

Miroslav KALOUSEK
Minister of Finance

Prague, 30. November 2010
Ref.: 58/121 433/2010

Reply letter – The 2nd Amendment of Annex 1 to the Framework Agreement between the Swiss Federal Council and the Government of the Czech Republic concerning the implementation of the Swiss-Czech Cooperation Programme to reduce Economic and Social Disparities within the enlarged European Union, signed on 20th December 2007.

Dear Mr. Dahinden and Mr. Gerber,

With reference to your proposal concerning the 2nd Amendment of Annex 1 to the aforementioned Framework Agreement, I wish to inform you that the Ministry of Finance of the Czech Republic accepts proposed amendments of the Annex 1 as follows:

Article 5: Thematic Focus and Indicative Financial Allocations

- *The wording “Up to” in the column headed “Indicative financial allocation” shall be deleted in all rows of this column.*

Table “1. Security, Stability and Support for Reforms”

- *The wording in the column headed “Approach, objectives and eligible Projects” of paragraph 1.1 “Regional development initiatives in peripheral or disadvantaged regions” shall be changed to “Programme or individual project approach with the following objectives:”*
- *The wording in the column headed “Approach, objectives and eligible Projects” of paragraph 1.2 “Prevention and management of disasters” shall be changed to “Programme or individual project approach with the following objective:”*

- The wording in the column headed "Approach, objectives and eligible Projects" of paragraph 1.3 "Modernisation of the judiciary" shall be changed to "Programme or individual project approach with the following objective:"
- The wording in the column headed "Approach, objectives and eligible Projects" of paragraph 1.4 "Strengthening institutions and capacity for combating corruption and organised crime" shall be changed to "To improve the fight against economic and organised crime in the Czech Republic." Under the heading "Types of eligible projects:" the following new wording shall be introduced: "Enhancing standards and capacity of the Police of the Czech Republic for combating all forms of organised crime".

Table "2. Environment and Infrastructure"

- The wording in the column headed "Approach, objectives and eligible Projects" of paragraph 2.1 "Rehabilitation and modernisation of basic infrastructure and improvement of the environment", Objective 2, shall be changed to "Projects of a minimum value of CHF 1 million each in the fields of:"

Under the Table "Overview on the Indicative Allocations" the following new Article 6 shall be introduced:

6 Reallocation of Funds

- a. Any unused financial balances of focus areas and the not yet allocated amount (reserve) shall be used - in accordance with the objectives, principles, strategies, geographic and thematic focus as outlined in the Framework Agreement - for projects which cannot be financed by the available balances of funds in respective Focus areas.
- b. The allocation of the not yet allocated amount shall be made in writing (in the form of exchange of letters) with the mutual agreement of the competent authorities, i.e. the Ministry of Finance / National Coordination Unit and the Swiss competent authorities – SDC and SECO in the course of the implementation of the Swiss-Czech Cooperation Programme.

All other provisions in the Annexes to the Framework Agreement between the Swiss Federal Council and the Government of the Czech Republic concerning the implementation of the Swiss-Czech Cooperation Programme to reduce Economic and Social Disparities within the enlarged European Union remain unchanged.

The allocation of the unused financial balances of focus areas shall be made in writing (in the form of exchange of letters) by the Ministry of Finance / National Coordination Unit and the Swiss Embassy with the mutual agreement of the competent authorities defined under article 9 of the Framework Agreement.

Yours sincerely,

*Miroslav Kalousek
Minister of Finance*

Enclosures

2nd Amendment of Annex 1 to the Framework Agreement - REV 2 (24.8.2010)

Mr. Martin Dahinden

*Swiss Agency for Development and
Cooperation SDC
Freiburgstrasse 130
3003 Berne
Switzerland*

CC: Mr. Jean-Daniel Gerber, State Secretariat for Economic Affairs SECO