

**Revised Regulations (Working document)**

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As amended by the Framework Agreement between the Swiss Federal Council and the Government of the Slovak Republic 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, signed on 19 September 2023. Changes tracked.

## **REGULATIONS**

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**

<b>Chapter 1</b>	<b>General provisions</b> .....	<b>5</b>
Article 1.1	Scope of the Regulations .....	5
Article 1.2	General principles .....	<b>Chyba! Záložka nie je definovaná.</b>
Article 1.3	Legal framework .....	5
Article 1.4	Definitions .....	5
<b>Chapter 2</b>	<b>Objectives and allocation principles</b> .....	<b>7</b>
Article 2.1	Overall objective .....	7
Article 2.2	Objectives .....	7
Article 2.3	Thematic areas .....	7
Article 2.4	Mainstreaming social inclusion.....	8
Article 2.5	Mainstreaming climate change mitigation and adaptation measures .....	9
Article 2.6	Geographic allocation .....	9
Article 2.7	Bilateral relations, partnerships and Swiss Experts .....	9
Article 2.8	Reallocations between Support Measures .....	10
<b>Chapter 3</b>	<b>Management and control</b> .....	<b>10</b>
Article 3.1	General provisions .....	10
Article 3.2	Designation of national entities in the Partner State .....	11
Article 3.3	National Coordination Unit .....	11
Article 3.4	Intermediate Bodies .....	12
Article 3.5	Paying Authority .....	12
Article 3.6	Audit Authority.....	12
Article 3.7	Swiss authorities .....	12
Article 3.8	Swiss Expertise and Partnership Fund Cohesion.....	13
Article 3.9	Annual meetings .....	13
Article 3.10	Periodic meetings .....	13
Article 3.11	Reporting at the level of the Cooperation Programme.....	13
<b>Chapter 4</b>	<b>Support Measures</b> .....	<b>14</b>
Article 4.1	Identification of Support Measures and Executing Agencies .....	14
Article 4.2	Identification of Swiss Support Measure Partners .....	15
Article 4.3	Policy dialogue.....	15
Article 4.4	Stakeholder consultations .....	15
Article 4.5	Advisory Committees .....	16
Article 4.6	Calls for proposal .....	16
Article 4.7	Preparation of proposal and approval process .....	17
Article 4.8	Support Measure Agreement .....	18
Article 4.9	Support Measure Implementation Agreement .....	19
Article 4.10	Partnership Agreements with Swiss Support Measure Partner(s) .....	19

Article 4.11	Support Measure Steering Committee .....	20
Article 4.12	Modification of Support Measures .....	21
Article 4.13	Annual Support Measure Reports .....	22
Article 4.14	Support Measure Completion Reports .....	23
Article 4.15	Post-completion obligations .....	23
Article 4.16	Suspension and Termination of a Support Measure Agreement.....	24
<b>Chapter 5</b>	<b>Technical Support.....</b>	<b>24</b>
Article 5.1	Forms of Technical Support .....	24
Article 5.2	Purpose of Technical Support .....	25
Article 5.3	Establishment and management of Technical Support.....	25
Article 5.4	Reporting on Technical Support .....	25
<b>Chapter 6</b>	<b>Eligibility of expenditures.....</b>	<b>25</b>
Article 6.1	General principles regarding the eligibility of expenditures .....	25
Article 6.2	Eligible expenditures under Projects and Programme Components .....	26
Article 6.3	Eligibility of expenditures under the Support Measure Preparation Fund...27	
Article 6.4	Eligibility of management expenditures incurred by Programme Operators 27	
Article 6.5	Eligibility of expenditures under the Technical Assistance Fund.....	29
Article 6.6	Ineligible/excluded costs .....	30
Article 6.7	Standard scales of unit costs .....	30
Article 6.8	Proof of expenditures .....	30
<b>Chapter 7</b>	<b>Procurement.....</b>	<b>31</b>
Article 7.1	Principles .....	31
Article 7.2	Responsibility for procurement.....	<b>Chyba! Záložka nie je definovaná.</b>
Article 7.3	Role of Switzerland .....	31
<b>Chapter 8</b>	<b>Payment transactions.....</b>	<b>33</b>
Article 8.1	Pre-financing by the Partner State .....	33
Article 8.2	Reimbursement of expenditures.....	33
Article 8.3	Advance payments.....	34
Article 8.4	Currencies .....	35
<b>Chapter 9</b>	<b>Audits.....</b>	<b>35</b>
Article 9.1	Audits of the management and control systems at the level of the Cooperation Programme.....	35
Article 9.2	Audits of Support Measures .....	36
Article 9.3	Audit strategy and reporting on audits .....	37
Article 9.4	Additional audits.....	38
<b>Chapter 10</b>	<b>Monitoring and evaluation.....</b>	<b>38</b>

Article 10.1	Monitoring and evaluation plan .....	38
Article 10.2	Monitoring missions .....	39
Article 10.3	Evaluations by the Partner State .....	39
Article 10.4	Evaluations by Switzerland .....	39
<b>Chapter 11</b>	<b>Irregularities .....</b>	<b>39</b>
Article 11.1	Definition of Irregularities.....	39
Article 11.2	Responsibilities related to Irregularities.....	40
Article 11.3	Reporting of Irregularities .....	40
Article 11.4	Financial corrections .....	41
<b>Chapter 12</b>	<b>Corrective measures by Switzerland .....</b>	<b>41</b>
Article 12.1	Reasons for corrective measures.....	41
Article 12.2	Corrective measures .....	42
<b>Chapter 13</b>	<b>Information and communication .....</b>	<b>42</b>
Article 13.1	Dissemination of information in the Partner State.....	42
Article 13.2	Responsibilities of the NCU.....	43
Article 13.3	Responsibilities of the Executing Agencies .....	43
<b>Chapter 14</b>	<b>Final provisions .....</b>	<b>43</b>
Article 14.1	Language..... <b>Chyba! Záložka nie je definovaná.</b>	
Article 14.2	Amendments.....	43
Article 14.3	Waiver.....	44

## **Chapter 1                      General provisions**

### **Article 1.1                      Scope of the Regulations**

These Regulations lay down the general rules and procedures for the Cooperation Programmes under the second Swiss Contribution to selected Member States of the EU to reduce economic and social disparities within the EU (hereinafter referred to as the “second Swiss Contribution in the area of cohesion”).

### **Article 1.2                      Legal framework**

The legal framework as defined in the Framework Agreement shall apply.

### **Article 1.3                      Definitions**

For the purposes of these Regulations, the following terms have the following meanings:

- a) “Advisory Committee”: a committee established by the Partner State in a thematic area to assess and validate the selection of proposals for Projects or Programme Components identified by calls for proposals;
- b) “Audit Authority”: the national public entity designated by the Partner State with overall responsibility for auditing within the Cooperation Programme;
- c) “Competent Authorities”: the authorities defined in Article 6 of the Framework Agreement;
- d) “Contribution”: the maximum non-refundable financial contribution granted by Switzerland under the Framework Agreement (as defined in the Framework Agreement);
- e) “Cooperation Programme”: the bilateral programme of the Partner State and Switzerland for the implementation of the Framework Agreement (as defined in the Framework Agreement);
- f) “Country-Specific Set-Up” (Annex 1 of the Framework Agreement): the thematic and geographic allocations of the Contribution and specific rules agreed between the Partner State and Switzerland as well as the attribution of responsibilities and tasks to entities involved in implementation of the Cooperation Programme and in Support Measures respectively (as defined in the Framework Agreement);
- g) “Executing Agency”: umbrella term for Project Operators and Programme Operators;
- h) “Framework Agreement”: the agreement between Switzerland and the Partner State 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;
- i) “Intermediate Body”: any public or private legal entity which acts under the responsibility of the National Coordination Unit (NCU) or which carries out duties on behalf of the NCU in relation to Executing Agencies;
- j) “National Coordination Unit (NCU)”: the national public entity designated by the Partner State to act on its behalf for the implementation of the Cooperation Programme (as defined in the Framework Agreement);
- k) “Partner State”: the recipient State of the Contribution;
- l) “Partnership Agreement”: an agreement between the Executing Agency or a Programme Component Operator and the Swiss Support Measure Partner(s) governing the cooperation between the parties in the implementation of a particular Support Measure;

- m) “Paying Authority”: the national public entity designated by the Partner State with responsibility for exerting appropriate financial control over the Cooperation Programme;
- n) “Programme”: a coherent set of Programme Components carried out in line with national priorities, policies or strategies of the Partner State 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 (as defined in the Framework Agreement);
- o) “Programme Component”: a series of activities carried out with the support of the Contribution, which is aimed at achieving agreed objectives and outcomes for the respective Programme;
- p) “Programme Operator”: any public or private sector legal entity having responsibility for preparing and managing a Programme;
- q) “Programme Component Operator”: any public or private sector legal entity whom the Programme Operator entrusts the responsibility for preparing and implementing a Programme Component;
- r) “Project”: 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 (as defined in the Framework Agreement);
- s) “Project Operator”: any public or private sector legal entity having responsibility for preparing and implementing a Project;
- t) “Regulations”: the Regulations on the implementation of the second Swiss Contribution in the area of cohesion issued by Switzerland and containing the general rules and procedures on the implementation of the Cooperation Programme (this document);
- u) Swiss Agency for Development and Cooperation (SDC): the Swiss authority defined in Article 6 of the Framework Agreement;  
State Secretariat for Economic Affairs (SECO): the Swiss authority defined in Article 6 of the Framework Agreement;
- v) “Support Measure”: is used as generic term and means a Project, Programme or Technical Support within the framework of the Cooperation Programme;
- w) “Support Measure Agreement”: agreement between the Competent Authorities and, if need be, additional contracting parties, on the implementation of a Support Measure (as defined in the Framework Agreement);
- x) “Support Measure Implementation Agreement”: an agreement between the NCU and the Project Operator or Programme Operator and, if need be, additional contracting parties, governing the implementation of a particular Support Measure;
- y) “Support Measure Steering Committee”: a committee established by the NCU responsible for overseeing and steering the implementation of a Support Measure;
- z) “Swiss Contribution Office (SCO)”: the principal contact point for the NCU for the Cooperation Programme;
- aa) “Swiss Support Measure Partner”: an individual or legal entity, who or which is familiar with the relevant Swiss experiences or approaches and is actively involved in and effectively contributing to the implementation of a Support Measure;
- bb) “Technical Support”: 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.

## **Chapter 2                      Objectives and principles**

### **Article 2.1                      Overall objective**

With reference to the Framework Agreement, the overall objective of the Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within the Partner State, building upon and further strengthening the bilateral relations between Switzerland and the Partner State.

### **Article 2.2                      Objectives**

1. In view of achieving the overall objective set out in Article 2.1, Support Measures, with the exception of Technical Support, shall contribute to one or several of the following objectives (as defined in the Framework Agreement):
  - 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.
2. The achievement of the objectives shall be monitored and measured against the indicators mutually agreed between the Partner State and Switzerland. For each objective, Switzerland will define core indicators valid for the entire second Swiss Contribution.

### **Article 2.3                      General principles**

All actions under the second Swiss Contribution in the area of cohesion shall

- a) aim to achieve sustainable development, long-term economic growth, social cohesion and environmental protection;
- b) respect the need for including socially and economically disadvantaged groups in the opportunities and benefits of development;
- c) respect human dignity and equality, including with regard to gender;
- d) respect, whenever possible, the need to include considerations of subsidiarity and decentralisation;
- e) follow the principles of cooperation and consensus;
- f) follow the principles of good governance and the proper use of resources and shall respect fair and open competition;
- g) prevent and avoid conflict of interests. A conflict of interest is deemed to be present when a person involved in an action has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of the functions related to the action. Such interests may be related to economic interests, political or national affinities, family or emotional ties, or any other shared interests liable to influence the impartial and objective performance of the person involved in an action;

- h) be guided by zero tolerance towards corruption. Special emphasis shall be given to transparent and open communication at all levels.

#### **Article 2.4                      Thematic areas**

1. Within each objective defined under Article 2.2 paragraph 1, Support Measures covering the following thematic areas may be financed through the Contribution:
  - a) Promoting economic growth and social dialogue, reducing (youth) unemployment
    - (i) Vocational and professional education and training
    - (ii) Research and innovation
    - (iii) Financing for micro, small and medium-sized enterprises
  - b) Managing migration and supporting integration. Increasing public safety and security
    - (iv) Providing support to migration management and promoting integration measures
    - (v) Improving public safety and security
  - c) Protecting the environment and the climate
    - (vi) Energy efficiency and renewable energy
    - (vii) Public transport
    - (viii) Water and waste-water management
    - (ix) Waste management
    - (x) Nature conservation and biodiversity
  - d) Strengthening of social systems
    - (xi) Health and social protection
    - (xii) Minorities and socially disadvantaged groups
  - e) Civic engagement and transparency
2. The Partner State shall propose a selection of thematic areas for cooperation based on its strategic priorities as defined in national and regional development plans as well as on any other strategic development plans deemed relevant (such as national implementation plans for the United Nations Sustainable Development Goals).
3. The Partner State shall ensure complementarity of the Cooperation Programme with programmes financed by the European Union or by the EEA/EFTA states Norway, Liechtenstein and Iceland. The complementarity may be financial in nature by selecting thematic areas where external funding is insufficient, or of a thematic nature by selecting thematic areas not supported by the above-mentioned donors.
4. The Partner State and Switzerland shall mutually decide on the specific thematic areas supported by the Contribution. These shall be listed in the Country-Specific Set-Up.

#### **Article 2.5                      Mainstreaming social inclusion**

1. Social inclusion shall be mainstreamed as a cross-cutting theme in the thematic areas listed in Article 2.4 paragraph 1.

2. Social inclusion is defined as the process of improving the ability and opportunity to take part in society and the dignity of people who are disadvantaged based on their identity, including gender, age, ethnicity, religion, language, disability, place of residence etc.
3. Support Measures shall make the best use of their potential to foster social inclusion. Groups disadvantaged based on their identity (cf. paragraph 2) and the underlying exclusion factors relating to the proposed Support Measure shall be identified and taken into account in identifying, preparing and implementing the Support Measures.

#### **Article 2.6 Mainstreaming climate change mitigation and adaptation measures**

1. Climate change mitigation and adaptation measures shall be mainstreamed as a cross-cutting theme in the thematic areas listed in Article 2.4 paragraph 1.
2. Climate change mitigation measures shall promote the mitigation of greenhouse gas emissions. Adaptation measures shall strengthen the ability of the Partner State to deal with the impacts of climate change.
3. Support Measures shall make the best use of their potential to include climate change mitigation and adaptation measures. Corresponding factors relating to the proposed Support Measure shall be identified and taken into account in identifying, preparing and implementing the Support Measures.

#### **Article 2.7 Geographic allocation**

1. Partner States with more than two NUTS 2 Regions shall ensure that at least 50% of the Contribution is allocated to less-favoured regions. Support Measures with national character and nationwide beneficiaries shall be accounted for ex ante according to the proportion of the population in less-favoured regions.
2. The territorial units, based on the European nomenclature of territorial units for statistics level 2 (NUTS 2, NUTS 2021 classification), shall be considered as regions. A region shall be considered as less-favoured if its gross domestic product per capita, expressed in purchasing power standards, lies below the corresponding Partner State's average.
3. Among all less-favoured regions in a Partner State, focus-regions shall be selected based on the latest available statistical data and listed in the Country-Specific Set-Up.
4. The Partner State and Switzerland shall mutually agree on the selection of the focus-regions referred to in paragraph 1 above.

#### **Article 2.8 Bilateral relations, partnerships and Swiss Experts**

1. Actions under the second Swiss Contribution in the area of cohesion shall strengthen bilateral relations and fruitful cooperation between the Partner State and Switzerland through partnerships and the exchange of expertise between actors in the Partner State and in Switzerland.
2. Partnerships shall foster closer ties between the Partner State and Switzerland at national and sub-national levels as well as between cities, municipalities, universities, research institutions, schools, non-governmental organisations, other involved institutions and people. Partnerships shall especially be encouraged in thematic areas in which there is a mutual interest.

3. Swiss expertise may be involved in the Cooperation Programme to promote the quality and sustainability of the Support Measures and contribute to improved policies and the strengthening of institutions in the Partner State.

### **Article 2.9                      Reallocations between Support Measures**

The Partner State and Switzerland may decide by mutual consent to reduce the amount allocated to a Support Measure and reallocate this amount to one or several other Support Measures. The respective Support Measures are modified in accordance with Article 4.12.

## **Chapter 3                      Management and control**

### **Article 3.1                      General provisions**

1. The Partner State shall have overall responsibility for reaching the objectives of the Cooperation Programme, for ensuring the co-financing of Support Measures and for the management and control of the Cooperation Programme.
2. For this purpose, the Partner State shall establish a management and control system providing for checks and balances and respecting the principles of objectivity, transparency and accountability.
3. The Partner State shall assign tasks to national entities involved in the management and control of the Cooperation Programme. The Partner State shall ensure an effective coordination between all national entities involved in the management and control system.
4. The management and control system shall provide for:
  - a) Monitoring and reporting systems that ensure the efficient and effective steering of the Cooperation Programme;
  - b) Reliable accounting, monitoring and financial reporting systems;
  - c) Procedures for ensuring the correctness and regularity of expenses;
  - d) Systems and procedures ensuring the prevention and the fight against corruption and Irregularities, as defined in chapter 11;
  - e) Systems and procedures ensuring traceability and adequate audit trails;
  - f) Protection of collected, stored and processed data arising from the Cooperation Programme in accordance with EU and Partner State laws.
5. Correspondence between the Partner State and Switzerland shall be conducted primarily by electronic means.
6. All communication between the Partner State and Switzerland shall be in English. Original documents (in languages other than English) sent to Switzerland shall be accompanied by an English translation. The Partner State shall bear the responsibility for the accuracy of the translation.

### **Article 3.2                      Designation of national entities in the Partner State**

Unless otherwise agreed in the Country-Specific Set-Up, the Partner State shall assign responsibilities and tasks for the Cooperation Programme to the following national entities:

- a) National Coordination Unit
- b) Intermediate Body or Intermediate Bodies
- c) Paying Authority
- d) Audit Authority

### **Article 3.3                      National Coordination Unit**

1. The National Coordination Unit (NCU) as competent authority shall have overall responsibility for reaching the objectives of the Cooperation Programme and shall be accountable to Switzerland in accordance with the Framework Agreement.
2. The NCU shall be the contact point for Switzerland for matters regarding the Cooperation Programme.
3. The NCU shall be responsible for the identification, planning, approval by the Partner State, monitoring, financial management, controlling, evaluation, visibility, reporting and post-completion monitoring of Support Measures.
4. The NCU shall ensure the adoption of the documents necessary for all the Partner State's entities involved in the Cooperation Programme to assume their respective responsibilities and execute their respective tasks, according to the legal framework pursuant to Article 2 of the Framework Agreement.
5. The NCU shall ensure that all the Partner State's entities involved in the Cooperation Programme are fully aware of their responsibilities resulting from the legal framework pursuant to Article 2 of the Framework Agreement and that they are capable of carrying out the tasks assigned to them. For this purpose, the NCU shall organise information and capacity building events as necessary.
6. The NCU shall ensure the quality and progress of the Support Measures. To this end, the NCU shall on a regular basis assess risks arising during the Cooperation Programme and shall take all necessary measures to mitigate the risks.
7. The NCU shall coordinate the Cooperation Programme with the programmes of other donors as well as with the national strategies and their implementation.
8. The NCU shall ensure the efficient and correct use of funds and compliance with the applicable legislation, in particular state aid rules.
9. The NCU shall ensure the provision of co-financing by the Partner State.
10. The NCU shall encourage partnerships and the exchange of expertise between the relevant Executing Agency and Swiss partners or experts, where appropriate.
11. The NCU may delegate its tasks to Intermediate Bodies or other entities. Regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the NCU.

### **Article 3.4 Intermediate Bodies**

1. Intermediate Bodies (if set up by the Partner State) may assume tasks delegated to them by the NCU, according to Article 3.3 paragraph 11.
2. For Programmes, no Intermediate Bodies shall be set up. The Programme Operators may assume tasks delegated to them by the NCU.

### **Article 3.5 Paying Authority**

1. The Paying Authority shall exert appropriate financial control over the Cooperation Programme applying the standards and procedures of the Partner State for public funds. It shall, in particular, ensure that the NCU, Intermediate Bodies and Executing Agencies also apply the standards and procedures of the Partner State for public funds.
2. The Paying Authority is responsible for executing payment transactions on behalf of the Partner State.
3. For the execution of payment transactions, the Paying Authority shall after the signing of the Framework Agreement, open a separate bank account, to which Switzerland shall transfer reimbursements from the Contribution.
4. The costs of the Swiss administration and costs associated with the Swiss Expertise and Partnership Fund Cohesion, as referred to in Article 4 paragraph 2 of the Framework Agreement, shall not be managed through this account but are managed by Switzerland itself.

### **Article 3.6 Audit Authority**

1. The Audit Authority is responsible for preparing an audit strategy and for performing audits to verify the effective functioning of the Partner State's management and control system(s) in relation to the Cooperation Programme as well as audits of the Support Measures.
2. The Audit Authority is a national public entity functionally independent of the NCU, Paying Authority and Executing Agencies.
3. The Audit Authority shall ensure that the audits comply with internationally accepted audit standards.
4. The Audit Authority and Switzerland mutually agree whether the Audit Authority will perform the audits itself or select in a procurement one or several independent and certified auditor(s) to perform the audits on its behalf.

### **Article 3.7 Swiss authorities**

1. The Competent Authorities on the side of Switzerland are defined in the Framework Agreement Article 6 paragraph 2.
2. Switzerland may establish a Swiss Contribution Office (SCO) in the Embassy of Switzerland in the Partner State. In this case, the SDC and SECO will primarily act through the SCO, which shall be the principal contact point for the NCU for the Cooperation Programme. If Switzerland does not establish a SCO in the Partner State, the headquarters of the SDC and SECO will assume the role of the SCO in accordance with their respective

fields of competence. In these cases, references to SCO made in these Regulations mean that the headquarters of the SDC and SECO are responsible.

### **Article 3.8 Swiss Expertise and Partnership Fund Cohesion**

1. The “Swiss Expertise and Partnership Fund Cohesion” is a fund aimed at making Swiss expertise available to selected EU Member States, promoting the quality and sustainability of Support Measures, fostering partnerships and strengthening bilateral relations between Switzerland and selected EU Member States. This fund shall be administered by Switzerland.
2. In general, activities that make Swiss expertise available, that promote the quality and sustainability of Support Measures, that strengthen bilateral relations and foster bilateral partnerships shall be included in the Support Measure budget. Switzerland may deploy funding from the “Swiss Expertise and Partnership Fund Cohesion” in a subsidiary manner, for cases where the listed aims cannot be achieved or financed through the Support Measures directly.

### **Article 3.9 Annual meetings**

1. The Partner State and Switzerland shall conduct annual meetings for the purpose of ensuring that the Cooperation Programme is effective, discussing and approving the Annual Cooperation Programme Report (see Article 3.11), assessing progress made and any risks involved, presenting the milestones for the upcoming year, and taking decisions regarding the overall Cooperation Programme.
2. The NCU is responsible for the organisation of the annual meeting. It shall consult the SCO on the organisation, the contents, the agenda, the participants and other organisational and logistical matters. The NCU shall submit the draft agenda and list of participants to the SCO no later than 15 working days before the annual meeting.
3. The NCU may invite a representative from the Office of the European Commission in the Partner State and a representative of the EEA / Norway Grants as observers. The Intermediate Bodies, the Executing Agencies or other institutions and persons may be invited to the annual meetings whenever considered necessary by the NCU and/or by Switzerland.
4. The NCU shall prepare minutes recording the decisions taken at the annual meeting and submit these to the SCO within 15 working days of the date of the annual meeting. The minutes shall be approved by the NCU and the SDC/SECO. Final minutes shall be shared with all participants invited to the annual meeting.

### **Article 3.10 Periodic meetings**

The Competent Authorities shall maintain, directly or through the SCO, regular dialogue with each other by holding periodic meetings. If required, other stakeholders may be included in such meetings.

### **Article 3.11 Reporting at the level of the Cooperation Programme**

1. The NCU shall submit the Annual Cooperation Programme Report to the SCO no later than 30<sup>th</sup> of April of the year following the reporting period. The structure and content of the

Annual Cooperation Programme Report shall be in accordance with the template provided by Switzerland and shall be discussed and approved at the annual meeting (see Article 3.9 paragraph 1).

2. Within two months after the submission of the final Audit Report under the Cooperation Programme to Switzerland, but not later than 3 December 2030, the Partner State shall submit a Cooperation Programme Completion Report to the SCO assessing the accomplishment of the objective of the Framework Agreement and a final financial statement on the use of the Contribution, based on the audits of the Support Measures. The structure and content of the Cooperation Programme Completion Report shall be in accordance with the template provided by Switzerland.
3. Switzerland shall respond to the Cooperation Programme Completion Report no later than two months after the date of receipt by issuing a letter of acknowledgement.

## **Chapter 4                      Support Measures**

### **Article 4.1                      Identification of Support Measures and Executing Agencies**

1. The Partner State shall identify Support Measures in line with the thematic areas and the geographic allocation agreed in the Country-Specific Set-Up.
2. Switzerland may provide suggestions for Support Measures and Programme Components to the Partner State.
3. Projects shall, in principle, be identified by the NCU through calls for proposals, which shall be organised in accordance with Article 4.6, or by way of direct selection. Projects may already be identified in the Country-Specific Set-Up.
4. Programme Components that are selected after the conclusion of the Support Measure Agreement are approved by the Support Measure Steering Committee if not otherwise specified in the Support Measure Agreement.
5. Programmes shall, in principle, be identified in the Country-Specific Set-Up. Furthermore, some Programme Components may be identified in the Country-Specific Set-Up. All other Programme Components shall be identified by the Programme Operators through calls for proposals, which shall be organised in accordance with Article 4.6, or by way of direct selection.
6. Programme Operators shall be identified, in principle, in the Country-Specific Set-Up. If this is not the case, the Partner State and Switzerland shall agree on whether the NCU or Switzerland selects and mandates a Programme Operator. If the Partner State and Switzerland decide to select and mandate a Programme Operator later, e.g. by conducting a competitive procedure, the Competent Authorities shall agree on the procedure.
7. The Programme Operator shall be competent in the relevant thematic area(s).
8. The Partner State shall take every reasonable measure to prevent any conflicts of interest, as defined in Article 2.3 g), from occurring during the identification of Support Measures and Executing Agencies. If a conflict of interest nevertheless occurs, the Partner State shall take all the necessary measures to prevent such a situation from compromising the integrity and the objectivity of the selection process.

## **Article 4.2 Identification of Swiss Support Measure Partners**

1. The Partner State and Switzerland shall assess the opportunities of involving Swiss Support Measure Partners in thematic areas or in specific Support Measures, in accordance with Article 2.8. If such opportunities are deemed to exist, the relevant thematic areas and specific Support Measures shall be listed in the Country-Specific Set-Up, together with a general characterization of potential Swiss Support Measure Partners or, if already mutually agreed the name of the Swiss Support Measure Partners. This shall allow to mutually agree upon and directly appoint Swiss Support Measure Partners.
2. The Partner State and in particular the Executing Agencies bear the responsibility to identify suitable Swiss Support Measure Partners. Switzerland may facilitate this identification.
3. If the names of the Swiss Support Partners are not listed in the Country-Specific Set-Up, the Swiss Support Measure Partners shall be identified during the Support Measure preparation process. If relevant, calls for proposals shall take this aspect into account (see Article 4.6 paragraph 2 d).
4. Together with the second-stage Support Measure proposal (see Article 4.7), a draft Partnership Agreement shall be submitted. The NCU shall verify that the Partnership Agreement complies with Article 4.10.
5. The names of the Swiss Support Measure Partners shall, in principle, be listed in the Support Measure Agreement (see Article 4.8).
6. Afterwards, during the implementation of the Support Measure, the involvement of additional Swiss Support Measure Partners remains possible without an amendment of the Support Measure Agreement.

## **Article 4.3 Policy dialogue**

1. The necessity of a policy dialogue shall be agreed between the Partner State and Switzerland during the identification and approval process for a Support Measure.
2. The needs and objectives for a policy dialogue shall be described in the Support Measure proposal.
3. In principle, if the Executing Agency is a national public sector legal entity, this entity shall be in charge of the policy dialogue on behalf of the Partner State. In all other cases, the Support Measure Agreement shall clearly specify the entity or entities in charge of the policy dialogue. NCU may also be entrusted with policy dialogue functions.
4. The NCU shall, if necessary, facilitate the policy dialogue under Support Measures for which a policy dialogue has been agreed.

## **Article 4.4 Stakeholder consultations**

1. Relevant stakeholders shall be consulted regarding the Support Measure proposal. The stakeholder consultation is part of the Support Measure preparation process and ideally takes place before the second-stage submission of the Support Measure proposal, as referred to in Article 4.7 paragraph 3.

2. The purpose of the stakeholder consultation is to allow stakeholders to
  - a) assess the relevance, feasibility and inclusiveness, as defined in Article 2.5, of the Support Measures; and
  - b) make recommendations for their improvement.
3. The stakeholder consultation shall be based on a meaningful participation by the main stakeholders, such as relevant national, regional and local authorities, academic institutions, civil society and private sector organisations.
4. The entity convening and conducting the stakeholder consultation shall be agreed between the Partner State and Switzerland.
5. The results of the stakeholder consultations shall be an integral part of the second-stage Support Measure proposal.

#### **Article 4.5                      Advisory Committees**

1. The Partner State shall arrange a transparent and fair selection process for Projects or Programme Components. For this purpose, Advisory Committees may be established.
2. The purpose of the Advisory Committees is to assess and validate the selection of proposals for Projects or Programme Components identified with calls for proposals conducted in accordance with Article 4.6.
3. The aforementioned purpose of the Advisory Committees shall be achieved by assessing and validating
  - a) ex ante the call for proposals documentation, including the selection criteria; and
  - b) ex post the selection process conducted.
4. The Advisory Committees shall be composed of a limited and meaningful number of representatives from the NCU, either the relevant Intermediate Bodies or Programme Operators, relevant ministries, regional and local authorities, academic institutions, as well as civil society and private sector organisations. The composition of the Advisory Committees shall allow a balanced, complementary and diversified representation of the various interests in a thematic area. Before formalising the membership of the Advisory Committees, the SCO shall be consulted on the composition of the Advisory Committees.
5. The NCU shall convene, conduct and chair Advisory Committees.
6. The SCO, or any third party appointed by it, shall have the right to participate as an observer in the meetings of the Advisory Committees.

#### **Article 4.6                      Call for proposals**

1. In accordance with Article 4.1 paragraphs 3 and 5, the NCU may organise calls for Project proposals and Programme Operators may organise calls for Programme Component proposals.
2. The calls for proposal referred to in paragraph 1 shall:
  - a) be widely publicised with a view to reaching all potential applicants. Relevant media at national, regional and local levels, as well as specialised publications and web-based tools,

shall be used as appropriate. Any limitations with regard to publication shall be agreed with Switzerland;

- b) include a clear and reasonable deadline for the submission of proposals, which shall be at least two months from the date on which the announcement is published;
  - c) clearly specify the eligibility criteria for applicants and any restrictions, limitations or exclusions that may apply;
  - d) specify in detail the selection criteria, including, if relevant for the Project or the Programme Component, criteria for assessing how partnerships between actors in the Partner State and in Switzerland are foreseen to contribute to achieve the objectives of the Project or the Programme Component;
  - e) clearly define what kind of expenditures are eligible;
  - f) contain a description of the selection process and the decision-making bodies;
  - g) provide a clear reference or a link to the application form;
  - h) clearly state the total financial amount available through the call, the minimum and maximum financial amount of a single grant, as well as the co-financing requirements;
  - i) provide clear references to further information, including a reference to these Regulations as well as other documentation relevant to the call.
3. Calls shall be published on the website of the NCU and, if applicable, on the website of the relevant Intermediate Body or Programme Operator in the language(s) of the Partner State and in English.
  4. Switzerland shall be informed about calls for proposals at least 10 working days in advance of their publication and, at the same time, be provided with the final text of each call. Switzerland reserves the right to publish information about the calls for proposals on Swiss websites.
  5. The SCO, or any third party appointed by it, shall have the right to participate in any proposal evaluation committee meeting as observer. The NCU shall announce to the SCO dates of proposal evaluation committee meetings no later than five working days prior to such meetings.
  6. The SCO shall have the right to request a copy of the proposal evaluation report. The requested documents shall be submitted no later than 20 working days after the request.

#### **Article 4.7 Preparation of proposal and approval process**

1. For each identified Support Measure, a Support Measure proposal shall be prepared using the template provided by Switzerland. Support Measure proposals shall be submitted to the SCO.
2. Each Support Measure shall be approved first by the Partner State and then by Switzerland.
3. The approval process by Switzerland for a Support Measure is, in principle, a two-stage process. The first stage ends with a decision in principle. If the decision is positive, a final decision is taken in the second stage.

4. The first-stage proposal shall essentially outline the Support Measure's overall framework and its general design. The second-stage proposal shall contain detailed information on the objectives and scope of the Support Measure, and the process and resources to achieve them. Additionally, for Programmes, the first-stage proposal shall describe any pre-defined Programme Components, and the main selection criteria where the Programme Components have not yet been defined. The second stage proposal shall at least outline the detailed conditions of eligibility and procedures to identify, select, implement and monitor the Programme Components.
5. Switzerland recommends that second-stage Support Measure Proposals are submitted before the end of 2024 in order to ensure the full implementation of the Support Measure.
6. In both stages of the approval process, Switzerland may decide whether the Support Measure proposal is a) approved without conditions, b) approved with conditions, or c) not approved. The NCU shall ensure that the conditions put forward by Switzerland, if any, are met.
7. During the preparation of the Support Measure proposals, the NCU may contact the SCO for informal consultations.
8. The first-stage proposal may contain a request for financial support for the preparation of the second-stage proposal from the Support Measure Preparation Fund (see Chapter 5).
9. On submitting the Support Measure proposal in the second stage, the Partner State shall provide confirmation that the first-stage conditions, if any, have been met.
10. Without prejudice to the assessment carried out by the Partner State for its approval of the Support Measure under paragraph 2, Switzerland may carry out its own assessment of the Support Measure as part of the first-stage and/or second-stage approval process.

#### **Article 4.8 Support Measure Agreement**

1. The Support Measure Agreement shall be concluded between the NCU and the SDC or SECO, as applicable and, if need be, additional contracting parties. The NCU is responsible for preparing the draft Support Measure Agreement based on the template provided by Switzerland, and shall take into account the contents of the approved Support Measure proposal and any conditions put forward by Switzerland.
2. The Support Measure Agreement shall set out the terms and conditions governing the Support Measure, i.e. the duration of the Support Measure and the budget allocation, including the financial allocation provided by Switzerland and by national, regional or local authorities of the Partner State. It shall also define the specific roles and responsibilities of national authorities, Executing Agencies and any other entities (including, where applicable, Swiss Support Measure Partners) involved in the implementation of the Support Measure.
3. The NCU and the SDC, or SECO, as the case may be, shall strive to finalise the draft Support Measure Agreement within two months after the final approval of the Support Measure by Switzerland. The NCU shall send a draft of the Support Measure Agreement to Switzerland ideally together with the Support Measure proposal in the second stage, but not later than one month later.
4. The Partner State and Switzerland shall ensure that their respective approval processes are conducted efficiently.

#### **Article 4.9 Support Measure Implementation Agreement**

1. With the exception of the Technical Support, based on the Support Measure Agreement, the NCU shall conclude a Support Measure Implementation Agreement with the Executing Agency and, if applicable and sought, with the Intermediate Body.
2. The Support Measure Implementation Agreement shall set out the terms and conditions of grant assistance as well as the roles and responsibilities of the respective parties. It shall, in particular, include provisions that ensure that the Executing Agency undertakes to comply fully with the provisions constituting the legal framework of the Cooperation Programme, as set out in Article 2 of the Framework Agreement, which are relevant for the implementation of the Project or Programme, including any obligation that continues to apply after the Project or Programme has been completed. An explicit reference to these Regulations shall be included. It may also contain provisions that refer to any Swiss Support Measure partnership or the involvement of Swiss experts, if relevant.

#### **Article 4.10 Partnership Agreements with Swiss Support Measure Partner(s)**

1. If a Support Measure is implemented in partnership with Swiss Support Measure Partner(s), as defined in Article 1.3aa)3aa) and identified in accordance with Article 4.2, the Executing Agency or the Programme Component Operator shall sign a Partnership Agreement with the Swiss Support Measure Partner(s).
2. The Partnership Agreement shall contain, inter alia, the following:
  - a) provisions setting out the roles and responsibilities of the Executing Agency or the Programme Component Operator and the Swiss Support Measure Partner(s);
  - b) provisions setting out the financial arrangements, including, but not limited to, which expenditures the Swiss Support Measure Partner(s) can be reimbursed from the Support Measure budget and how eligible expenditures incurred by the Swiss Support Measure Partner(s) will be effectively verified and reimbursed by the Executing Agency or the Programme Component Operator. Eligibility of expenditures for relevant travel, accommodation and subsistence allowances for Swiss Support Measure Partner(s) and the verification thereof shall be in line with the Swiss Support Measure Partners' respective directive and/or common Swiss practice;
  - c) currency exchange rules for such expenditure and the reimbursement thereof. The Swiss Support Measure Partner(s) shall not bear any exchange rate risks;
  - d) specific audit provisions;
  - e) a detailed budget;
  - f) provisions setting out the reporting obligations of the Swiss Support Measure Partner(s) towards the Executing Agency or the Programme Component Operator;
  - g) provisions stipulating the applicable law and place of jurisdiction. Unless otherwise agreed in the Partnership Agreement, Swiss law shall apply and the place of jurisdiction for any dispute or claim arising out of or in connection with the Partnership Agreement shall be Switzerland. The parties shall, before going to court, try to settle disputes or claims by amicable manner or with the assistance of the NCU and the SDC/SECO.
3. The Partnership Agreement shall be in English.

4. Unless otherwise agreed in the relevant Support Measure Agreement, the eligibility of expenditures incurred by Swiss Support Measure Partner(s) is subject to the same limitations as would apply if the expenditures were incurred by the Executing Agency or the Programme Component Operator. Simplified rules for the verification of eligible expenditures incurred by Swiss Support Measure Partner(s) may be agreed between the Partner State and Switzerland and set out in the relevant Support Measure Agreement.
5. The Executing Agency or the Programme Component Operator shall ensure the timely submission of inputs from the Swiss Support Measure Partner(s) for its annual reporting.
6. The Swiss Support Measure Partner(s) shall not be subject to any co-financing obligation.

#### **Article 4.11 Support Measure Steering Committee**

1. For each Support Measure, with the exception of the Technical Support, the NCU shall, in principle, establish a Steering Committee. The Support Measure Steering Committee shall:
  - a) supervise the progress of implementation and make suggestions for improvements;
  - b) approve the Programme Components in accordance with Articles 4.1 and 4.6;
  - c) approve in accordance with Article 4.12 paragraphs 5 and 6, any modifications to the Support Measure based on the proposal by the Executing Agency;
  - d) comply with any other tasks assigned in the Support Measure Agreement.
2. In general, the Support Measure Steering Committee shall be composed of the following members:
  - a) the NCU as Chair;
  - b) if applicable, the Intermediate Body as Deputy Chair;
  - c) the Project Operator or Programme Operator as Secretary;
  - d) the SCO;
  - e) if appropriate, any other public or private sector entity from the Partner State and/or from Switzerland with a close thematic, financial or operational connection to the Support Measure.
3. The exact composition of the Support Measure Steering Committee and the voting rights of its members shall be defined in the relevant Support Measure Agreement, taking into account that
  - a) the Project Operator or Programme Operator shall not have the right to vote;
  - b) the SCO shall not have the right to vote;
  - c) the NCU and the SCO shall have the right to veto any decision taken by the Support Measure Steering Committee.
4. The Support Measure Agreement shall define the quorum of the Support Measure Steering Committee.
5. Each member of the Support Measure Steering Committee with voting right shall have one vote. The Support Measure Steering Committee shall strive for reaching consensus

Otherwise, a simple majority shall be necessary for decisions. In case the votes are even, the chair has a casting vote.

6. The Support Measure Steering Committee shall meet at least once a year. Additional meetings may be held, if deemed necessary or useful, at the request of at least one member of the Support Measure Steering Committee. In exceptional cases and in-between Steering Committees, a written procedure may be employed to conduct a Support Measure Steering Committee meeting.
7. The Secretary of the Support Measure Steering Committee shall:
  - a) organise meetings of the Support Measure Steering Committee. Invitations, including the preliminary agenda and relevant documents, shall be sent no later than ten working days prior to the meeting to all members of the Support Measure Steering Committee;
  - b) draft minutes of the meetings recording the decisions of the Support Measure Steering Committee, consult all members on the draft and distribute the finalised minutes no later than 20 working days after the meeting to all members of the Support Measure Steering Committee.

#### **Article 4.12                      Modification of Support Measures**

1. Support Measures may be modified, in particular, in one or more of the following cases:
  - a) in order to respond to unforeseen relevant events in the Partner State;
  - b) in order to mitigate risks and/or difficulties in implementation;
  - c) in order to contribute to enhance the impact of the Support Measure.
2. With reference to paragraph 1c), the scope of a Support Measure may only be extended if the additional scope is relevant and in line with the objectives of the Support Measure. In order to allow the additional scope to be implemented, the additional impact must be significant, additional management cost must be proportionate to the additional impact and it must be feasible to implement the additional scope before the end of the period of eligibility of expenditures as defined in Article 4 paragraph 3 of the Framework Agreement.
3. The Executing Agency shall describe and justify the modification as well as the likely impact on the budget, risks, outputs and outcomes of the Support Measure.
4. Any modification of a Support Measure is subject to prior approval first by the Partner State and then by Switzerland, unless
  - a) the Support Measure Agreement explicitly stipulates otherwise; or
  - b) the modification lies in the competence of the Support Measure Steering Committee in accordance with paragraphs 5 or 6.
5. The Support Measure Steering Committee is entitled to modify Projects, provided that the following conditions are cumulatively met:
  - a) the modification shall not contradict with the agreed outputs and outcomes of the Project;
  - b) the modification must not change the duration of the Project;

- c) funds reallocated between different budget items due to the modification must be less than 25 % of the budget for the Project and less than CHF one million. Modifications may not be split with the intention of circumventing this restriction;
  - d) the modification must not be a consequence of any Irregularity, as defined in Chapter 11.
6. The Support Measure Steering Committee is entitled to modify Programme Components, provided that the following conditions are cumulatively met:
- a) the modification shall not contradict with the agreed outputs and outcomes of the Programme;
  - b) the modification must not change the duration of the Programme;
  - c) the financial consequences of the modification must be within the following limits:
    - (i) for reallocations within one Programme Component: funds reallocated between different budget items must be less than 25% of the initial budget of the Programme Component and less than CHF one million;
    - (ii) for reallocations among Programme Components: no Programme Component may receive reallocated funds of more than 25% of its initial budget or of more than CHF one million;
    - (iii) modifications may not be split with the intention of circumventing this restriction;
  - d) the modification must not be a consequence of any Irregularity, as defined in Chapter 11.
7. With regard to Programmes, the Support Measure Steering Committee may, in accordance with paragraph 6, decide to change the duration of Programme Components.
8. If the modification of a Support Measure is not subject to approval first by the Partner State and then by Switzerland in accordance with paragraphs 4 the modification shall be formalised through the minutes of the Support Measure Steering Committee. Otherwise, the modification shall be formalised by way of an amendment to the Support Measure Agreement.
9. If the modification of a Support Measure is formalised through the minutes of the Steering Committee in accordance with paragraph 8, Switzerland shall be informed about the modification by means of the next Reimbursement Request under Article 8.2 paragraph 3 and the next Annual Support Measure Report under Article 4.13.

#### **Article 4.13 Annual Support Measure Reports**

1. The Executing Agency shall prepare an Annual Support Measure Report. The Annual Support Measure Report shall provide information on the results achieved in the period under review and on the operational and financial status of the Support Measure. The Annual Support Measure Report shall be based on the template provided by Switzerland.
2. For Programmes, the Annual Support Measure Report shall consolidate the results achieved and the current status at the Programme level.
3. The reporting period for the Annual Support Measure Report is one calendar year, with the exception of the first report. For Support Measure Agreements that are signed in the first half of the year, the first report shall cover the period from the date on which the Support Measure Agreement is signed until the end of the calendar year concerned. For Support

Measure Agreements that are signed in the second half of the year, the first report shall cover the period from the date on which the Support Measure Agreement is signed until the end of the following year.

4. The Annual Support Measure Report must be received by the SCO no later than three months after the end of the reporting period.
5. No Annual Support Measure Report is due for the calendar year in which the Support Measure is completed. The Support Measure Completion Report, as referred to in Article 4.14, shall include the corresponding information for the relevant period.

#### **Article 4.14 Support Measure Completion Reports**

1. The Executing Agency shall prepare a Support Measure Completion Report. The Support Measure Completion Report shall compare actual with planned results and expenditures for the whole of the implementation period for the Support Measure. The report shall also describe good practices and lessons learnt based on the template provided by Switzerland.
2. For Programmes, the Support Measure Completion Report is consolidated at the Programme level only.
3. Support Measure Completion Reports must be received by the SCO not later than nine months after the completion of the Support Measure.

#### **Article 4.15 Post-completion obligations and ownership of assets**

1. The NCU shall ensure that all relevant documents relating to Support Measures are kept for 10 years after the completion of the Support Measure.
2. Unless otherwise agreed upon in the Support Measure Agreement, the NCU shall ensure that equipment, installations or buildings financed by the Contribution, during the implementation of a Support Measure and for a period of at least five years after completion of the Project or Programme Component,
  - a) are operated and used according to the objectives of the Support Measure;
  - b) are properly insured against losses such as fire, theft or other normally insurable incidents; and
  - c) are properly maintained by setting aside enough resources for this purpose.
3. Unless otherwise agreed, the NCU shall ensure that buildings acquired, constructed, renovated or upgraded cannot be sold, rented out or mortgaged for at least five years after completion of the Support Measure.
4. Switzerland has neither responsibility for nor obligation to ensure the maintenance and the repair of assets (operating assets as well as equipment, installations and buildings) financed by the Contribution; or to undertake any measures for ensuring the safety and protection of persons, equipment, installations, or all objects on site or in the vicinity.
5. Switzerland shall assume no liability whatsoever in connection with the assets financed by the Contribution.

6. For the duration of the Support Measure, the assets procured under the Contribution shall remain at the unrestricted disposal of the Support Measure and shall not be diverted without prior written approval of Switzerland.
7. The use and the ownership of assets financed by the Contribution shall be determined in the Support Measure Agreement or between the NCU and SDC or SECO at the end of the Support Measure. The Executing Agency can propose the transfer of assets ownership to a third party. The NCU and SDC or SECO shall approve in writing this transfer. The entity receiving these assets shall contractually commit to fulfilling the obligations set out in paragraph 2
8. If for any reason the Support Measure should have to be discontinued prematurely, the NCU and SDC or SECO shall decide in writing upon the use and ownership of the assets financed by the Contribution.
9. The property of the results of the activities performed with the support of the Contribution and all property rights (intangible property rights and related rights and entitlements shall be determined in the Support Measure Agreement. Should these intellectual property rights generate profits, the NCU and Switzerland shall reach an agreement on the use of this income.

#### **Article 4.16                      Suspension and Termination of a Support Measure Agreement**

1. A Support Measure Agreement can be suspended by one of the contracting parties if it considers that its aims can no longer be achieved or that the other contracting party is not meeting its obligations, by giving the other contracting party a written notice on the grounds.
2. A Support Measure Agreement can be terminated:
  - a) by mutual agreement between the contracting parties, or
  - b) by one of the contracting parties upon a three-month prior written notice containing its justification.
3. Prior to the notice on the suspension or termination, the contracting parties shall enter into a dialogue to ensure that the decision is based on an objective appraisal.
4. The contracting parties shall decide by mutual agreement on any consequences of the suspension or termination. Article 4.14 and 4.15 shall be applied.

## **Chapter 5                      Technical Support**

### **Article 5.1                      Forms of Technical Support**

Technical Support provided through the Cooperation Programme comprises the “Support Measure Preparation Fund” and the “Technical Assistance Fund”.

## **Article 5.2 Purpose of the Support Measure Preparation Fund and Technical Assistance Fund**

1. The Support Measure Preparation Fund aims to finance the preparation of second-stage Support Measure proposals and the management expenditures incurred by Programme Operators in relation to the preparation of Programmes.
2. The Technical Assistance Fund contributes to the efficient and effective implementation of the Cooperation Programme by covering expenditures, as specified in Article 6.5, which are incurred by the national entities referred to in Article 3.2.

## **Article 5.3 Establishment and management of Technical Support**

1. The approval process outlined in Article 4.7 does not apply to the Technical Support referred to in Article 5.1. The parameters of the Technical Support shall be defined through negotiations between the Partner State and Switzerland.
2. Using the template provided by Switzerland, the NCU and the SDC or/and SECO shall conclude a Technical Support Agreement establishing the Support Measure Preparation Fund and the Technical Assistance Fund. The Technical Support referred to in Article 5.1 is managed by the NCU.

## **Article 5.4 Reporting on Technical Support**

1. For the Technical Support, the NCU shall once a year, at the latest by the end of October, submit to the SCO for discussion and approval a detailed annual plan and budget for the following year. For the first year, this submission shall occur within one month after the signature of the Technical Support Agreement. The NCU shall demonstrate the relevance, appropriateness and proportionality of the proposed expenditures.
2. By way of derogation from Article 4.13, there shall be no annual reporting for the Technical Support. The NCU shall submit a Technical Support Completion Report following the format and procedures set forth in Article 4.14.

## **Chapter 6 Eligibility of expenditures**

### **Article 6.1 General principles regarding the eligibility of expenditures**

1. Eligible expenditures from Support Measures are those incurred within the Support Measure, which cumulatively meet the following criteria:
  - a) they are incurred between (and inclusive) the first and final dates of eligibility of a Support Measure as specified in the Support Measure Agreement;
  - b) they are connected with the subject of the Support Measure and they are indicated in the detailed budget of the Support Measure;
  - c) they are proportionate and necessary for the preparation and implementation of the Support Measure;
  - d) they incur within the period of eligibility as defined in the Framework Agreement;

- e) they are solely used for the purpose of achieving the objective(s) of the Support Measure and its expected outcome(s), in a manner consistent with the principles of the economical conduct of business and effective use of financial resources;
  - f) they are identifiable and verifiable, in particular through being recorded in the accounting records of the Executing Agency, determined according to the applicable accounting standards of the country where the Executing Agency is established and according to generally accepted accounting principles; and
  - g) they comply with the requirements of applicable tax and social legislation of the Partner State.
2. Expenditures are deemed to have been incurred when the subject matter has been delivered (in the case of goods) or performed (in the case of services and work), invoiced and paid. Exceptionally, when the subject matter is delivered or performed at the end of the eligibility period, expenditures are deemed incurred if the invoice is issued in the month immediately following the end of the eligibility period and paid within 30 calendar days of its issue.
  3. Eligibility of expenditures for controls, reporting, auditing and evaluation ends four months after Support Measure completion, but not later than 3 December 2029.
  4. The Executing Agency's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the Support Measure with the corresponding accounting statements and supporting documents.

## **Article 6.2 Eligible expenditures under Projects and Programme Components**

1. The eligible expenditures for Projects and Programme Components are those expenditures that are identified by the Executing Agency, in accordance with its accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the Project or the Programme Component and which can therefore be booked to it directly. To be eligible, such expenditures shall have been foreseen in the Project and/or Programme component budget. The following expenditures are eligible, provided that they fulfil the criteria set forth in Article 6.1:
  - a) costs due to contracts awarded for the purpose of carrying out the Project or the Programme Component, provided that the awarding of the contracts complies with the applicable rules on public procurement and these Regulations;
  - b) expenditures for the acquisition, construction, renovation and upgrades of buildings under the conditions set out in Articles 4.15 and 6.6 and to the extent explicitly authorized in the Support Measure Agreement;
  - c) costs arising directly from requirements defined in the Support Measure Agreement for Projects or Programme Components;
  - d) costs of consumables and supplies, provided that they are identifiable and assigned to the Support Measure;
  - e) travel, accommodation and subsistence allowances for staff taking part in the Project or the Programme Component.
2. Costs for the staff assigned to implementing Projects or Programme Components, comprising actual salaries plus social security charges and other statutory costs included in

the remuneration, are in principle eligible if the respective functions or tasks are incremental and demonstrably required for implementing the Support Measure and accordingly agreed with Switzerland in the budget of the Support Measure Agreement or foreseen in the Programme Component budget.

### **Article 6.3 Eligibility of expenditures under the Support Measure Preparation Fund**

1. The following expenditures are eligible for support under the Support Measure Preparation Fund provided that they fulfil the criteria set out in Article 6.1:
  - a) financial contribution for the preparation of second-stage proposals for a Project. Such financial contribution may be requested on submitting a first-stage Project proposal. Switzerland shall assess whether this request is eligible and shall notify its decision together with its first-stage decision. When notifying its decision, Switzerland may suggest to further discuss and mutually agree on the terms of reference for preparatory services;  
  
To be eligible, such financial contribution shall cover expenditures for services that cumulatively meet the following conditions:
    - (i) the services must be provided for the preparation of Project proposals that are to be submitted to Switzerland for second-stage approval;
    - (ii) the services must be provided by technical or legal experts external to the applicant, whose expertise supplements the expertise of the applicant;
    - (iii) the deliverables of the services are:
      - documents/studies that are necessary to complement the Support Measure proposal by the applicant, e.g. feasibility studies, environmental impact assessments; or
      - draft tender documents for goods and services to be procured as part of the proposed Support Measure.
  - b) financial contribution for expenditures of the Programme Operators related to the preparation of Programmes, as set out in Article 6.4 paragraphs 1a) to d). Such financial contribution shall be submitted to the SCO for approval.
2. The period of eligibility of expenditures incurred in the Support Measure Preparation Fund runs from the establishment of the Support Measure Preparation Fund under Article 5.3 paragraph 2 in principle until the conclusion of the respective Support Measure Agreement or the date defined in the communication by Switzerland of the rejection of the respective Support Measure proposal.

### **Article 6.4 Eligibility of management expenditures incurred by Programme Operators**

1. The following categories of management expenditures of a Programme Operator are eligible:
  - a) directly relating to the preparation of the Programme, including the development of the Programme design, the results framework and stakeholder consultations;

- b) for the preparation of the implementation of the Programme, including the development of procedures for Programme Components selection and financial flows;
  - c) for the selection of Programme Components, including costs of external experts and the cost associated with meetings and appeals;
  - d) for assisting possible applicants and Programme Component Operators in complying with the requirements set by the Programme Operator for Programme Component applications and/or the implementation of Programme Components;
  - e) for promotional and information activities, including calls for proposals and information work during the application period as well as information events to share experiences and best practices;
  - f) for verification of incurred expenditure, approval of payments and transfer of payments to Programme Component Operators;
  - g) for monitoring Programme Components, conducting reviews and evaluations of the Programme or its Components, to assess the Programme's impact, relevance and sustainability;
  - h) for audits other than those set out in Article 9.1, Article 9.2 and Article 9.4 and on-the-spot verification of Programme Components;
  - i) relating to the obligation to report to Switzerland or the national entities in the Partner State under Article 3.2;
  - j) associated with organising and running the Support Measure Steering Committee;
  - k) for charges relating to the establishment and operation of bank accounts required under these Regulations or the Support Measure Agreement, including the costs of incoming and outgoing transfers;
2. Management expenditures of a Programme Operator
- a) incurred before the entry into force of the Support Measure Agreement may be eligible under the Support Measure Preparation Fund under Article 6.3;
  - b) incurred until the date defined in the communication of the rejection of a Support Measure proposal may be eligible under the Support Measure Preparation Fund under Article 6.3;
  - c) incurred between the first and final date of eligibility of the Programme concerned, as specified in the Support Measure Agreement, may be eligible under this Programme. The maximum eligible management expenditures per Programme shall be agreed in the relevant Support Measure Agreement.
3. The allocation of resources must be optimised in relation to current needs. Delays may require the reallocation of staff to other tasks outside the Support Measure in order to avoid unnecessarily burdening the management budget.
4. Costs for the Programme Operator staff assigned to manage the Programme, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, are in principle eligible if the respective functions or tasks are incremental and demonstrably required for implementing the Support Measure and accordingly agreed with Switzerland in the budget of the Support Measure Agreement.

## **Article 6.5 Eligibility of expenditures under the Technical Assistance Fund**

1. Expenditures for the following tasks are eligible for support under the Technical Assistance Fund provided that they satisfy the criteria set out in Article 6.1:
  - a) expenditures on meetings with the Swiss authorities within the framework of the Cooperation Programme, including expenditures related to travel, accommodation and subsistence of participants;
  - b) expenditures on meetings of committees established and stakeholder consultations conducted within the framework of the Cooperation Programme, in case such expenditures are not already budgeted under the Support Measure;
  - c) expenditures for publishing calls for proposals for Support Measures;
  - d) expenditures on information events, exchange of experience and capacity building with a view to ensuring that the staff of the NCU, Intermediate Bodies, Paying Authority, Audit Authority and Executing Agencies are fully aware of their responsibilities and capable of fulfilling the tasks assigned to them, including expenditures related to travel, accommodation and subsistence of participants;
  - e) expenditures on technical consulting and legal services for the review of Support Measure proposals;
  - f) expenditures on technical consulting and legal services for the review of tender documents;
  - g) expenditures on technical consulting services for the monitoring of Support Measures, including expenditures relating to on-the-spot verifications of Support Measures;
  - h) expenditures associated with reviews, evaluations and capitalisation processes at the level of the Cooperation Programme or in a thematic area;
  - i) expenditures on audits of the Support Measures and audits of the management and control systems at the level of the Cooperation Programme carried out by independent and certified auditors appointed by the Audit Authority;
  - j) expenditures on services to ensure the visibility of the Cooperation Programme;
  - k) translation and interpretation costs;
  - l) expenditures on additional equipment for the authorities listed in Article 3.2, including software specifically procured for the implementation of the Cooperation Programme;
  - m) expenditures in the Partner State on salaries, social security contributions and other statutory costs in respect of public officials of the national entities referred to in Article 3.2, or in respect of experts with the necessary, specific legal or technical expertise, who are temporarily assigned to carry out additional tasks exclusively for the Cooperation Programme.
2. Contributions from the Swiss Contribution to the expenditure under paragraph 1 shall not exceed 1.5% of the total Contribution to the respective Beneficiary State, except for Beneficiary States receiving 2% or less of the total financial contribution from the second Swiss Contribution in the area of cohesion where Switzerland may approve a higher amount.
3. The amount shall be fixed in the Technical Support Agreement between the NCU and the SDC or SECO.

## **Article 6.6 Ineligible/excluded costs**

The following costs shall not be considered eligible:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactions and other purely financial costs, except costs related to accounts required by the NCU, the Paying Authority or laid down by the applicable law and the costs of financial services required under the Support Measure Agreement;
- c) provisions for losses or potential future liabilities;
- d) exchange rate losses other than those due to the involvement of Swiss partners;
- e) expenditure for the acquisition of land;
- f) value added tax, which is abstractly recoverable, by whatever means, even if, de facto, the beneficiary does not itself recover the value added tax;
- g) costs that are covered by other sources;
- h) fines, penalties, indemnities or other related compensation, including lost profit and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the Support Measure; and
- i) excessive or reckless expenditure.

## **Article 6.7 Standard scales of unit costs**

The Partner State may propose to Switzerland the application of standard scales of unit costs, lump sums and overhead flat rates within certain Support Measures in view of an economic use of financial resources. If Switzerland agrees with the proposal, the applicable rules shall be defined in the corresponding Support Measure.

## **Article 6.8 Proof of expenditures**

1. Executing Agencies shall provide evidence of costs incurred by presenting receipted invoices, or alternatively by providing accounting documents of equivalent probative value.
2. The NCU shall ensure that the requirements for submitting proof of expenditure are specified in the relevant Support Measure Implementation Agreements.
3. The NCU, or other institutions entrusted by it, shall check the invoices and supporting documents received from the Executing Agencies, verify the adequacy of the documentation, to the extent necessary to obtain reasonable assurance as to the legality and regularity of the underlying transactions.
4. Swiss, or any other foreign organisations or bodies or agencies, whose primary location is outside Slovakia shall submit a report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the costs claimed are incurred in accordance with the Regulations, the national law and relevant national accounting practices. This report shall, subject to paragraph 1, be accepted as sufficient proof of expenditure incurred. The principle of proportionality shall be respected.

A report issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity

incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with the Regulations, the relevant law and national accounting practices, shall, subject to paragraph 1, also be accepted as sufficient proof of expenditure incurred.

5. Upon request by the SECO/SDC, the organisations referred to in Art. 6.8, paragraph 4 above shall grant access to the supporting documents on the basis of which the report referred to in paragraph 4 was issued. This right to access shall be based on a clause in the contractual relation between the NCU and the organisation.

## **Chapter 7                      Procurement**

### **Article 7.1                      Principles**

Any procurement of services, goods and construction under the Cooperation Programme by any public or private sector entity of the Partner State shall be conducted in compliance with the applicable law of the Partner State and EU legal acts on public procurement. In particular, the principles of transparency, equal treatment, competition and economic use of the Contribution shall be applied for procurements. To ensure that these principles are given practical effect, the Partner State shall in particular:

- a) select the most advantageous tenders in order to ensure that the procured work, supplies and services are of high quality. Except where there are good reasons to use another approach, a multi-criteria selection approach shall be applied taking into account a well-balanced set of quality and cost award criteria. Quality criteria shall integrate, if purposeful, best practice regarding socially responsible public procurement and green public procurement, according to the recommendations of the European Commission;
- b) observe the highest ethical standards and avoid any conflict of interest during the procurement process and the performance of contracts. Adequate and effective means to prevent illegal and corrupt practices shall be applied such as the second-pair-of-eyes principle, selection criteria ensuring the integrity of contractors, the signature of conflict of interest declarations by public officials involved in the procurement, proper justifications for the use of non-competitive procedures and integrity clauses in the tender documents and procurement contracts. No offers, gifts, payments or benefits of any kind, which could be construed as an inducement or reward for the award or performance of procurement contracts, shall be accepted.

### **Article 7.2                      Role of Switzerland**

- ~~1. During the approval procedure for Support Measures as stipulated in Article 4.7 and, where applicable, during the subsequent approval procedure for Programme Components and amendments to Support Measures resulting in additional procurements, Switzerland will select from the public procurements put forward in the respective proposals those procurements for which:~~
  - ~~a) Switzerland requests a copy of relevant parts of the tender documents (including draft contracts) for non-objection prior to the commencement of the procurement procedure. For such cases, the NCU shall submit the relevant parts of tender documents to the SCO for an assessment to be completed within 25 working days. As a result of this assessment,~~

~~Switzerland may recommend adjustments to the tender documents. These recommendations may be taken into account and the SCO shall be informed accordingly;~~

- ~~b) a notice with basic information on the tender, based on the template provided by Switzerland, is requested for the announcement of the tender in Switzerland. The notice shall be submitted to the SCO no later than five working days before publication of the tender in order to allow an announcement of the tender in Switzerland shortly after the announcement of the tender in the Partner State;~~
- ~~c) Switzerland requests an English translation of the tender documents to be made available to bidders.~~

~~In its selection, Switzerland will focus on public procurements above 500'000 CHF, but could also include smaller public procurements for studies to be financed under the Support Measure Preparation Fund.~~

1. During the approval procedure for Support Measures as stipulated in Article 4.7 and, where applicable, during the subsequent approval procedure for Programme Components and amendments to Support Measures resulting in additional procurements, Switzerland will **select a limited and well justified number** of public procurements for which:
  - a) Switzerland requests a copy of relevant parts of the tender documents (including draft contracts) for non-objection prior to the commencement of the procurement procedure. For such cases, the NCU shall submit the relevant parts of tender documents to the SCO for an assessment to be completed within **10 working days**. As a result of this assessment, Switzerland may recommend adjustments to the tender documents. These recommendations may be taken into account and the SCO shall be informed accordingly;
  - b) a notice with basic information on the tender, based on the template provided by Switzerland, is requested for the announcement of the tender in Switzerland. The notice shall be submitted to the SCO no later than five working days before publication of the tender in order to allow an announcement of the tender in Switzerland shortly after the announcement of the tender in the Partner State;
  - c) Switzerland requests an English translation of the tender documents to be made available to bidders.

In its selection, Switzerland will focus on public procurements above 500'000 CHF, but could also include smaller public procurements for studies to be financed under the Support Measure Preparation Fund.

2. The SCO, or any third party appointed by it, shall have the right to participate in any tender evaluation committee meeting as an observer. The NCU shall announce to Switzerland the dates of the tender evaluation committee meetings no later than five working days prior to the meetings.
3. The SCO shall have the right to request a copy of the evaluation report and of all or parts of concluded contracts. The requested documents shall be submitted at the latest 20 working days after the request.
4. The NCU shall ensure that records of all procurement procedures are retained in accordance with the law of the Partner State. The NCU shall provide any and all

information pertaining to the awarding procedures, in addition to the documents listed above, which Switzerland may reasonably request.

## **Chapter 8                      Payment transactions**

### **Article 8.1                      Pre-financing by the Partner State**

1. In principle, all expenditures in the Cooperation Programme shall be pre-financed by the Partner State.
2. In principle, the Partner State shall pay the expenditures incurred, as specified in Article 6.1 paragraph 2, by an Executing Agency under the Partner State's budget procedure, having due regard to the stipulations regarding expenditures eligibility in Chapter 6 and the relevant Support Measure Agreement, before seeking any reimbursement of expenditures from Switzerland. The conditions for possible exceptions to this principle and the corresponding procedures are set out in Article 8.3.

### **Article 8.2                      Reimbursement of expenditures**

1. Switzerland shall reimburse the Partner State for eligible expenditures incurred in Support Measures based on Reimbursement Requests submitted by the Paying Authority.
2. In relation to Reimbursement Requests the Paying Authority shall:
  - a) check the conformity of the Reimbursement Request with the financial stipulations, in particular the co-financing rate, set out in the relevant Support Measure Agreement;
  - b) ensure that sufficient information for the certification of the Reimbursement Request is received and check the compliance of the Reimbursement Request with the information available to the Paying Authority;
  - c) confirm that the co-financing of the Partner State has been provided in accordance with the relevant Support Measure Agreement;
  - d) confirm that based on the information available to Paying Authority no double-financing could be identified;
  - e) ensure that recoverable VAT is not included in the Reimbursement Request as eligible expense;
  - f) keep accounts of all Reimbursement Requests submitted to Switzerland.
3. Reimbursement Requests shall include information on the financial status of the Support Measures and on the activities undertaken in the period under review. Reimbursement Requests shall be based on the template provided by Switzerland.
4. Reimbursement Requests shall cover reimbursement periods. Apart from the first and the last reimbursement periods applying to a Support Measure, reimbursement periods last six months or integer multiples of six months. The reimbursement periods are January to June (01.01. to 30.06.) and July to December (01.07. to 31.12.). Unless the Support Measure starts on the first day of a reporting period, the first reimbursement period runs from the date of signing of the Support Measure Agreement to the end of the following reimbursement period. The last reimbursement period runs from the end of the penultimate

reimbursement period to the end of the eligibility period, whose latest possible date is set in Article 6.1, paragraph 3.

5. Reimbursement Requests must be submitted to the SCO at the latest within three months of the end of the relevant reimbursement period, except for the final Reimbursement Request. The final Reimbursement Request must be submitted to the SCO not later than nine months after the completion of the Support Measure. Provided that Switzerland agrees with the Reimbursement Request, it transfers the requested amount in principle within 30 days.
6. Where no expenditures were incurred in a reimbursement period, no Reimbursement Request shall be submitted. A Reimbursement Request shall first be submitted after a reimbursement period in which expenditures were incurred. This Reimbursement Request shall cover all previous reimbursement periods not yet covered by a Reimbursement Request.
7. In exceptional cases, the Partner State and Switzerland may agree that reimbursement periods cover a different number of months or integer multiples thereof.
8. Switzerland may declare expenditures ineligible and cancel a reimbursement, if:
  - a) a Reimbursement Request has not been received by Switzerland within twelve months of the end of the reimbursement period in which the expenditures have been incurred by the Executing Agency, respectively in the case of Technical Support, by the national entities referred to in Article 3.2;
  - b) a Reimbursement Request has not been received by Switzerland by 3 September 2030.
9. The approval by Switzerland of the Support Measure Completion Report, submitted in accordance with Article 4.14, and the fulfilment of all obligations with regard to the financial auditing of a Support Measure under Chapter 9 are preconditions for the reimbursement by Switzerland of expenditures included in the final Reimbursement Request relating to a Support Measure.
10. The payment by Switzerland of a requested reimbursement constitutes the approval of the Reimbursement Request.

### **Article 8.3                      Advance payments**

1. In exceptional cases, e.g. for Support Measures benefiting civil society organisations or other institutions with similar limitations for pre-financing, or for activities performed by Swiss Support Measure Partners, Switzerland may notwithstanding Article 8.1 paragraph 2, pre-finance or reimburse advance payments by the Partner State to Executing Agencies. Such advance payments were to be agreed in the relevant Support Measure Agreement and subject to paragraphs 2 and 3 and to the provision of sufficient proof for the execution of the advance payment by the Partner State and to the provision of the Partner State's co-financing in accordance with the respective Support Measure Agreement.
2. Advance payments shall not cover the entire Swiss co-financing of all eligible expenditures of a Support Measure. A certain amount shall be retained until the provision of the Support Measure Completion Report under Article 4.14. The amount thus retained shall be proportionate to the Support Measure budget and the financial capacity of the Executing Agency and be stipulated in the Support Measure Agreement.

3. For Support Measures for which Switzerland reimburses advance payments, a final balance shall be calculated
  - a) as the total reported eligible expenditures of the Support Measures;
  - b) after deduction of:
    - (i) the total of the previously reimbursed expenditures (advance payments and non-advance payments);
    - (ii) interest earned due to the advance payments on bank accounts of Project Operators or Programme Operators; and
    - (iii) in the case of Programmes, any funds reimbursed from Programme Component Operators to Programme Operators that have not been reallocated to other Programme Components or refunded to Switzerland.
4. The final balance shall be calculated and reported in the final Reimbursement Request. In the case of a negative final balance
  - a) the Partner State shall transfer to Switzerland the amount owed to Switzerland within one month of Switzerland approving the final Reimbursement Request;
  - b) any interest earned on bank accounts of Project Operators or Programme Operators between the date of submission of the final Reimbursement Request and the date of the transfer to Switzerland shall be included in the transfer.

#### **Article 8.4 Currencies**

1. All reimbursements made by Switzerland to the Partner State shall be in Swiss francs.
2. The Paying Authority shall convert the total of all expenditures incurred in the given reimbursement period into Swiss francs at the daily exchange rate of the Partner State's national bank effective on the last working day of the reimbursement period.
3. Switzerland is not responsible or liable for any losses resulting from exchange rate fluctuations.

### **Chapter 9 Audits**

#### **Article 9.1 Audits of the management and control systems at the level of the Cooperation Programme**

1. The main objective of the audits at systems level is to obtain assurance that the management and control system(s) in the Partner State are functioning effectively and in compliance with the Framework Agreement and national law of the Partner State.
2. The audits shall cover in particular:
  - a) the definition of the functions of the entities involved in the management and control of the Cooperation Programme and the allocation of functions within each entity;
  - b) compliance with the principle of separation of functions between and within such entities;

- c) the procedures and embedded controls for ensuring the correctness and regularity of expenditures;
  - d) the reliability of the accounting, monitoring and financial reporting;
  - e) the reporting and monitoring systems where the responsible entity entrusts the execution of tasks to another entity;
  - f) the system to ensure that all documents regarding expenditures and audits are held to ensure an adequate audit trail;
  - g) the procedures ensuring that the rules on public procurement are correctly applied (see Chapter 7);
  - h) the procedures for preventing, detecting, reporting, correcting and prosecuting Irregularities (see Chapter 11).
3. The audit should be carried out in accordance with national system audit requirements, which are generally applicable for funds of the European Union or EEA / Norway Grants. The management and control systems of the NCU, Intermediate Bodies and the Paying Authority shall be audited at least once.

## **Article 9.2                      Audits of Support Measures**

1. The auditor is required to examine and conclude on the following matter:
  - (i) Accuracy, completeness and veracity of the accounts;
  - (ii) Legality and regularity of expenditure;
  - (iii) Existence, adequacy and effectiveness of the management and control system.
2. In exceptional cases Switzerland and the Partner State may agree to rely for the audit of both the financial regularity and the internal control system on statutory financial external audit reports in accordance with ISA.
3. The first audits of the management and control systems of the Programme Operators shall, in principle, be performed before the first Swiss reimbursement under the Support Measure Agreement, in respect of which the Programme Operator assumes management and control functions, is made.
- ~~4. For the purpose of point (ii) of paragraph 1, the declared expenditure shall be audited based on a representative sample and, as a general rule, on statistical sampling methods. The size of the sample shall be sufficient to enable the Audit Authority to draw up a valid audit opinion.~~

~~A non-statistical sampling method may be used on the professional judgment of the Audit Authority, to be duly justified in the audit strategy, in accordance with internationally accepted audit standards and in any case where the number of Projects or Programme Components for a year is insufficient to allow the use of a statistical method.~~

~~The non-statistical sampling method shall cover a minimum of 10% of Projects or Programme Components for which expenditure has been declared during a year and a minimum of 15% of the expenditure which has been declared during a year.~~
4. A non-statistical sampling method may be used on the professional judgment of the Audit Authority, to be duly justified in the audit strategy, in accordance with internationally

accepted audit standards and in any case where the number of Projects or Programme Components for a year is insufficient to allow the use of a statistical method.

The non-statistical sampling method shall cover a minimum of 10% of Projects or Programme Components for which expenditure has been declared during a year and a minimum of 15% of the expenditure which has been declared during a year.

5. Switzerland and Slovakia have agreed to rely for the audit of both the financial regularity and the internal control system on statutory financial external audit reports in accordance with internationally accepted audit standards. The Audit Authority may appoint an external certified auditor for each Project and Programme Component, to be paid from the respective budget of the Project or Programme Component. For Projects and Programme Components not exceeding CHF 500,000, the audit shall be carried out after the Project or Programme Component completion. Non-statistical sampling method shall be used to verify the legality and regularity of expenditure, as described in Article 9.2.4 of the Regulations.

### **Article 9.3                      Audit strategy and reporting on audits**

1. The Audit Authority shall prepare an audit strategy for the Cooperation Programme. The audit strategy shall inter alia confirm the functional independence of the Audit Authority, explain the risk assessment, set out the audit methodology including materiality thresholds, the sampling method for audits and the indicative planning of audits to ensure that audits are spread evenly throughout the implementation period.
2. The audit strategy shall be submitted to Switzerland within nine months of the signature of the Framework Agreement for approval. It shall be updated annually as appropriate and be submitted to the SCO by the end of each calendar year. Switzerland may provide comments.
3. The Audit Authority shall submit to Switzerland not later than 9 months after the end of the reporting period an Annual Audit Report setting out the findings of the audits carried out in accordance with the audit strategy as well as the measures taken to remedy shortcomings. The final Annual Audit Report shall be submitted no later than 31 October 2030. The structure and content of the Annual Audit Report shall be in line with the template provided by Switzerland. The signed auditor's opinion shall be attached to the Annual Audit Report.
4. The reporting period for the Annual Audit Report is the previous accounting year (running from 1 July to 30 June), with the exception of the first and final report. The first report shall cover the period from the date on which the Framework Agreement is signed until the 30 June of the following year. The final report shall cover the period from the end of the penultimate reporting period until the date the final Reimbursement Request under the Cooperation Programme has been submitted to Switzerland.
5. The Project Operators and Programme Operators shall provide information in their Annual Support Measure Reports on all the audits concerning their Support Measure carried out during the reporting year, their main findings and the progress in implementing eventual corrective measures addressing detected shortcomings.
6. The NCU shall provide information in the Annual Cooperation Programme Report of all the audits on the Partner State level carried out during the reporting year, their main findings

and the progress in implementing eventual corrective measures addressing detected shortcomings.

7. The Audit Authority shall submit to Switzerland a closure declaration assessing the validity of the application for payment of the final balance claimed in the final Reimbursement Request under the Cooperation Programme within 9 months after submission of the final Reimbursement Request under the Cooperation Programme to Switzerland, but no later than 31 October 2030.

#### **Article 9.4 Additional audits**

1. The Audit Authority may perform additional audits concerning the Cooperation Programme in accordance with the law of the Partner State, at its own expense. The Audit Authority informs Switzerland about the conclusions and recommendations of such audits in its Annual Audit Report.
2. Switzerland has the right to carry out or arrange for additional audits to be performed, including procurement, forensic, financial audits and to verify the effective functioning of the management and control systems. This includes the right to perform a review of the Audit Authority's audit working papers. The NCU shall ensure that the auditors are accompanied by the relevant personnel, receive the necessary assistance and unimpeded access to all the information, documents, persons, locations and facilities relevant for the audit, during the implementation of the Support Measure and for a period of 10 years following completion of the Support Measure in line with the period defined for record-keeping in Article 4.15 paragraph 1.
3. Access according to paragraph 2 above to locations and facilities shall be contingent upon the period set forth in Article 4.15, paragraph 2 and 3 of the Regulations.

### **Chapter 10 Monitoring and evaluation**

#### **Article 10.1 Monitoring and evaluation plan**

1. The NCU shall establish a comprehensive monitoring and evaluation plan that outlines planned monitoring missions as well as reviews and evaluations of specific Support Measures or thematic areas. Furthermore, the plan shall include an evaluation of the overall Cooperation Programme to be conducted between 2026 and 2028.
2. The NCU shall present its monitoring and evaluation plan in its first Annual Cooperation Programme Report.
3. In the following Annual Cooperation Programme Reports the NCU shall inform Switzerland about any updates to and the progress in implementing the monitoring and evaluation plan and provide the summarised results of the evaluations carried out during the reporting period. During the annual meeting, the progress and the planning shall be discussed and agreed between the NCU and Switzerland.
4. The NCU and Switzerland shall jointly agree on specific Support Measures which shall be monitored or/and evaluated post-completion.

## **Article 10.2                    Monitoring missions**

1. The NCU shall carry out risk-based on-site monitoring missions to monitor the progress towards the outputs and outcomes according to agreed indicators, baselines and targets. It shall involve the necessary technical experts as appropriate in such missions.
2. Without prejudice to the monitoring carried out by the NCU and the Executing Agencies, Switzerland, or any third party appointed by it, shall have the right to visit the Support Measures, conduct a comprehensive assessment, and shall be granted full access to all documents and information related to the Support Measures. The SCO shall inform the NCU about any planned monitoring mission two weeks in advance. The NCU shall, upon request, ensure that the representatives of Switzerland are accompanied by the relevant personnel and are provided with the necessary assistance.

## **Article 10.3                    Evaluations by the Partner State**

1. The Partner State shall organise the resources and expertise necessary to carry out evaluations at the levels of the Cooperation Programme or thematic areas.
2. Evaluations shall be carried out by external experts or entities independent of the NCU, the Paying Authority, the Intermediate Bodies and the Executing Agencies. The evaluations shall adhere to the DAC/OECD standards.
3. Switzerland, or any third party appointed by it, shall have the right to participate in any evaluation commissioned by the Partner State, in particular those realised at the levels of the Cooperation Programme, thematic areas or Programmes. The extent and type of participation will be agreed between the Partner State and Switzerland on a case-by-case basis.
4. The Partner State shall submit its management response together with the evaluation report to the SCO within three months of completion of the evaluation.

## **Article 10.4                    Evaluations by Switzerland**

Switzerland has the right to carry out evaluations of the Cooperation Programme, selected sectors or specific Support Measures, during and after their implementation. For evaluations during the implementation of the Cooperation Programme, the NCU shall, upon request by Switzerland, ensure that the evaluators are accompanied by the relevant personnel and receive all the information needed as well as the necessary assistance.

## **Chapter 11                    Irregularities**

### **Article 11.1                    Definition of Irregularities**

1. An “Irregularity” shall mean any breach wilfully or negligently of the legal framework of the second Swiss Contribution, as outlined in Article 2 of the Framework Agreement, or of any provision of the applicable law and regulations, which has led or could lead to prejudicing the planning or implementation of the Cooperation Programme and/or cause any financial, damage.
2. Irregularities may include, but are not limited to, unjustified utilisation of funds, corruption, theft, embezzlement, fraud or other crimes against property, documents forgery, undue

acceptance of a gift or other advantage, unresolved conflict of interest, violation of codes of conduct, sexual exploitation, abuse and harassment (SEAH)<sup>1</sup>, concealment of pertinent information, use and/or disclosure of sensitive information, violations of public procurement rules. Minor and non-recurring administrative mistakes resulting from unintentional negligent behaviour are not Irregularities.

## **Article 11.2                      Responsibilities related to Irregularities**

1. The NCU shall make every effort possible to prevent, detect, and remedy Irregularities occurring within the framework of the Cooperation Programme. Any suspected and actual incidents of Irregularities shall be investigated promptly and efficiently and properly remedied, including making financial corrections that may be appropriate in accordance with Article 11.4.
2. The NCU ensures that SEAH is not tolerated. The NCU will take all reasonable and adequate steps to prevent SEAH of any person linked to the Cooperation Programme by employees of the NCU, the involved Agencies and the Executing Agencies. The NCU will respond appropriately if reports of SEAH arise, ensuring safety of the affected person(s), and applying principles of safety, confidentiality, respect, and non-discrimination.

The NCU ensures that any agreements with the Executing Agencies that relate to the execution of the Support Measures comply with these obligations.

3. Switzerland reserves the right to demand specific and/or additional measures to prevent, detect and remedy Irregularities.
4. The NCU shall establish a complaint mechanism that shall be capable of effectively receiving, processing and deciding on complaints about suspected or actual Irregularities in relation to the Cooperation Programme.
5. Information on how to submit a complaint shall be prominently placed on the website of the NCU. The Partner State and the NCU shall take appropriate measures to protect the privacy of whistle-blowers.
6. Any complaints involving suspected or actual Irregularities shall be reported to the SCO in accordance with Article 11.3. Upon request, the NCU shall submit a list of all the complaints received to the SCO.
7. The NCU shall, upon request by Switzerland, examine complaints that were received by Switzerland.
8. The Partner State shall be liable for any financial loss and/or any other damage resulting from Irregularities that have occurred within the framework of the Cooperation Programme.

## **Article 11.3                      Reporting of Irregularities**

1. The NCU shall immediately report to the SCO all suspected or actual cases of Irregularities if any of the following conditions apply:

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<sup>1</sup> Consistent with UNGA Resolution A/RES/73/148 for the definition of sexual harassment and UNSG Bulletin ST/SGB/2003/13 for the definition of sexual exploitation and abuse.

- a) the Irregularity involves allegations of an act or omission which constitutes a criminal offence under the applicable law;
  - b) the Irregularity poses a threat to the successful implementation of the Cooperation Programme or of a Support Measure and/or indicates the presence of serious mismanagement affecting the use of the Contribution;
2. In all other cases, the NCU shall report new suspected or actual Irregularities to the SCO on a quarterly basis, i.e. within two months of the end of each quarter.
  3. The NCU shall use the report template, provided by Switzerland, to report suspected or actual Irregularities. As well as reporting new Irregularities, the NCU shall report to the SCO, by updating the report form, on the progress made and/or measures taken in investigating and remedying previously reported Irregularities. Switzerland has the right to request at any time additional information on the progress made in the investigation and correction of Irregularities.
  4. The records relating to all detected Irregularities shall be held by the NCU. The NCU shall promptly provide detailed and documented information on Irregularities upon request by Switzerland.

#### **Article 11.4                      Financial corrections**

1. In accordance with Article 11.2, in the event of an Irregularity, the NCU shall clarify whether a withdrawal of funding from the relevant Support Measure (financial correction) is necessary. If it is necessary, the NCU shall determine the amount of the financial correction, applying the principle of proportionality, taking into account specific circumstances and, in particular, the nature and gravity of the Irregularity identified. In this context, the NCU shall also take into consideration the impact of the Irregularity on both the affected Support Measure and the Executing Agency, and the reputation of Switzerland.
2. Before the proposed financial correction is applied, it shall be proposed by the NCU to Switzerland. If Switzerland disagrees with the proposed financial correction, Switzerland shall enter into a dialogue with the NCU within one month of receiving the proposal. The NCU shall take into account the concerns of Switzerland.
3. If the amount of the agreed financial correction has already been paid by Switzerland, the amount of the financial correction shall be deducted from the next Reimbursement Request for the Support Measure in question. If this is not possible, the Partner State shall repay the amount of the financial correction to Switzerland within three months of the decision on the financial correction being made.

## **Chapter 12                      Corrective measures by Switzerland**

### **Article 12.1                      Reasons for corrective measures**

Switzerland is entitled to take proportional corrective measures in accordance with Article 12.2 if one or more of the following applies:

- a) in the case of suspected or actual Irregularities, as defined in Article 11.1, which have been identified either by the Partner State or by Switzerland;

- b) there is a serious deficiency in the management and control systems established by the Partner State for the Cooperation Programme;
- c) there is a serious deficiency in the management of a Support Measure;
- d) information, reports and documents requested in accordance with Chapter 4, Chapter 7, Chapter 9 and Chapter 10 have not been provided;
- e) a demand for reimbursement by the Partner State related to any type of assistance in the Partner State and financed by the Contribution in accordance with Article 11.4 has not been complied with by the Partner State;
- f) information on complaints and Irregularities requested by Switzerland in accordance with Article 11.3 has not been provided or is incomplete;
- g) a Support Measure or a national authority, Executing Agency or any other entity involved in the implementation of a Support Measure violates or risks violating fundamental European values, such as principles of democracy, the rule of law, political pluralism, human rights, human dignity and fundamental freedoms; or the general principles listed in Article 2.3;
- h) delays in the implementation of a Support Measure make it impossible to fully implement the Support Measure within the eligibility period defined in Article 4 paragraph 3 of the Framework Agreement;
- i) any other serious breach of the legal framework applying to the Swiss Contribution has occurred.

## **Article 12.2                      Corrective measures**

1. If one or more of the cases set forth in Article 12.1 applies, Switzerland is entitled to take measures including, but not limited to:
  - a) suspending or stopping reimbursements immediately;
  - b) instructing the Partner State to stop payments under the Cooperation Programme;
  - c) asking for repayment of paid reimbursements at any stage of the respective Support Measure;
  - d) cancelling all or part of the Contribution.
2. Switzerland shall, in written form, communicate to the NCU its intention to take actions under paragraph 1. Except for urgent cases, the NCU shall be given the opportunity to provide its views before Switzerland takes its final decision on the measures to be taken.
3. If Switzerland asks for repayment under paragraph 1c), the Partner State shall repay the amount concerned to Switzerland within three months of receiving the request from Switzerland.

## **Chapter 13                      Information and communication**

### **Article 13.1                      Dissemination of information in the Partner State**

1. The Partner State shall widely disseminate information on the Cooperation Programme to the public. The wider public in the Partner State shall be informed about the Cooperation Programme in general, the funding provided by Switzerland as well as the Support Measures and their results.

2. All the communication related to the Cooperation Programme shall be in line with the Communication and Information Manual provided by Switzerland.

### **Article 13.2 Responsibilities of the NCU**

The NCU shall have the following responsibilities in relation to communication:

- a) developing a communication concept and presenting it to Switzerland in its first Annual Cooperation Programme Report;
- b) coordinating and supporting all communication activities with regard to the Cooperation Programme in the Partner State;
- c) publishing the information specified in the Communication and Information Manual in the language(s) of the Partner State and in English on a website dedicated to the Cooperation Programme or – if agreed with Switzerland – on the website of the NCU;
- d) providing information material and professional pictures and videos for communication activities in Switzerland;
- e) ensuring that the Executing Agencies fulfil their obligations under Article 13.3;
- f) ensuring that the logo of the Swiss Cooperation Programme and the logo of the Swiss Confederation are correctly used on all the information and communication material related to the Cooperation Programme;
- g) informing Switzerland about upcoming events in advance, so that possible Swiss participation can be arranged;
- h) organising, in consultation with Switzerland, a launching and a closing event for the Cooperation Programme with outreach and visibility to the broader public.

### **Article 13.3 Responsibilities of the Executing Agencies**

1. The Executing Agencies shall ensure that all beneficiaries are aware of the support provided by the Swiss Cooperation Programme.
2. The Executing Agencies shall ensure that the Swiss support is explicitly visible at all construction sites, on physical objects, on infrastructure, in publications and other information materials related to the Support Measure and the Cooperation Programme.
3. Each Executing Agency shall plan and implement communication activities that include at least a launching and a closing event for each Project and Programme. The communication activities shall be described in the Support Measure proposal. A budget line for communication activities shall be included in the Support Measure budget.

## **Chapter 14 Final provisions**

The Regulations are communicated to each Partner State before the signature of the Framework Agreement.

### **Article 14.1 Amendments**

1. The present Regulations may be amended by the Competent Authorities of Switzerland referred to in Article 6 paragraph 2 of the Framework Agreement. Any amendment to the Regulations shall be subject to prior consultation with the Partner State.

2. Switzerland shall transmit the amended version of the Regulations to each Partner State at least 30 days before such amendments take effect.

**Article 14.2**                      **Waiver**

1. Switzerland may in specific cases and in response to exceptional or new circumstances, agree with a Partner State to waive the application of any particular provisions of these Regulations or any guidelines adopted by Switzerland, where this is necessary for the achievement of the results of the Cooperation Programme and/or a particular Support Measure.
2. Prior the agreement to apply a waiver, Switzerland will examine whether an amendment of the provision concerned in these Regulations would be more appropriate.