

FRAMEWORK AGREEMENT

between

THE GOVERNMENT OF THE CZECH REPUBLIC

and

THE SWISS FEDERAL COUNCIL

on

**THE IMPLEMENTATION OF THE SECOND SWISS
CONTRIBUTION TO SELECTED MEMBER STATES OF
THE EUROPEAN UNION TO REDUCE ECONOMIC AND
SOCIAL DISPARITIES WITHIN THE EUROPEAN UNION**

THE GOVERNMENT OF THE CZECH REPUBLIC (hereinafter referred to as the 'Czech Party')

and

THE SWISS FEDERAL COUNCIL (hereinafter referred to as the 'Swiss Party'),

hereinafter collectively referred to as the 'Parties',

- NOTING the solidarity of Switzerland with the endeavours of the European Union (hereinafter referred to as the 'EU') to reduce economic and social disparities within the EU;
- COMMITTED to further reducing the economic and social disparities within the EU and within the Czech Republic;
- BUILDING upon the successful cooperation between the Parties during the Czech Republic's transition process leading to its accession to the EU and within the framework of the Swiss contribution to the enlarged EU;
- SHARING AND PROMOTING the fundamental values of democracy, the rule of law and political pluralism;
- RESPECTING AND DEFENDING human rights, human dignity and fundamental freedoms;
- REFERRING to the United Nations Sustainable Development Goals;
- HAVING REGARD to the friendly relations between the Parties;
- DESIRING to further strengthen these relations and the fruitful cooperation between the Parties;
- REFERRING to the 'Memorandum of Understanding between the European Union and Switzerland on a contribution by Switzerland towards reducing economic and social disparities and for cooperation in the area of migration in the European Union' signed on 30 June 2022 for a total amount of CHF 1'302'000'000 (one billion three hundred and two million Swiss francs) to selected EU Member States for cooperation in the areas of cohesion and migration (hereinafter referred to as the 'second Swiss Contribution');
- NOTING the cooperation in the area of migration of up to CHF 200'000'000 (two hundred million Swiss francs) under the second Swiss Contribution;
- IN VIEW of the cooperation in the area of cohesion of up to CHF 1'102'000'000 (one billion one hundred and two million Swiss francs) under the second Swiss Contribution,

hereby agree as follows:

Article 1 – Definitions

For the purposes of this Framework Agreement:

'Contribution' means the maximum non-refundable financial contribution granted by the Swiss Party to the Czech Party under this Framework Agreement;

'Country-Specific Set-Up' means the thematic and geographical allocations of the Contribution and specific rules as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Czech-Swiss Cooperation Programme and in Support Measures respectively, issued by the Swiss Party;

'Memorandum of Understanding' means the 'Memorandum of Understanding between the European Union and Switzerland on a contribution by Switzerland towards reducing economic and social disparities and for cooperation in the area of migration in the European Union' signed on 30 June 2022 for a total amount of CHF 1'302'000'000 (one billion three hundred and two million Swiss francs) to selected EU Member States for cooperation in the areas of cohesion and migration;

'National Coordination Unit' means the national public entity of the Czech Party designated to act on its behalf for the implementation of the Czech-Swiss Cooperation Programme.

'Programme' means a coherent set of Programme Components carried out in line with national priorities, policies or strategies of the Czech Party with the support of the Contribution comprising a single comprehensive implementation and budget framework with overarching goals. A Programme may be accompanied by a policy dialogue;

'Project' means an indivisible series of activities, carried out with the support of the Contribution, which is aimed at achieving agreed objectives and outcomes and is not part of a Programme;

'Regulations' means the Regulations on the implementation of the second Swiss Contribution in the area of cohesion issued by the Swiss Party and containing the general rules and procedures on the implementation of the Czech-Swiss Cooperation Programme;

'Support Measure' is used as a generic term and means a specific Project, Programme or Technical Support within the framework of the Czech-Swiss Cooperation Programme;

'Support Measure Set-Up' means the specific rules and allocation decided upon by the Swiss Party with regard to a specific Support Measure. For the purposes of the implementation of the Framework Agreement, any reference to 'Support Measure Agreement' contained in the Regulations and in any operational procedures and guidelines shall be interpreted as referring to the Support Measure Set-Up;

'Czech-Swiss Cooperation Programme' means the bilateral programme for the implementation of this Framework Agreement;

'Technical Support' means the part of the Contribution provided under the Cooperation Programme for the preparation of Support Measures and for the efficient and effective implementation of the Cooperation Programme.

Article 2 – Legal Framework

1. This Framework Agreement, together with the following documents, constitutes the legal framework of the implementation of the second Swiss Contribution in the area of cohesion:

- (a) the Country-Specific Set-Up and subsequent amendments thereof;
- (b) the Regulations and subsequent amendments thereof;
- (c) Support Measure Set-Ups and subsequent amendments thereof; and
- (d) any operational procedures or guidelines and subsequent amendments thereof adopted by the Swiss Party.

2. The instruments mentioned in paragraph 1, sub-paragraphs a) to d) may be amended by the Competent Authority of the Swiss Party referred to in Article 6 paragraph 2. Any such amendment shall be communicated in writing to the Competent Authority of the Czech Party referred to in Article 6 paragraph 1. The amendment shall enter into force on the first day of the second month after the date of communication, unless the Czech Competent Authority notifies the Swiss Competent Authority that the Czech Party does not consent to be bound by the amendment. This paragraph shall apply *mutatis mutandis* also to any new instruments mentioned in paragraph 1, sub-paragraphs a) to d) which are issued by the Competent Authority of the Swiss Party after this Agreement has entered into force.

3. In the event of any conflicts or inconsistencies between the provisions of the instruments mentioned in paragraph 1, sub-paragraphs a) to d), the aforementioned order of precedence shall apply. In any event, the provisions of this Framework Agreement shall prevail.

Article 3 – Objectives and Principles

1. The overall objective of the Czech-Swiss Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within the Czech Republic, building upon and further strengthening the bilateral relations between Switzerland and the EU and its Member States.

2. The Parties shall select Support Measures that contribute to the achievement of the overall objective and which, with the exception of Technical Support, contribute to at least one of the five objectives of the second Swiss Contribution, which are:

- (a) promoting economic growth and social dialogue, reducing (youth) unemployment;
- (b) managing migration and supporting integration. Increasing public safety and security;
- (c) protecting the environment and the climate;
- (d) strengthening of social systems;

(e) civic engagement and transparency.

3. Support Measures, with the exception of Technical Support and unless otherwise agreed upon by the Parties, shall be assigned to at least one thematic area of cooperation, as set out in the Regulations. The Parties shall achieve a thematic focus for the Contribution. Therefore, the Parties shall mutually agree on a limited number of thematic areas to receive support under the Czech-Swiss Cooperation Programme, as set out in the Country-Specific Set-Up.

4. The Parties shall encourage partnerships and the exchange of expertise between actors from the Czech Republic and Switzerland.

5. Support Measures shall respect social inclusion and ensure environmental sustainability.

6. All actions under the Czech-Swiss Cooperation Programme shall be implemented in line with the objectives, principles, strategic directions, and geographical and thematic focus as outlined in the Country-Specific Set-Up and the Regulations.

Article 4 – Financial Framework

1. The Swiss Party agrees to grant a Contribution to the Czech Party of up to CHF 76'900'000 (seventy-six million nine hundred thousand Swiss francs) with reference to the agreed thematic areas and geographical allocation and according to the indicative allocation defined in the Country-Specific Set-Up.

2. The Contribution in paragraph 1 does not include expenditures by the Swiss Party on the management costs of the 'Czech-Swiss Cooperation Programme' and on the 'Swiss Expertise and Partnership Fund Cohesion'. The latter is a fund administered by the Swiss Party, aimed at making Swiss expertise available to selected EU Member States, ensuring the quality and sustainability of Support Measures, strengthening bilateral relations and fostering partnerships between Switzerland and the Czech Republic.

3. The period of eligibility of expenditures from Support Measures, as defined in Chapter 6 of the Regulations, ends on 3 December 2029, inclusive. Funds not used by this date shall no longer be available to the Czech Party.

4. Under the Czech-Swiss Cooperation Programme, with the exception of the amounts reserved for Swiss management costs and the Swiss Expertise and Partnership Fund Cohesion, the Contribution should be provided in the form of non-refundable grants or concessional financial facilities such as credit lines, guarantee schemes, equity, debt participation, and loans.

5. The financing from the Contribution shall not exceed 60 % of the eligible expenditures from the Support Measure, except for:

(a) Projects or Programmes receiving additional financing in the form of budget allocations from national, regional or local authorities, in which case the financing from the Contribution may not exceed 85 % of the total eligible expenditures;

- (b) Projects or Programmes implemented by non-governmental organisations, which may be financed to a degree higher than 60 % or fully by the Contribution;
 - (c) Technical Support, which may be financed to a degree higher than 60 % or fully by the Contribution;
 - (d) Support Measures in the form of credit lines, guarantee schemes, equity and debt participation and loans to the private sector, which may be financed to a degree higher than 60 % or even fully by the Contribution.
6. The Czech Party shall ensure compliance with applicable rules on state aid and public procurement.

Article 5 – Principles for Support Measures

1. Support Measures shall be implemented in accordance with the legal framework pursuant to Article 2.
2. The Czech Party is responsible for the identification of Support Measures, which are
 - (a) relevant and in line with national priorities;
 - (b) effective in addressing the identified needs;
 - (c) feasible and efficient to implement;
 - (d) expected to have impact;
 - (e) designed to create sustainable benefits.
3. The Czech Party shall avoid any duplication of and/or overlap with any part of a Support Measure which is receiving support from any other structural and/or cohesion funds, such as the European Funds, the European Economic Area Financial Mechanism or the Norwegian Financial Mechanism, as the case may be, following the principle of complementarity defined in the Regulations.
4. Each Support Measure shall be approved first by the Czech Party and then by the Swiss Party.
5. Each Support Measure shall be subject to a Support Measure Set-Up.
6. The Parties attach high importance to the monitoring, evaluation and auditing of the Support Measures and the Contribution. Each Party shall share, without delay, any useful information requested by the other Party. The Parties shall ensure effective coordination and monitoring of the Czech-Swiss Cooperation Programme.
7. The Swiss Party, or any third party appointed to act on its behalf, shall have the right to visit, monitor, review, audit and evaluate all activities and procedures related to the implementation of the Support Measures, as deemed appropriate by the Swiss Party. The Czech Party shall provide any and all information, assistance and documentation, which may be requested or useful, to allow the Swiss Party to exercise such right.

8. In order to ensure effective implementation of the Czech-Swiss Cooperation Programme, the competent authorities referred to in Article 6 shall hold annual meetings. The purpose of such meetings shall be to review the progress achieved in the Czech-Swiss Cooperation Programme, agree on any necessary measures to be taken, and provide a forum for discussion of issues of bilateral interest.

Article 6 – Competent Authorities

1. The Czech Party has authorised a national public entity to act on its behalf as the National Coordination Unit (see Country-Specific Set-Up). The National Coordination Unit shall have overall responsibility for reaching the objectives of the Czech-Swiss Cooperation Programme as well as for its implementation in accordance with this Framework Agreement.
2. The Swiss Party has authorised the Federal Department of Foreign Affairs, acting through the Swiss Agency for Development and Cooperation (hereinafter the 'SDC'), and the Federal Department of Economic Affairs, Education and Research, acting through the State Secretariat for Economic Affairs (hereinafter the 'SECO'), to act on its behalf for the implementation of the Czech-Swiss Cooperation Programme. Support Measures are assigned to either the SDC or SECO in line with their respective fields of competence.

Article 7 – Liability

The responsibility of the Swiss Party with regard to the Czech-Swiss Cooperation Programme is limited to providing funds in accordance with the relevant Support Measure Set-Ups. No liability to the Czech Party, to any public or private entity involved in a Support Measure or to any third parties is or will be assumed by the Swiss Party.

Article 8 – Common Concern

The Parties share a common concern to prevent and fight against corruption, which jeopardises good governance and the proper use of resources needed for development, and, in addition, endangers fair and open competition in procurement procedures based upon price and quality. The Parties therefore agree to combine their efforts to fight corruption and, in particular, agree 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 under this Framework Agreement, or during the performance hereof, will be construed as an illegal act or corrupt practice. Any act of this kind constitutes sufficient grounds for terminating this Framework Agreement and the relevant Support Measure Set-Up, cancelling the procurement or resulting award, or taking any other proportionate corrective measure laid down by applicable law. The Parties shall promptly inform each other of any well-founded suspicion of an illegal act or corrupt practice.

Article 9 – Amendments

Any amendment to this Framework Agreement shall be made in writing with the mutual agreement of the Parties.

Article 10 – Final Provisions

1. This Framework Agreement shall enter into force on the date of signature by both Parties. It shall remain in force until both Parties have fulfilled all of their obligations hereunder.
2. Any dispute which may result from the application of this Framework Agreement shall be resolved by diplomatic means.
3. This Framework Agreement may be terminated at any time by one of the Parties giving six months' prior written notice. Prior to making such a decision, the Parties shall enter into consultation regarding the reasons for the termination.
4. In the event of termination of this Framework Agreement, its provisions shall continue to apply to the relevant Support Measure Set-Ups concluded before the termination of this Framework Agreement. The Parties shall mutually decide on any other consequences of the termination.

Done at PRAGUE on 29 JUNE 2023 in two originals in the English language.

For the Government of the Czech Republic

For the Swiss Federal Council

