

FRAMEWORK AGREEMENT

between

THE SWISS FEDERAL COUNCIL

and

**THE GOVERNMENT OF THE REPUBLIC OF
CROATIA**

on

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

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

and

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

hereinafter collectively referred to as the "Parties" and individually as the "Party"

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

have agreed as follows:



Article 1 – Definitions

For the purposes of this Framework Agreement:

“Contribution” means the maximum non-refundable financial contribution granted by Switzerland to Croatia under this Framework Agreement;

“Country-Specific Set-Up” (Annex) means the thematic and geographical allocations of the Contribution and specific rules agreed between Switzerland and Croatia as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Swiss-Croatian Cooperation Programme and in Support Measures respectively;

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

“National Coordination Unit” means the national public entity of Croatia designated to act on its behalf for the implementation of the Swiss-Croatian Cooperation Programme;

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

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

“Regulations” means the Regulations on the implementation of the second Swiss Contribution in the area of cohesion issued by Switzerland and containing the general rules and procedures on the implementation of the Swiss-Croatian Cooperation Programme;

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

“Support Measure Agreement” means an agreement between the Parties and, if need be, additional contracting parties, on the implementation of a Support Measure;

“Swiss-Croatian Cooperation Programme” means the bilateral programme for the implementation of this Framework Agreement;

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

Article 2 – Legal Framework

1. This Framework Agreement, together with the following documents, constitutes the legal framework of the implementation of the second Swiss Contribution in the area of cohesion:
 - a) the Regulations and subsequent amendments thereof;
 - b) Support Measure Agreements, or other agreements between the Parties, resulting from the Framework Agreement; and
 - c) any operational procedures or guidelines adopted by Switzerland after consultation with Croatia.
2. In the event of conflicts or inconsistencies between the provisions of these instruments, the aforementioned order of precedence shall apply.

Article 3 – Objectives and Principles

1. The overall objective of the Swiss-Croatian Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within Croatia, building upon and further strengthening the bilateral relations between Switzerland and the EU and its Member States.
2. The Parties shall select Support Measures that contribute to the achievement of the overall objective and which, with the exception of Technical Support, contribute to at least one of the five objectives of the second Swiss Contribution, which are:
 - a) promoting economic growth and social dialogue, reducing (youth) unemployment;
 - b) managing migration and supporting integration, increasing public safety and security;
 - c) protecting the environment and the climate;
 - d) strengthening of social systems;
 - e) civic engagement and transparency.
3. Support Measures, with the exception of Technical Support and unless otherwise agreed upon by the Parties, shall be assigned to at least one thematic area of cooperation, as set out in the Regulations. The Parties shall achieve a thematic focus for the Contribution. Therefore, the Parties shall mutually agree on a limited number of thematic areas to receive support under the Swiss-Croatian Cooperation Programme, as set out in the Country-Specific Set-Up.
4. The Parties shall encourage partnerships and the exchange of expertise between actors from Croatia and Switzerland.
5. Support Measures shall respect social inclusion and ensure environmental sustainability.
6. All actions under the Swiss-Croatian Cooperation Programme shall be implemented in line with the objectives, principles, strategic directions, and geographical and thematic focus as outlined in the Country-Specific Set-Up and the Regulations.

Article 4 – Financial Framework

1. Switzerland agrees to grant a Contribution to Croatia of up to CHF 45'700'000 (forty-five million seven hundred thousand Swiss francs) with reference to the agreed thematic areas and geographical allocation and according to the indicative allocation defined in the Country-Specific Set-Up.
2. The Contribution in paragraph 1 does not include expenditures by Switzerland on the management costs of the “Swiss-Croatian Cooperation Programme” and on the “Swiss Expertise and Partnership Fund Cohesion”. The latter is a fund administered by Switzerland, aimed at making Swiss expertise available to selected EU Member States, ensuring the quality and sustainability of Support Measures, strengthening bilateral relations and fostering partnerships between Switzerland and Croatia.
3. The period of eligibility of expenditures from Support Measures, as defined in Chapter 6 of the Regulations, ends on 3 December 2029, inclusive. Funds not used by this date shall no longer be available to Croatia.
4. Under the Swiss-Croatian Cooperation Programme, with the exception of the amounts reserved for Swiss management costs and the Swiss Expertise and Partnership Fund Cohesion, the Contribution should be provided in the form of non-refundable grants or concessional financial facilities such as credit lines, guarantee schemes, equity, debt participation, and loans.
5. The financing from the Contribution shall not exceed 60% of the eligible expenditures from the Support Measure, except for:
 - a) Projects or Programmes receiving additional financing in the form of budget allocations from national, regional or local authorities, in which case the financing from the Contribution may not exceed 85% of the total eligible expenditures;
 - b) Projects or Programmes implemented by non-governmental organisations, which may be financed to a degree higher than 60% or fully by the Contribution;
 - c) Technical Support, which may be financed to a degree higher than 60% or fully by the Contribution;
 - d) Support Measures in the form of credit lines, guarantee schemes, equity and debt participation and loans to the private sector, which may be financed to a degree higher than 60% or even fully by the Contribution.
6. Croatia shall ensure compliance with applicable rules on state aid and public procurement.

Article 5 – Principles for Support Measures

1. Support Measures shall be implemented in accordance with the legal framework pursuant to Article 2.
2. Croatia is responsible for the identification of Support Measures, which are:



- a) relevant and in line with national priorities;
- b) effective in addressing the identified needs;
- c) feasible and efficient to implement;
- d) expected to have impact;
- e) designed to create sustainable benefits.

3. Croatia shall avoid any duplication of and/or overlap with any part of a Support Measure which is receiving support from any other structural and/or cohesion funds, such as the European Funds, the European Economic Area Financial Mechanism or the Norwegian Financial Mechanism, as the case may be.

4. Each Support Measure shall be approved first by Croatia and then by Switzerland.

5. Each Support Measure shall be subject to a Support Measure Agreement.

6. The Parties attach high importance to the monitoring, evaluation and auditing of the Support Measures and the Contribution. Each Party shall share, without delay, any useful information requested by the other Party. The Parties shall ensure effective coordination and monitoring of the Swiss-Croatian Cooperation Programme.

7. Switzerland, or any third party appointed to act on its behalf, shall have the right to visit, monitor, review, audit and evaluate all activities and procedures related to the implementation of the Support Measures, as deemed appropriate by Switzerland. Croatia shall provide any and all information, assistance and documentation, which may be requested or useful, to allow Switzerland to exercise such right.

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

Article 6 – Competent Authorities

1. Croatia has authorised a national public entity to act on its behalf as the National Coordination Unit (see Country-Specific Set-Up). The National Coordination Unit shall have overall responsibility for reaching the objectives of the Swiss-Croatian Cooperation Programme as well as for its implementation in accordance with this Framework Agreement.

2. Switzerland has authorised the Federal Department of Foreign Affairs, acting through the Swiss Agency for Development and Cooperation (SDC), and the Federal Department of Economic Affairs, Education and Research, acting through the State Secretariat for Economic Affairs (SECO), to act on its behalf for the implementation of the Swiss-Croatian Cooperation Programme. Support Measures are assigned to either the SDC or SECO in line with their respective fields of competence.

Article 7 – Liability

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

Article 8 – Common Concern

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

Article 9 – Amendments

1. Any amendment to this Framework Agreement shall be made in writing with the mutual agreement of the Parties.
2. Notwithstanding paragraph 1 above, the Country-Specific Set-Up may be amended by mutual agreement of the competent authorities referred to in Article 6 through an exchange of letters between them.

Article 10 – Final Provisions

1. The Country-Specific Set-Up (Annex) shall form an integral part of this Framework Agreement.
2. This Framework Agreement shall enter into force, after its signature, on the date of receipt of the last notification confirming the completion by both Parties of their respective approval procedures. It applies until both Parties have fulfilled all their obligations. The Parties shall provisionally apply this Framework Agreement and the Annex hereto commencing on the date on which this Framework Agreement is signed by both Parties.
3. Any dispute which may result from the application of this Framework Agreement shall be resolved by diplomatic means.

4. This Framework Agreement may be terminated at any time by one of the Parties giving six months' prior written notice. Prior to making such a decision, the Parties shall enter into consultation regarding the reasons for the termination.

5. In the event of termination of this Framework Agreement, its provisions shall continue to apply to the relevant Support Measure Agreements concluded before the termination of this Framework Agreement. The Parties shall decide by mutual agreement on any other consequences of the termination.

Done at Zagreb on 18/10/2022 in two originals in the English language.

For the Swiss Federal Council



Urs Hammer
Ambassador of Switzerland
to the Republic of Croatia



For the Government of Croatia



Nataša Franjšak mag. iur.
Minister of Regional Development
and EU Funds



Annex

COUNTRY-SPECIFIC SET-UP

to the

FRAMEWORK AGREEMENT

between

THE SWISS FEDERAL COUNCIL

and

THE GOVERNMENT OF CROATIA

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**THE IMPLEMENTATION OF THE SECOND SWISS
CONTRIBUTION TO SELECTED MEMBER STATES OF
THE EUROPEAN UNION TO REDUCE ECONOMIC AND
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1. General provisions

1.1 This Country-Specific Set-Up is an integral part of the Framework Agreement between the Swiss Federal Council (hereinafter referred to as 'Switzerland') and the Government of Croatia (hereinafter referred to as 'Croatia') on the implementation of 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 'Framework Agreement').

1.2 For the purposes of this Country-Specific Set-Up, the definitions in the Framework Agreement shall apply.

1.3 This Country-Specific Set-Up lays down the thematic and geographical allocations of the Contribution and the specific rules agreed between Switzerland and Croatia, as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Swiss-Croatian Cooperation Programme and in Support Measures respectively

1.4 For specific rules and procedures not provided in the Country Specific Set-Up, the provisions of the Regulations shall apply.

Roles and responsibilities for the Swiss – Croatian Cooperation Programme

2.1 National Coordination Unit

The Partner State has authorised the Croatian Ministry of Regional Development and Funds of the European Union, Directorate for Strategic Planning and Coordination of EU Funds, Sector for EU programmes and International Financial Mechanisms to act on its behalf as National Coordination Unit of the Swiss – Croatian Cooperation Programme.

The roles and responsibilities of the National Coordination Unit are set out in the Regulations.

2.2 Intermediate Body

The Intermediate Body for the Water and waste-water management is the Ministry of Economy and Sustainable Development.

In line with the Croatian legal framework, the responsible body for the operation of the Croatian Waters is the ministry responsible for water management which in this case is the Ministry of Economy and Sustainable Development. The Ministry of Economy and Sustainable Development plans the funds of the Swiss Contribution in its section of the State Budget, and ensures the payment of the funds of the Swiss Contribution for expenses verified by the Programme Operator, Croatian Waters, based on the submitted requests. It also monitors the progress of the activities financed by the Swiss Contribution.

2.3 Paying Authority

The Ministry of Finance, State Treasury, is the Paying Authority for the Swiss Contribution. The roles and responsibilities of the Paying Authority are set out in the Regulations.

2.4 Audit Authority

The **Agency** for the **Audit** of European Union Programmes Implementation System (**ARPA**) is the Audit Authority for the Swiss Contribution. The roles and responsibilities of the Audit Authority are set out in the Regulations.

2.5 Irregularity Authority

The Ministry of Finance, Service for Coordination of the System for Combating Irregularities and Fraud in the use of EU Funds (AFCOS-Service), is the Irregularity Authority for the Swiss Contribution.



3. Parameters of cooperation

3.1 Thematic allocation

Specific objective & thematic area	Indicative Swiss allocation of the Contribution [in CHF millions]
1. Promoting economic growth and social dialogue, reducing (youth) unemployment	
(i) Vocational and professional education and training	0
(ii) Research and innovation	8.0
(iii) Financing for micro, small and medium-sized enterprises	0
2. Managing migration and supporting integration. Increasing public safety and security	
(iv) Providing support to migration management and promoting integration measures	0
(v) Improving public safety and security	0
3. Protecting the environment and the climate	
(vi) Energy efficiency and renewable energy	0
(vii) Public transport	0
(viii) Water and waste-water management	23
(ix) Waste management	0
(x) Nature conservation and biodiversity	0
4. Strengthening of social systems	
(xi) Health and social protection	5.5
(xii) Minorities and socially disadvantaged groups	0
5. Civic engagement and transparency	
(xiii) Civic engagement and transparency	7.62
6. Technical support	
(xiv) Technical Assistance Fund	0.68
(xv) Support Measure Preparation Fund	0.9
Total Allocation	45.7

Any unused balances in all the Support Measure of the Swiss-Croatian Cooperation Programme may be transferred to any other approved Support Measure provided the feasibility is ensured until the end of the eligibility period, by mutual agreement (e.g. confirmed in the minutes of

meetings or by correspondence) between the competent authorities mentioned in Article 6 of the Framework Agreement in the course of the implementation of the Swiss-Croatian Cooperation Programme. For the consequent modification of the Support Measure, Article 4.12 of the Regulations shall apply.

3.2 Geographical allocation

The following less-favoured regions shall receive at least 50% of the Contribution:

Adriatic Croatia

Pannonian Croatia

North Croatia



3.3 Pre-specified parameters per thematic area

(i) Research and innovation

Directly selected or pre-identified Support Measures

Support Measure name	Research Programme Croatia
Support Measure type	Programme
Objectives	<p>The programme contributes to the economic growth and competitiveness of Croatia by strengthening the research excellence and innovation capacities of Croatian research organizations, universities and enterprises and by facilitating the research and innovation cooperation with international partners. Expected outcomes are among others:</p> <ul style="list-style-type: none"> • Lasting networks between Switzerland and Croatia are created. • Research institutions and/or the private sector enhance their capacities for innovation. • National research institutions produce internationally recognized research results and shape national debates and policy dialogue.
Strategic Focus	<p>The programme will be implemented through two components:</p> <p>Component 1: Multilateral Joint Research Projects (MJRP)</p> <p>Building up long-term sustainable research partnerships between Croatian and Swiss and other European partners with a view to, among other things, encourage joint participation in the EU Framework Programme Horizon Europe.</p> <p>Swiss indicative Commitment: 6 million CHF</p> <p>Component 2: EUROSTARS</p> <p>Improving the innovation capacities and international competitiveness of Croatian SMEs by strengthening their participation in the EUROSTARS programme.</p> <p>Swiss-Croatian RDI cooperation will be facilitated in both programme components. No geographic focus is foreseen but special attention will be paid to promote the programme and encourage participation of RDI organizations and innovative enterprises from outside of Zagreb.</p>

	Swiss indicative Commitment: 2 million CHF
Swiss indicative Commitment	8 million CHF
Programme Operator	<p>For Programme Component 1: The Croatian Sciences Foundation</p> <p>For Programme Component 2: Croatian Agency for SMEs, Innovation and Investments (HAMAG-BICRO)</p> <p>The NCU will conclude two separate Agreements with each Programme Component Operator.</p>
Swiss Support Measure Partner(s)	<p>Swiss research and innovations institutions, and agencies, research infrastructures</p> <p>For Programme Component 2: Innosuisse will be acting as a technical backstopping.</p>
Other specificities related to the Support Measure	<p>For Programme Component 1, the Swiss National Science Foundation will be acting as Programme Component Operator and specific rules, deviating from the Regulations e.g. on financial flows, audit and reporting will be applied and further defined in the Support Measure Agreement.</p>

(ii) Water and waste-water management

Directly selected or pre-identified Support Measures

Support Measure name	Water and waste-water management
Support Measure type	Programme
Objectives	<p>The programme contributes to the environmental protection of the groundwater and surface water as well as to sustainable economic development by i) improving the municipal drinking water supply and waste-water infrastructure including increasing its energy efficiency and use of renewable energy sources; and by ii) improving professional skills in the water and waste-water sector</p>
Strategic Focus	<p>In line with Croatia's National Development Strategy 2030, which prioritises the development of public infrastructure in mountain regions, the programme invests in the (re)construction of the sewage and water supply system in Gorski Kotar with the aim to reduce water losses as well as the pollution of groundwater and surface water in the region. It contributes to the improvement of living conditions</p>



	<p>and sustainable economic development by ensuring reliable supply of high quality drinking water.</p> <p>Climate risks as well as mitigation and adaptation measures shall be systematically taken into account in the design of the investments. By focusing on the use of renewable energies such as small hydropower and solar energy, the sustainability of the aforementioned investments is improved.</p> <p>Practice-oriented training as well as conceptual exchanges and dialogue among Croatian and Swiss waste-water and water professionals complement the aforementioned infrastructure investments.</p>
Swiss indicative Commitment	23 million CHF
Intermediate Body	Ministry of Economy and Sustainable Development
Programme Operator	Croatian Waters – Hrvatske vode
Swiss Support Measure Partner(s)	Swiss institutions with experience in education of professionals and use of renewable energy in the water and waste-water sector such as the Swiss Water Association VSA and probably Swiss Small Hydro
Other specificities related to the Support Measure	Approximately 5% of the Swiss Commitment to the programme has to be dedicated to the skills components

(iii) Health and social protection

Directly selected or pre-identified Support Measures

Support Measure name	Palliative Care Programme
Support Measure type	Programme
Objectives	The overall goal is to improve the quality of life of incurable patients and their families.
Strategic Focus	The Programme aims at ensuring equity and access to palliative care services in Croatia by promoting palliative care among medical and non-medical staff, improving the coordination and integration of all levels of palliative care, and by improving the quality of palliative care at the national level. The Programme will put special focus on ensuring appropriate home based care.

	<p>Activities shall focus on capacity building of professionals and volunteers, members of families of palliative care patients; procurement of equipment for simulation laboratories; and nationwide promotional activities and access to information on palliative care with a possible component for up-grading of the existing IT system for connecting all stakeholders in palliative care and data exchange within the health system.</p> <p>The Programme shall also promote exchange of experience, knowledge, ideas, solutions and best practices with Swiss partner(s).</p>
Swiss indicative Commitment	5.5 million CHF
Programme Operator	Ministry of Health
Swiss Support Measure Partner(s)	Swiss public or private non-profit organisation or experts, active in palliative care.
Other specificities related to the Support Measure	

(iv) Civic engagement and transparency

Directly selected or pre-identified Support Measures

Support Measure name	Civic Engagement
Support Measure type	Programme
Objectives	The overall goal is to strengthen democratic structures and processes through civic engagement to reduce economic and social disparities.
Strategic Focus	<p>The Programme shall finance activities selected under Calls for proposals and provide capacity building and management support to civil society organisations.</p> <p>The Programme will contribute to balanced regional socio-economic growth and democratic development of the Republic of Croatia by strengthening the capacities of civil society organisations.</p> <p>It will implement activities that empower partnerships of civil society organisations and local stakeholders within four Components:</p>

	<p>Component 1: Sustainable Development Education</p> <p>The component aims to increase the role of civil society organisations in the development of competencies of children and youth on sustainable development issues; and to empower partnerships of civil society organisations, schools and local communities in raising awareness on sustainable development issues.</p> <p>Component 2: Strengthening Volunteering</p> <p>The objective is to strengthen the contribution of volunteering to social and economic growth and democratic development, where volunteering is defined as a voluntary investment of personal time, effort, knowledge and skills that perform services or activities for the benefit of another person or for the general benefit. The component aims to increase the number of quality and sustainable volunteer and volunteering education programmes and to encourage the development of inclusive volunteering. Activities supported shall target efficient volunteering management and the empowerment of volunteers.</p> <p>Component 3: Micro Projects</p> <p>The objective is to support innovative micro projects of civil society organisations. The aim is to ensure an active role of civil society organisations in local community development and to find tailor-made solutions to local problems. The Programme also promotes cooperation and partnership between institutions, local governments and civil society organisations.</p> <p>Component 4: Service-Learning Programmes</p> <p>The objective is to support the development of sustainable partnerships of civil society organisations and higher education institutions for the implementation of service-learning programmes. The Programme should contribute to strengthening professional, analytical and advocacy capacities of civil society organisations by engaging students and higher education employees in service-learning activities.</p>	
Swiss indicative Commitment	7.62 million CHF	
Programme Operator	The Government Office for Cooperation with NGOs	

Swiss Support Measure Partner(s)	Swiss public or private non-profit organisations able to contribute with knowledge and experience to civic engagement and/or capacity building of civil society organisations.
Other specificities related to the Support Measure	

4. Partner State specific rules and procedures

Switzerland and Croatia agree to the following specific provisions in derogation / modification / complement / specification of the Regulations:

Due to the specific national rules set up for the execution of payment transactions, the Paying Authority shall not open a separate bank account.

Consequently, the following paragraph replaces Art 3.5 Paragraph 3 of the Regulations (Paying Authority):

All disbursements under the Swiss Contribution shall be pre-financed from the State Budget and executed from the Treasury Single Account - TSA, in accordance with the national budget procedures. Funds received from Switzerland will be transferred directly to the Treasury Single Account (State Budget) and accordingly recorded on the budgetary item related to the relevant Support Measure.

In the event of a conflict between the Regulations and these specific provisions, the specific provisions of this Annex shall prevail.

