activities tailored to the individual case.

5.1 The National Coordination Unit

The NCU is responsible for the identification, planning, implementation, financial management, controlling and evaluation of Projects, as well as for the use of funds under the Contribution in accordance with the Framework Agreement. This includes responsibility to:

- Ensure the building-up of the Project portfolio according to the Annex 1, through consultation of line ministries (Article 2.1.1.), as well as the appraisal of Project applications;
- Transmit to Switzerland the Project proposals selected by the NCU in form of Project Outlines (Article 2.1), including a reasoned opinion as a result of the screening based on a thorough assessment of the relevance of the Project Outline;
- Supervise the timely preparation of the Final Project Proposal resulting from approved Project Outlines and assess their quality and their compliance with the conditions expressed by Switzerland after loop 1 (Article 2.3);
- Submit to Switzerland well documented Project Financing Requests in the form of Final Project Proposals (Article 2.4) resulting from approved Project Outlines (Article 2.1);
- Ensure that the appropriate provisions are included in the national budget in order to safeguard that Executing Agencies have the necessary funds;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements by establishing adequate monitoring and auditing systems;
- Monitor the achievement of objectives and results;
- Establish a Monitoring Committee, chaired by the NCU in which selected line ministries and the relevant regions and NGOs with voting power are represented, and where Switzerland can participate as an observer.

- Ensure the correct verification of the invoices or of the documents of equivalent value received from the Executing Agencies and verify the sufficiency of documentation, including through delegation of these tasks to the respective Intermediate Bodies;
- Ensure that there is no double-financing of any part of the Project by any other source of funds;
- Confirm that the co-financing part has been provided according to the Project Agreement;
- Ensure the efficient and correct use of available funds for the overall Swiss-Croatian Cooperation Programme;
- Verify in each Project if the value added tax (VAT) can be recovered by the Executing Agency and inform the Swiss authorities accordingly in the form of a declaration by the applicant as part of the Project documentation;
- Coordinate the Swiss Contribution with other contributions, with the Partnership Agreement and with the Operational programmes;
- Ensure the adoption of the necessary national legal documents on the implementation and monitoring of Projects;
- Confirm compliance with state aid rules;
- Ensure financial control, including complete and sufficient audit trails in all involved institutions;
- Provide a yearly overall financial statement on all payments between Switzerland and the Paying Authority on one side and between the Paying Authority and all national bodies involved (e.g. NCU, Intermediate Body, Executing Agency) on the other side;
- Submit yearly a summary with conclusions and recommendations of all audit reports of the financed Projects. The NCU presents in a separate appendix all original conclusions and recommendations of the audit reports;
- Ensure the discussion of audit results with the partners involved, including Switzerland, and the implementation of the decisions made based on the audit report;
- Ensure regular reporting to Switzerland on the implementation of Projects financed by the Contribution. Any irregularities shall be reported immediately to Switzerland;
- Organise annual meetings at overall Swiss-Croatian Cooperation Programme level in consultation with the Swiss Embassy and present an Annual Report;
- Ensure reimbursement to Switzerland of unduly paid sums financed by the Contribution;
- Ensure information and publicity about the Swiss-Croatian Cooperation Programme and the Projects;

- Ensure storing of all relevant documents relating to Projects implemented within the Swiss-Croatian Cooperation Programme for 10 years after the completion of Projects.

The NCU can delegate part of the tasks and responsibilities mentioned above to one or more Intermediate Bodies and Executing Agencies.

5.2 Intermediate Body

Intermediate Body means any legal public or private entity appointed by the NCU which acts under the responsibility of the NCU or which carries out duties on behalf of the NCU with regard to Executing Agencies implementing Projects.

The main tasks of the Intermediate Bodies are to:

- Collect Project proposals, review compliance with the requirements for Project proposals (Article 2) and assess the quality of applications submitted in consultations with line ministries;
- Submit Project proposals with appraisal reports to the NCU;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements, and carry out the necessary controls;
- Check the invoices or the documents of equivalent value received from the Executing Agencies, verify the authenticity and correctness of submitted documents as well as the eligibility of costs on Payment Claims and report to the NCU;
- Certify invoices or the documents of equivalent value and submit certified invoices or documents of equivalent value to the NCU or to the Paying Authority;
- Submit Payment claims to the Paying Authority and certify their conformity and legality;
- Report to the NCU on the progress of Project implementation;
- Submit all audit reports of the financed Projects to the NCU;
- Check for irregularities and report them to the NCU;
- Ensure storage of all relevant documents related to Projects implemented within the Swiss-Croatian Cooperation Programme for 10 years after the completion of Projects;
- Agree with the Executing Agencies on justified amendments to the implementation of agreed Projects within the limits defined in the respective Project Agreements.

5.3 Executing Agency

An Executing Agency is any legal public or private entity as well as any organisation, recognised by the Parties and mandated to implement a specific Project.

The main tasks of the Executing Agency are i.a.:

- Implementation of Projects;
- Execution of public procurement;
- Reporting to the Intermediate Body or the NCU, based on the requirements;
- Achievements of objectives and results;
- Submit all audit reports of the financed Projects to the respective Intermediate Body or directly to the NCU.

The Project Agreement shall contain the name of the Executing Agency. Its tasks and responsibilities shall be defined in the Implementation Agreement.

5.4 Paying Authority

The Paying Authority is responsible for ensuring appropriate financial control over the use of the Swiss Contribution. It shall in particular:

- Check the conformity of Payment Claims with financial stipulations of contractual agreements;
- Confirm to the NCU that the co-financing part has been provided according to the Project Agreement;
- Submit the respective Reimbursement Requests to Switzerland;
- Keep accounts of all Reimbursement Requests made to Switzerland;
- Report periodically to the NCU on financial flows;
- Reimburse to Switzerland unduly paid sums financed by the Contribution as agreed between Switzerland and the NCU.

Furthermore, the Paying Authority ensures that the usual standards and procedures valid for public funds are applied in the management of the Swiss Contribution. It verifies their application by the NCU, the Intermediate Bodies and the Executing Agencies. The Paying Authority ensures that payments are made to the claimants within the specified deadlines.

5.5 Audit

During Project implementation, financial audits at Project level (Article 3.6) shall be carried out by an internal (internal audit units and controlling units of public administration institutions) or external certified (bodies from outside the public finance sector dealing with audits) audit organisation for the Projects, as specified in the respective Project Agreement.

System/ Compliance Audit (compliance assessment on the level of the Programme) should be carried out by an external certified (bodies from outside the public finance sector dealing with audits) audit organisation, and costs will be reimbursed from the Technical Assistance Fund (Article. 3.6.2.).

Additionally, the Intermediate Body or the Executing Agency shall ensure a final financial audit of the Project after its completion on the basis which shall be stipulated in detail in the Project Agreement. The audit organisation shall carry out financial audits of the Projects according to the terms of references and International Standards on Auditing (ISA). In doing so, it shall verify the correct use of funds, make recommendations to strengthen the control system and report any actual or alleged fraud or irregularity.

The audit reports shall be transmitted to the NCU. The competent authorities with the full support of the Government of Croatia shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted according to existing regulations.

Costs of external financial audits are eligible for reimbursement and must be included in the Project budget.

5.6 Monitoring Committee

The Monitoring Committee is an advisory body to the NCU regarding the identification, development, and management of proposals.

The NCU will appoint the members of the Monitoring Committee. The appointment of the representatives of the Monitoring Committee will be made on the basis of proposals from the relevant bodies.

The Monitoring Committee shall include representatives of:

- the National Coordination Unit;
- relevant line ministries or governmental bodies;
- relevant social and economic partners (including NGOs);
- relevant regional and local level government;
- Switzerland as an observer.

The Monitoring Committee shall, among other tasks:

- Monitor the status of the implementation of the overall Swiss-Croatian Cooperation Programme regarding the achievements of the objectives;
- Monitor compliance with the Rules and Procedures;
- Review overall progress and financial reports;
- Approve the Annual Report prepared by the National Coordination Unit.

Where appropriate, representatives of other institutions and organizations can participate to observe the meetings of the Monitoring Committee.

5.7 Swiss Embassy

The Swiss Embassy is the official representation of Switzerland. Referring to the implementation of the Swiss-Croatian Cooperation Programme, its function is to:

- Facilitate contacts; assure the liaison and the networking between partners;
- Inform and give advice to partners on procedures and conditions of the Contribution;
- Transmit official information and proposals to and from the Swiss authorities;
- Organise, together with the NCU, missions of Swiss delegations;
- Participate in meetings on the overall Swiss-Croatian Cooperation Programme;
- Organise and attend regular meetings with the NCU to discuss the status of the Project implementation and define measures to be taken;
- Provide information to the general public on the Swiss-Croatian Cooperation Programme and the Contribution;
- Participate in the consultative Monitoring Committee as an observer.

5.8 Swiss Agency for Development and Cooperation (SDC) and State Secretariat for Economic Affairs (SECO)

On the Swiss side, there are two competent authorities for the Swiss-Croatian Cooperation Programme: SDC and SECO. Their main tasks are to:

- Ensure the strategic and operational steering at the overall Swiss-Croatian Cooperation Programme level;
- Participate in the annual meetings organised by the NCU;
- Engage in a regular dialogue with the NCU and the other partners involved on the identification and the implementation of Projects as well as on the progress of the overall Swiss-Croatian Cooperation Programme;
- Provide support for Project identification and preparation;
- Decide on the financing of Projects submitted for funding;
- Decide on overall Swiss-Croatian Cooperation Programme issues;
- Supervise the overall Swiss-Croatian Cooperation Programme development through field visits and reviews;
- Network with the national and international actors relevant to the implementation of the Swiss-Croatian Cooperation Programme;

- Administrate the Swiss-Croatian Cooperation Programme on the Swiss side.

Switzerland may delegate some of these tasks to the Swiss Embassy.

Annex 3: Rules and Procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Research Funds in the Framework of the Swiss-Croatian Cooperation Programme

Annex 3 is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Croatia concerning the implementation of the Swiss-Croatian Cooperation Programme. Any amendment to this Annex shall be made in writing with the mutual agreement of the competent authorities mentioned in Article 9 of the main part of the Framework Agreement.

Annex 3 describes definition and purpose, selection of Intermediate Bodies, content of agreements, eligibility of costs and co-financing as well as roles and responsibilities for:

- A. Block Grant**
- B. Project Preparation Facility**
- C. Technical Assistance Fund**
- D. Research Funds**

Annex 1 defines the conceptual framework of the Swiss-Croatian Cooperation Programme. Annex 2 defines the controlling at the Swiss-Croatian Cooperation level, procedures at Project level, requirements for Project proposals, payment and reimbursement procedure, and responsibilities and tasks.

A. Block Grant

1. Definition and purpose

Block Grants are funds, set up for a clearly defined purpose, providing assistance to organisations or institutions, facilitating a cost-effective administration in programmes with many small projects.

Block Grants may be established on national, regional or local level. They enable organisations or institutions to: address pertinent issues through small projects and enhance their capacities.

In general, small projects shall: have a non-profit character and be in the range of CHF 20'000 (twenty thousand Swiss francs) to CHF 200'000 (two hundred thousand Swiss francs).

2. Selection of the Block Grant Intermediate Body

A Block Grant Intermediate Body may be a public or private sector body or a non-governmental organisation constituted as a legal entity in Croatia and operating in the public interest.

In principal, the Block Grant Intermediate Body should have strong ties to the sector in which a Block Grant is to be implemented. The Intermediate Body may act in a consortium with a Swiss partner.

3. Block Grant Agreement

For each Block Grant, an agreement shall be prepared by the NCU based on a standard Block Grant Agreement provided by SDC. The Block Grant Agreement may be signed by the NCU, SDC and the selected Block Grant Intermediate Body. The content of the Block Grant Agreement shall include i.a.:

- Objectives of the Block Grant;
- Organisational structure, roles and responsibilities (incl. constitution of a steering and small project approval committee);
- Procedures for the assessment and selection of small projects (incl. selection criteria);
- Co-financing rules and procedures;
- Implementation schedule;
- Budget and financial planning (incl. management costs);
- Disbursement and audit procedures;
- Monitoring and steering;
- Reporting;
- Publicity measures.

4. Eligibility of costs and co-financing

Eligible costs for the management and administration of the Block Grant shall be defined in the Block Grant Agreement.

Small projects implemented by the Block Grant Intermediate Body on its own are not eligible for funding by the Block Grant.

The Block Grant's contribution to small projects shall be, as a rule, 90%.

Support by the Block Grant shall not replace subsidised facilities and bank loans.

5. Roles and Responsibilities

Roles and responsibilities of the NCU include

- Propose the establishment of Block Grants;

- Ensure the establishment of Block Grants including, Block Grant Intermediate Body pre-selection and preparation of agreement;
- Ensure the supervision of Block Grants by establishing adequate monitoring, steering and auditing systems;
- Establish financial control mechanisms;
- Nominate a representative in the steering and small project approval committee;
- Control the efficient and effective use of the Block Grants;
- Ensure regular reporting to SDC on the implementation progress of Block Grants, as well as ensure immediate reporting in case of any irregularities;
- Ensure auditing and follow-up to audit recommendations;
- Ensure inclusion of the Block Grants in the general publicity on the Contribution.

Roles and responsibilities of the Block Grant Intermediate Body include:

- Overall management of the Block Grant;
- Establish a steering and small project approval committee and act as its secretary;
- Establish an adequate financial and operational controlling system for small project implementation;
- Call for and collect proposals for small projects, review compliance with the proposal requirements and establish selection recommendations;
- Establish contracting arrangements with the organisations and institutions implementing the small projects;
- Apply controlling systems and intervene if required. Inform the NCU on irregularities immediately;
- Report to the NCU. Reporting includes at least an annual progress report and financial reports;
- Publicity on the Block Grant implementation.

Roles and responsibilities of the steering and small project approval committee include:

- Select small projects for implementation;
- Discuss progress reports;
- Review and adapt small project selection criteria.

Roles and responsibilities of SDC include:

- Approve in principle the establishment of Block Grants;
- Provide feedback on outlines for Block Grants;
- Decide on the financing of Block Grants;
- Nominate a representative or an observer in the steering and small project approval committee;
- Monitor implementation progress on a general level;
- Assess and discuss implementation progress with the NCU based on annual reporting by the NCU.

Roles and responsibilities may periodically be reviewed. A first review shall take place during the first annual meeting of the Parties.

B. Project Preparation Facility

1. Definition and purpose

A "Project Preparation Facility" provides financial support for the preparation of the Final Project Proposals (e.g. feasibility studies, environmental impact assessments, etc.).

2. Request and approval procedures

A request for financial support for the preparation of the Final Project Proposal within the Project Preparation Facility must be part of the Project Outline (see Annex 2, Chapter 2.1). Costs for such assistance can be retroactively supported through the Project Preparation Facility, also if such costs occur before the entry into force of the Framework Agreement. SDC or SECO shall assess whether the requested assistance for project preparation is suitable for financial support. The decision on the provision for financial support for the elaboration of the Final Project Proposal is part of the decision by Switzerland on the Project Outline.

3. Management of the Project Preparation Facility

The Project Preparation Facility is managed by the NCU. The NCU may delegate part of the tasks and responsibilities to an Intermediate Body and an Executing Agency.

4. Project Preparation Facility Agreement

The Project Preparation Facility Agreement shall be prepared and signed by the NCU on the Croatian side and by SDC/SECO on the Swiss side. The content of the Project Preparation Facility Agreement shall include i.a.:

- Objectives of the Project Preparation Facility;
- Roles and responsibilities;
- Detailed listing of costs eligible for financing;
- Co-financing;
- Audit procedures, monitoring and reporting.

5. Co-financing

Financial means provided by the Project Preparation Facility require a minimum co-financing of 15% by the recipient or any third party. The co-financing rate shall be determined on a case-by-case basis.

C. Technical Assistance Fund

1. Definition and purpose

A Technical Assistance Fund may be established to contribute to some additional costs incurred by Croatia for the efficient and effective implementation of the Contribution.

2. Eligible costs

Costs incurred by the Croatian authorities for the management, implementation, monitoring and control of the Contribution are in general not eligible for financing. However, some costs incurred by the Croatian authorities for tasks performed additionally and exclusively for the implementation of the Contribution are eligible for financing, if they belong to one of the following categories:

- a) Costs of Committees established in the framework of the Swiss-Croatian Cooperation Programme as defined in the Technical Assistance Fund Agreement;
- b) Training for the NCU, Intermediate Bodies and potential Executing Agencies with the objective to prepare themselves for the Swiss-Croatian Cooperation Programme;
- c) Hiring of consultants for the review of Project proposals addressed to the NCU and the preparation of financing requests to Switzerland;
- d) Hiring of consultants for the monitoring and for the review of Projects financed by the Contribution and of the overall Swiss-Croatian Cooperation Programme;
- e) Hiring of consultants for the preparation of Final Project Proposals for Projects that are classified in the funding guideline "human and social development" (Annex 1, Chapter 5);
- f) External audits and on the spot checks of Projects related to the Contribution, where this relates to activities above and beyond the normal obligations of Croatia; including performing the Compliance / System Audit;
- g) Hiring of consultants for final evaluations of Projects that may be requested by the Parties. The NCU and SDC/SECO can agree that SECO/SDC hire the respective consultants and that the corresponding cost would be financed through the Technical Assistance Fund;
- h) Publicity measures related to the Contribution;
- i) Costs for the participation in meetings with Swiss authorities held outside of Zagreb;
- j) Translation costs of the NCU and Intermediate Bodies at the level of the management of the Swiss Contribution;
- k) Additional equipment, including software, specifically procured for the implementation of the Contribution.

3. Intermediate Body for the Technical Assistance Fund

The Intermediate Body of the Technical Assistance Fund is the NCU.

4. Technical Assistance Fund Agreement

The Technical Assistance Fund Agreement shall be prepared and signed by the NCU on the Croatian side and by SDC/SECO on the Swiss side. The content of the Technical Assistance Fund Agreement shall include inter alia:

- Objectives of the Technical Assistance Fund;
- Detailed listing of costs eligible for financing;
- Organisational structure, roles and responsibilities;
- Procedures;
- Budget and financial planning;
- Audit procedures;
- Monitoring and steering;
- Reporting.

D. Research Funds

1. Definition and purpose

One or several research related funds can be established. The Funds can provide financing for Joint Swiss-Croatian Research Projects, for Projects of Applied Research between Croatian and Swiss companies as well as other research activities defined in the framework of the Swiss-Croatian Cooperation Programme.

2. Intermediate Bodies for the Research Funds

The Intermediate Body for the management of a Research Fund can be a Swiss institution, a Croatian institution or a supranational body.

3. Research Fund Agreements

The Research Fund Agreements shall be prepared by the respective Intermediate Body. Every Agreement shall be signed by the NCU on the Croatian side and by the SDC on the Swiss side. The content of the Research Fund Agreements shall include inter alia:

- Objectives of the Fund;
- Detailed listing of costs eligible for financing;
- Organisational structure, roles and responsibilities;
- Procedures;
- Budget and financial planning;
- Audit procedures;
- Monitoring and steering;
- Reporting.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

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signée fait foi



Traduction¹

Accord-cadre

entre le Conseil fédéral suisse et le Gouvernement de la République
**de Croatie concernant la mise en œuvre du programme de coopération
helvético-croate visant à réduire les disparités économiques et sociales au sein
de l'Union européenne élargie**

Conclu le 30 juin 2015

Appliqué provisoirement dès le 30 juin 2015

Le Conseil fédéral suisse
(ci-après «la Suisse»)

et
le Gouvernement de la République de Croatie
(ci-après «la Croatie»),

ci-après collectivement dénommées «les Parties»,

conscients de l'importance de l'élargissement de l'Union européenne (ci-après
«l'UE») pour la stabilité et la prospérité en Europe,

prenant acte de la solidarité de la Suisse avec les efforts déployés par l'UE
pour réduire les disparités économiques et sociales au sein de l'UE,

s'appuyant sur la coopération réussie entre les deux pays durant le processus
de transition de la Croatie ayant mené à son adhésion à l'UE,

tenant compte des relations amicales entre les deux pays,

désireux de renforcer ces relations et la coopération fructueuse entre les deux pays,
entendant promouvoir davantage le développement économique et social en Croatie,

considérant que le Conseil fédéral suisse a exprimé, dans l'avenant du 2 mai
2014

(ci-après «l'avenant») au Mémoire d'entente signé avec la Communauté euro-
péenne le 27 février 2006 (ci-après «le Mémoire d'entente»), l'intention de
la Suisse de compléter sa contribution à la réduction des disparités économiques
et sociales au sein de l'UE élargie par une contribution complémentaire de 45 000
000 de francs (quarante-cinq millions de francs) en faveur de la Croatie,

sont convenus de ce qui suit:

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Art. 1 Définitions

Aux fins du présent Accord-cadre:

le terme «contribution» désigne la contribution financière non remboursable allouée par la Suisse dans le cadre du présent Accord-cadre;

l'expression «programme de coopération helvético-croate» désigne le programme bilatéral destiné à mettre en œuvre le présent Accord-cadre;

le terme «projet» désigne un projet ou un programme spécifique ou d'autres activités conjointes dans le cadre du présent Accord-cadre. Un programme désigne un ensemble de projets consacrés à un thème commun ou poursuivant des objectifs communs;

le terme «engagement» désigne l'affectation d'un certain montant de la contribution à un projet convenu entre les Parties;

l'expression «accord de projet» désigne un accord entre les Parties et, le cas échéant, d'autres parties contractantes, sur la mise en œuvre d'un projet convenu entre les Parties;

la dénomination «Service national de coordination» (SNC) désigne le service croate chargé de la coordination du programme de coopération helvético-croate;

l'expression «organisme intermédiaire» désigne toute entité de droit public ou privé agissant sous la responsabilité du SNC ou s'acquittant de ses obligations au nom du SNC dans le cadre des projets mis en œuvre par les «agences d'exécution»;

l'expression «agence d'exécution» désigne toute autorité publique, société publique ou privée, ou encore organisation reconnue par les Parties qui est mandatée pour mettre en œuvre un projet spécifique financé dans le cadre du présent Accord-cadre;

l'expression «accord de mise en œuvre» désigne tout accord entre le SNC et/ou l'organisme intermédiaire et l'agence d'exécution chargée de la mise en œuvre du projet;

l'expression «subvention globale» désigne un fonds constitué dans un but clairement défini pour fournir une aide à des organisations ou institutions et faciliter l'efficacité de l'administration, surtout au niveau des programmes composés de nombreux projets de petite envergure;

l'expression «mécanisme de financement à la préparation des projets» désigne le dispositif de soutien financier à la préparation et finalisation des propositions de projet;

l'expression «fonds d'assistance technique» désigne le fonds destiné au financement des tâches que les autorités croates effectuent en sus et qui sont exclusivement destinées à la mise en œuvre de la contribution;

l'expression «autorité de paiement» désigne le service croate chargé d'assurer un contrôle financier approprié de l'utilisation des fonds du programme de coopération helvético-croate;

l'expression «organisme d'audit» désigne un organisme d'audit interne ou externe certifié qui entreprend des audits financiers durant et après la mise en œuvre des projets.

Art. 2 Objectifs

Les Parties entendent promouvoir la réduction des disparités économiques et sociales au sein de l'UE élargie au moyen de projets qui sont convenus d'un commun accord entre les Parties et qui sont conformes au Mémoire d'entente et à l'avenant y relatif, ainsi qu'au cadre conceptuel du programme de coopération helvético-croate, tel qu'exposé à l'annexe 1² du présent Accord-cadre.

Le présent Accord-cadre a pour objectif de définir un ensemble de règles et de procédures applicables à la planification et à la mise en œuvre de la coopération entre les Parties.

Art. 3 Montant de la contribution

Pour contribuer à réduire les disparités économiques et sociales au sein de l'UE élargie, la Suisse accepte d'allouer une contribution non remboursable d'un montant maximal de 45 000 000 francs (quarante-cinq millions de francs) à la Croatie pour une période d'engagement comprise entre la date d'approbation de la contribution par le Parlement suisse, soit le 11 décembre 2014, et la fin de la période de validité de la base légale de la contribution, soit le 31 mai 2017, ainsi que sur une période de paiement de dix ans à compter de la date d'approbation de la contribution par le Parlement suisse.

Pour l'engagement de fonds, la Suisse accepte les soumissions de propositions finales de projet selon l'annexe 2, chap. 2, jusqu'à quatre mois avant l'échéance de la période d'engagement.

Les fonds non engagés durant la période d'engagement ne seront plus disponibles pour le programme de coopération helvético-croate.

Art. 4 Champ d'application

Les dispositions du présent Accord-cadre s'appliquent aux projets nationaux financés par la Suisse ou cofinancés par elle aux côtés d'organismes multilatéraux et d'autres donateurs, mis en œuvre par une agence d'exécution et convenus d'un commun accord entre les Parties.

Les annexes ne sont pas publiées au RO.

Art. 5 Utilisation de la contribution

La contribution est utilisée pour financer des projets et peut indifféremment revêtir l'une des formes suivantes:

- assistance financière incluant subventions et assistance technique;
- subventions globales;
- mécanisme de financement à la préparation des projets;
- fonds d'assistance technique;
- fonds de recherche.

La contribution est utilisée conformément aux objectifs, principes, orientations stratégiques et priorités géographiques et thématiques exposés dans le cadre conceptuel à l'annexe 1.

5 % de la contribution sont utilisés par la Suisse pour couvrir les frais d'administration du présent Accord-cadre. Sont inclus, entre autres, les dépenses de personnel et les honoraires de consultants, les dépenses d'infrastructure administrative, de missions, de suivi et d'évaluation.

La contribution, versée sous forme de subventions, ne peut dépasser 60 % du montant total des coûts admissibles du projet, excepté pour les projets recevant un financement supplémentaire sous forme de dotations budgétaires de la part d'autorités nationales, régionales ou locales, auquel cas la contribution ne peut dépasser 85 % du montant total des coûts admissibles. Les projets de renforcement des institutions ou d'assistance technique ainsi que les projets mis en œuvre par des organisations non gouvernementales peuvent être entièrement financés par la contribution.

Les coûts suivants ne sont pas éligibles à un octroi de subvention: intérêts sur la dette, achat de biens immobiliers, coûts du personnel du gouvernement croate chargé de gérer le programme de coopération helvético-croate et taxe sur la valeur ajoutée récupérable visée à l'art. 7 du présent Accord-cadre. Les dépenses encourues avant la signature par toutes les parties de l'accord de projet correspondant ne sont pas éligibles. A titre d'exception, dans le cas du fonds d'assistance technique et du mécanisme de financement à la préparation des projets, la Suisse peut rembourser les coûts antérieurs à l'entrée en vigueur de l'Accord-cadre et des accords portant sur le fonds d'assistance technique et le mécanisme de financement à la préparation des projets.

Art. 6 Coordination et procédures

Pour maximiser l'impact des projets et éviter tout doublon ou chevauchement avec les projets financés au moyen des fonds structurels ou de cohésion ou de toute autre source de financement, les Parties assurent une coordination efficace et partagent toute information requise à cet effet.

Toute la correspondance échangée entre les Parties, y compris les rapports et les documents de projet, est rédigée en anglais.

D'une manière générale, chaque projet fait l'objet d'un accord de projet, qui expose les termes et les conditions de l'aide allouée ainsi que les rôles et les responsabilités des parties contractantes.

La Croatie identifie les projets qui seront financés par la contribution. La Suisse peut soumettre à la Croatie des propositions sur les projets à financer, y compris des projets d'organisations multilatérales, nationales ou transnationales. Les règles et procédures de sélection et de mise en œuvre des projets sont définies à l'annexe 2; celles des subventions globales, du mécanisme de financement à la préparation des projets, du fonds d'assistance technique et du fonds de recherche sont spécifiées à l'annexe 3.

Tous les projets requièrent le soutien de la Croatie et l'approbation de la Suisse. Les Parties attachent une grande importance au suivi, à l'évaluation et à l'audit des projets et du programme de coopération helvético-croate, tel que le souligne l'annexe 2. La Suisse ou tout tiers mandaté par ses soins est habilité à visiter, monitorer, passer en revue, auditer et évaluer toutes les activités et procédures liées à la mise en œuvre des projets financés par la contribution de la manière jugée appropriée par la Suisse. La Croatie fournit toutes les informations requises ou utiles à cette fin et prend, ou fait prendre, toutes les dispositions permettant le bon déroulement de tels mandats.

Dès l'entrée en vigueur du présent Accord-cadre, la Croatie ouvre un compte bancaire distinct sur lequel seront versés les fonds reçus de la contribution suisse. Les frais administratifs de la Suisse mentionnés à l'art. 5, par. 3, du présent Accord-cadre ne sont pas gérés par l'intermédiaire de ce compte. Les intérêts nets cumulés font l'objet d'une communication annuelle à la Suisse.

Les procédures de paiement et de remboursement sont exposées à l'annexe 2, chap. 4, du présent Accord-cadre.

Art. 7 Taxe sur la valeur ajoutée et autres taxes ou charges

La taxe sur la valeur ajoutée (TVA) est considérée comme une dépense susceptible d'être subventionnée uniquement si son paiement incombe véritablement et définitivement à l'agence d'exécution. La TVA ne peut être subventionnée lorsqu'elle est récupérable d'une quelconque manière, et même si elle n'est en réalité pas récupérée par l'agence d'exécution.

Les autres prélèvements, taxes ou charges, en particulier les taxes directes et les contributions de sécurité sociale sur les salaires et les traitements ne constituent des dépenses susceptibles d'être subventionnées que si elles sont véritablement et définitivement supportées par l'agence d'exécution.

Art. 8 Rencontres annuelles et rapports

Afin d'assurer la mise en œuvre effective du programme de coopération helvético-croate, les Parties conviennent d'organiser des rencontres annuelles.

La première rencontre a lieu dans un délai maximal d'un an après le début de l'application du présent Accord-cadre.

La Croatie organise les rencontres en coopération avec la Suisse. Le SNC présente un rapport annuel un mois avant les rencontres. Ce rapport inclut entre autres les points énumérés à l'annexe 2.

Au moment du dernier versement régi par le présent Accord-cadre, la Croatie soumet à la Suisse un rapport final évaluant la réalisation de l'objectif du présent Accord-cadre ainsi qu'un état financier final sur l'utilisation de la contribution, en se fondant sur les audits financiers des projets.

Art. 9 Autorités compétentes

La Croatie a autorisé son Ministère du développement régional et des fonds européens à agir en tant que SNC pour le programme de coopération helvético-croate. Le SNC assume la responsabilité globale de la gestion de la contribution en Croatie, y compris celle du contrôle financier et de l'audit.

La Suisse a autorisé:

le Département fédéral des affaires étrangères, agissant par l'intermédiaire de la Direction du développement et de la coopération (DDC),

et

le Département fédéral de l'économie, de la formation et de la recherche, agissant par l'intermédiaire du Secrétariat d'Etat à l'économie (SECO),

à agir en son nom pour mettre en œuvre le programme de coopération helvético-croate.

Les projets sont assignés à l'une ou l'autre institution en fonction de ses domaines de compétence respectifs.

L'Ambassade de Suisse fait office de point de contact au SNC pour tout ce qui concerne l'information officielle relative à la contribution. La communication quotidienne entre les autorités compétentes peut être entretenue directement.

Art. 10 Intérêt commun

Les Parties partagent un intérêt commun à lutter contre la corruption, qui porte atteinte à la bonne gestion des affaires publiques, à l'utilisation appropriée des ressources destinées au développement, et qui compromet la concurrence loyale et ouverte fondée sur le prix et la qualité. Elles déclarent en conséquence joindre leurs efforts pour lutter contre la corruption et certifient, en particulier, que tout don ou paiement, toute rémunération ou tout avantage de quelque nature que ce soit, accordé ou proposé à qui que ce soit, directement ou indirectement, dans le but d'obtenir un mandat ou un contrat dans le cadre du présent Accord-cadre ou durant son exécution sera considéré comme un acte illicite ou une pratique de corruption. Tout acte de la sorte constitue un motif suffisant pour prendre toute mesure rectificative pré-

vue par le droit applicable, ou pour dénoncer ou annuler le présent Accord-cadre, l'accord de projet concerné, la procédure d'attribution d'un marché ou les contrats en résultant. Les Parties s'informent mutuellement, sans délai, de toute suspicion fondée d'acte illicite ou de pratique de corruption.

Art. 11 Dispositions finales

Les annexes 1, 2 et 3 font partie intégrante du présent Accord-cadre.

Tout litige susceptible de résulter de l'application du présent Accord-cadre est réglé par la voie diplomatique.

Tout amendement au présent Accord-cadre requiert la forme écrite, l'accord mutuel des Parties et l'observation de leurs procédures respectives.

Les annexes 1, 2 et 3 du présent Accord-cadre peuvent être soumises à révision lors des rencontres annuelles. Les amendements apportés à ces annexes ne requièrent pas de modification formelle du présent Accord-cadre. Ils doivent être confirmés par un échange de lettres faisant état de l'accord mutuel des autorités compétentes en vertu de l'art. 9.

Le présent Accord-cadre peut être dénoncé en tout temps par chacune des Parties moyennant un préavis écrit de six mois. Le cas échéant, les dispositions du présent Accord-cadre continuent de s'appliquer aux accords de projet conclus avant la dénonciation du présent Accord-cadre. Les Parties fixent d'un commun accord toute autre conséquence de la dénonciation.

Le présent Accord-cadre entre en vigueur à la date de la notification confirmant la clôture, par les deux Parties, de leurs procédures d'approbation respectives. Les Parties appliquent provisoirement le présent Accord-cadre depuis la date de sa signature jusqu'à son entrée en vigueur.

Le présent Accord-cadre couvre une période d'engagement allant du 11 décembre 2014 au 31 mai 2017 et une période de paiement se terminant le 10 décembre 2024.

Le présent Accord-cadre prend fin à la date de réception du rapport final établi par la Croatie sur la mise en œuvre de l'objectif inscrit à l'art. 8, par. 3.

Signé à Zagreb, le 30 juin 2015, en deux exemplaires authentiques rédigés en anglais.

Pour le
Conseil fédéral
suisse:

Stefan Estermann

Pour le
Gouvernement de la République de
Croatie:

Branko Grčić

