

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

The Conceptual Framework is an integral part of the Framework Agreement between the Government of the Czech Republic and the Swiss Federal Council concerning the implementation of the Swiss-Czech Cooperation Programme. The Conceptual Framework defines objectives, principles, strategies, geographic and thematic focus as well as indicative financial allocations.

1. Objectives

The Swiss-Czech Cooperation Programme pursues two objectives:

- To contribute to the reduction of economic and social disparities between the Czech Republic and the more advanced countries of the enlarged European Union (EU); and
- To contribute within the Czech Republic to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions.

The Swiss-Czech Cooperation Programme includes national and trans-national Projects that support a sustainable, economically and socially balanced development.

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

2. Principles

The Swiss-Czech cooperation is guided by the following principles:

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

Social inclusion. Cooperation activities aim at including socially and economically disadvantaged individuals and groups in the opportunities and benefits of development.

Equal opportunities and rights. Cooperation activities aim at increasing women's and men's opportunities to exercise their rights equally through a gender-based approach.

Environmental sustainability. Cooperation activities aim at incorporating requirements of environmental sustainability.

Commitment by all stakeholders. All institutions and decision-makers involved in the Swiss-Czech Cooperation Programme are committed to an efficient and effective implementation of the agreed Projects.

Subsidiarity and decentralisation. Cooperation activities aim at including considerations of subsidiarity and decentralisation primarily in Projects at the municipal and regional levels.

3. Strategies

3.1 Main Strategic Considerations

The Swiss-Czech Cooperation Programme is part of a comprehensive national development planning that includes the structural and cohesion programmes of the EU as well as the programmes of the EEA and the Norwegian Financial Mechanisms. The Swiss Contribution shall be complementary to these programmes and mainly focus on Projects that are not or only partially covered by other financial sources.

Main strategic considerations include:

a. Focusing. The Memorandum of Understanding between the Swiss Federal Council and the Council of the European Union 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 and the related focus areas 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, the Swiss-Czech Cooperation Programme shall have a clear strategic focus, guided by the following considerations:

- Concentration on a maximum of eight focus areas in which at least 70% of the Contribution shall be spent (thematic concentration). The selection of the focus areas shall be need-based and take into account specific Swiss know-how.
- Concentration on three peripheral and less-developed regions (NUTS III) in which at least 40% of the Contribution shall be spent (geographic concentration).
- Concentration on a relatively small number of Projects.

b. Programme approach. A programme consists of component projects linked by a common theme or shared objectives. A programme approach shall be applied in focus areas which display 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 individual 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 sector monitoring and evaluation concept. To assure efficiency and effectiveness, the contribution to a specific programme shall represent a minimum amount of CHF 4 million. In exceptional cases lower minimal financial volumes may be agreed between both Parties.

c. Individual project approach. 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. In exceptional cases lower minimal financial volumes may be agreed between both Parties.

d. Block Grant financing may provide a means to accommodate smaller projects (see Annex 3).

e. Trans-national Projects. The Contribution may be used to finance trans-national Projects.

f. Partners and beneficiaries. The Swiss-Czech Cooperation Programme shall include partners and beneficiaries from the public and private sectors, non-governmental organisations and other civil society organisations.

g. Partnerships. Partnerships between Swiss and Czech partners are an enriching element of the Swiss-Czech Cooperation Programme. Cooperation and partnerships are strongly encouraged, especially in focus areas in which Switzerland may contribute particular experience, know-how and technologies.

h. Flexibility. Flexibility and the possibility to react to opportunities require that initially only about 80% of the Contribution shall be allocated to particular focus areas and special items. Within two years after the beginning of the Swiss-Czech Cooperation Programme, a review shall assess thematic and geographic priorities, redirect the initial financial allocations as agreed, and determine the priorities for the not yet allocated part of the Contribution.

i. Visibility. Visibility of the Swiss-Czech Cooperation Programme for Czech and Swiss citizens is an important aspect that may be taken into account when selecting and implementing Projects. Both Parties undertake to inform proactively on their cooperation.

3.2 Implementation Strategies

a. Identifying Projects. Project identification significantly impacts the quality of the Swiss-Czech Cooperation Programme. The Czech Republic is responsible for the identification of Projects to be financed by the Contribution. Switzerland can offer the Czech Republic Project proposals.

b. Setting Project selection criteria. Project selection shall be based on a clear set of criteria. General selection criteria shall include:

- Responsiveness to the objectives of the Swiss-Czech Cooperation Programme;
- Adherence to the principles of the Swiss-Czech Cooperation Programme described in Chapter 2 of this Annex;
- Responsiveness to the strategic considerations outlined in Chapter 3.1 of this Annex;
- Anchoring in the national development planning and, if possible, the National Strategic Reference Framework and the respective Operational Programme(s);
- Innovation and/or the potential to offer new solutions that can be applied subsequently on a larger scale (pilot Projects);
- Capacity of the Executing Agency;
- Leverage potential (mobilisation of additional resources);
- Feasibility in the given time-span; and
- Sustainability of results.

Specific selection criteria for each focus area may be formulated prior to starting the implementation of the Swiss-Czech Cooperation Programme.

c. Supporting Project planning. Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Preparation support may be requested by the Czech Republic or recommended by Switzerland and shall be financed through the Project Preparation Facility (see Annex 3). Should there be insufficient funds available in the Project Preparation Facility to prepare a specific Project, the Czech Republic may request to transfer the additional funds from the respective Focus area to the Project Preparation Facility.

d. Enhancing implementation capacities. Successful Project implementation depends on the capacities of the implementing and monitoring organisations. If need be, capacity enhancement may be requested by the Czech Republic or recommended by Switzerland and may be financed by the Contribution as an integral part of Project financing.

4 Geographic Focus

At least 40% of the Swiss-Czech Cooperation Programme shall be spent in the geographic focus areas. For the first two years of implementation, the Swiss-Czech Cooperation Programme will focus on the two Regions of Moravia-Silesia and Olomouc, possibly in a later stage also on the Region of Zlin.

5 Thematic Focus and Indicative Financial Allocations *

The following thematic focus and indicative financial allocations shall apply to the Swiss-Czech Cooperation Programme:

| 1. Security, Stability and Support for Reforms | | | |
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| N° | Focus areas | Approach, objectives and eligible Projects | Indicative financial allocation |
| 1.1 | Regional development initiatives in peripheral or disadvantaged regions | <p><u>Programme or individual project approach with the following objectives:</u></p> <p><u>Objective 1:</u> Strengthen capacities on regional, micro-regional and local level in the geographic focus area.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Projects of the public administration fostering regional cooperation (e.g. in the field of infrastructure, education, social services, culture) among different local authorities - Revision of regional or micro-regional development plans - Strengthening municipal capacities for service delivery - Capacity enhancement of public or private entities engaged in fostering regional development - Long-term oriented system-development to build up efficient and integrated inter-communal policy-making and common delivery of services - Twinning to provide links and networks between institutions, municipalities and regions of the Czech Republic and | 10 million CHF |

* Changed on 25 May 2009

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| | | <p style="text-align: center;">Switzerland on the regional and national level</p> <p><u>Objective 2:</u></p> <p>Mobilize local and regional development potentials in the geographic focus area.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Tourism planning at regional and county level - Mobilisation of tourism potentials, primarily in health, eco-tourism, sports, cultural heritage, etc. <p><u>Objective 3:</u></p> <p>Introduction of new methods of social work with seniors and new methods for a direct work with seniors, the improvement of the quality in the field of services provided, social services according to Act Nr. 108/2006 on Social Services.</p> <p>Types of eligible projects:</p> <p>Reconstruction or modernization of institutions or institutions' equipment in geographic focus area to support of seniors according to the Social Services Act to focus on:</p> <ul style="list-style-type: none"> - Providing services for seniors according to the Social Services Act (e.g. facilities with specific regimen, personal and emergency assistance, respite services, hospices...) - Individual work with seniors in resident institutions - Development of ambulant and field services (non-institution services) - Support of individual planning of services for services - Support of "best practice" – exchange of experience and know-how among similar institutions | <p>7 million CHF</p> |
| <p>1.2</p> | <p>Prevention and management of disasters</p> | <p><u>Programme or individual project approach with the following objective:</u></p> <p>To strengthen disaster management and control system in the Czech Republic.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Capacity enhancement in disaster prevention and management in specific priority areas - Capacity enhancement of specialized teams to manage, investigate and overcome the effects of disasters | <p>3 million CHF</p> |

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| 1.3 | Modernisation of the judiciary | <p>Programme or individual project approach with the following objective:</p> <p>To develop and improve a training programme in justice in the Czech Republic.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Capacity enhancement of courts to improve exchange of information on related cases (incl. the development of the training program at regional level) - Improvement of training programmes and conditions in justice to enhance the capacity of judges and supporting staff - Strengthening of probation and mediation services by know-how transfer | 3 million CHF |
| 1.4 | Strengthening institutions and capacity for combating corruption and organised crime | <p>Individual Project Approach with the following objective:</p> <p>To improve the fight against economic and organised crime in the Czech Republic.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Enhancing standards and capacity of the Police of the Czech Republic for combating all forms of organised crime - Development of global analysis and design of integrated information system for criminal and penal offence proceedings and other related processes | 3 million CHF |

2. Environment and Infrastructure

| N° | Focus areas | Approach, objectives and eligible Projects | Indicative financial allocation |
|-----|---|---|---------------------------------|
| 2.1 | Rehabilitation and modernisation of basic infrastructure and improvement of the environment | <p><u>Individual project approach with 3 objectives:</u></p> <p>A minimum of 30 % of the amount allocated to this thematic focus area shall be used for Projects in the geographic focus areas.</p> <p><u>Objective 1:</u></p> <p>To enhance municipal infrastructure services in order to increase living standards and promote economic development[†].</p> <p>Types of eligible projects: Projects of a minimum value of CHF 8 million each in the fields</p> | 29 million CHF |

[†] Preference shall be given to Projects in the geographic focus areas.

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| | | <p>of:</p> <ul style="list-style-type: none"> - Sustainable wastewater management, focusing preferably on municipal wastewater treatment; - Solid waste management: Collection, separation and treatment <p><u>Objective 2:</u></p> <p>To increase energy efficiency and to improve the air quality (reduction of greenhouse gases and other hazardous emissions).</p> <p>Types of eligible projects: Projects of a minimum value of CHF 1 million each in the fields of:</p> <ul style="list-style-type: none"> - Introduction of renewable energy systems - Improvement of energy efficiency: e.g. reduction of energy losses - Modernization of thermal power plants and of district heating systems - Measures in the public transport and public sector to reduce air pollution <p><u>Objective 3:</u></p> <p>To improve the management, the safety and the reliability of communal/regional public transportation systems.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Project preparation for major traffic investment projects under the umbrella of larger projects - Preparation and implementation of traffic management concepts - Small and well targeted public transport projects | |
| 2.2 | Improvement of the environment | <p><u>Environment Expertise Fund with the following objective:</u></p> <p>To support the planning capacities of the public administration and to facilitate knowledge transfer.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Policy studies, strategic planning and knowledge transfer in the field of environment (e.g. nature protection, waste management, small waste water treatment plants) | 1 million CHF |

3. Promotion of the Private Sector

| N° | Focus areas | Approach, objectives and eligible Projects | Indicative financial allocation |
|-----|---|---|---------------------------------|
| 3.1 | Improving the access to financing for SMEs | <p><u>Individual project approach with the following objective:</u></p> <p>To promote employment creation</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Providing long-term financing for SMEs (e.g. equity, quasi-equity/mezzanine, debt) | 10 million CHF |
| 3.2 | Improvement of regulation in the financial sector | <p><u>Individual project approach with the following objective:</u></p> <p>To support the effective implementation and enforcement of the Acquis Communautaire targeted to Corporate Financial Reporting.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Institutional and regulatory capacity building for corporate sector financial reporting and auditing at the national level | 2 million CHF |

4. Human and Social Development

| N° | Focus areas | Approach, objectives and eligible Projects | Indicative financial allocation |
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| 4.1 | Research and development | <p><u>Programme approach with 3 objectives:</u></p> <p><u>Objective 1:</u></p> <p>To strengthen the scientific potential of the Czech Republic through scholarship programmes in Switzerland.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Scholarship Fund for advanced degree and post-graduation programmes in Switzerland <p><u>Objective 2:</u></p> <p>To enhance access to higher education:</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Scholarships for advanced degree and post-graduate programmes in the Czech Republic and between the Czech Republic and | 4 million CHF |

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| | | <p>neighbouring countries of the EU</p> <p>Objective 3:</p> <p>To contribute to the knowledge based economy of the Czech Republic through the enhancement of the knowledge base and in particular through applied research and science popularization as well as know-how transfer.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Joint research projects and institutional partnerships in applied research - Capacity building in innovation management and science popularization - Sabbatical | |
| 4.2 | Health | <p><u>Programme approach with the following objective:</u></p> <p>To strengthen primary and secondary health care on the regional and national level with special emphasis on the elderly, the handicapped and the disadvantaged.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Strengthening access and quality of ambulatory, residential and nursing home care for the elderly, for the handicapped and the disadvantaged in the geographic focus areas - Institutional and professional strengthening of NGO's in the sector on the regional and national level - Capacity enhancement in policy and strategy development on the regional and national level | 7 million CHF |

| 5. Special Allocations | | |
|-------------------------------|--|---------------------------------|
| Item | Content | Indicative financial allocation |
| 5.1 Block Grant | <p><u>Programme approach with the following objective:</u></p> <p>To promote civil society's contribution to economic and social cohesion as important actors of development and participation.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Small Project Block grant(s) of the civil society/NGOs contributing primarily to social | 5 million CHF |

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| | service provision as well as environmental concerns, allowing to strengthen organisational capacities. | |
| 5.2 Project Preparation Facility | Priority objective: To support the preparation of final project proposals | 2 million CHF |
| 5.3 Swiss Programme Management | Swiss administration of the Swiss-Czech Cooperation Programme. | 5.5 million CHF |
| 5.4 Czech Technical Assistance | Czech administration of the Swiss-Czech Cooperation Programme including preparation, implementation, monitoring, evaluation, Projects financial audits. | 2.6 million CHF |

| Overview on the Indicative Allocations | |
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| Funding guidelines | Indicative financial allocation (million CHF) |
| 1. Security, Stability and support to Reforms | 26 |
| 2. Environment and Infrastructure | 30 |
| 3. Private Sector | 12 |
| 4. Human and Social Development | 11 |
| 5. Special Allocations | 15.10 |
| 6. Not yet allocated | 15.68 |
| Total indicative allocations | 109.78 |

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.