Annex 1: Conceptual Framework of the Cooperation Programme between Switzerland and Cyprus

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

1. Objectives

The Cooperation Programme between Switzerland and Cyprus pursues the following objectives:

- To contribute to the reduction of economic and social disparities between Cyprus and the more advanced countries of the enlarged European Union (EU); and
- To contribute within Cyprus to sustainable environmental and social development.

Cooperation Programme between Switzerland and Cyprus includes national Projects that support a sustainable, economically and socially balanced development.

Towards the end of the implementation period of the Swiss Contribution, both Parties shall jointly decide on a global evaluation of the results achieved by the Cooperation Programme between Switzerland and Cyprus.

2. Principles

The cooperation between Switzerland and Cyprus is guided by the following principles:

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

**Social inclusion.** Cooperation activities shall respect the need for including socially and economically disadvantaged individuals and groups in the opportunities and benefits of development.

**Equal opportunities and rights.** Cooperation activities shall respect the need of increasing women’s and men’s opportunities to exercise their rights equally through a gender-based approach.

**Environmental sustainability.** Cooperation activities shall respect the requirements of environmental sustainability.

**Commitment by all stakeholders.** All institutions and decision-makers involved in the Cooperation Programme between Switzerland and Cyprus are committed to an efficient and effective implementation of the agreed Projects.
Subsidiarity and decentralisation. Cooperation activities aim at including considera-
tions of subsidiarity and decentralisation primarily in Projects at the municipal
and regional levels.

3. Strategies

3.1 Main Strategic Considerations

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

Main strategic considerations include:

a. Focusing. The Memorandum of Understanding between the Swiss Federal
Council and the Council of the European Union defines four funding guidelines for
the Contribution:
- Security, stability and support for reforms;
- Environment and infrastructure;
- Promotion of the private sector; and
- Human and social development.

These funding guidelines and the related focus areas provide a broad base for
cooperation. Efficiency and effectiveness considerations as well as concern for the
optimal allocation and use of available resources, are important. Therefore, the
Cooperation Programme between Switzerland and Cyprus shall have a clear
strategic focus, guided by the following considerations:
- Concentration on a maximum of two focus areas in which at least 70% of the
  Contribution shall be spent (thematic concentration). The selection of the focus
  areas shall be need-based and take into account specific Swiss know-how.
- Concentration on a small number of Projects.

b. Programme approach. A programme consists of component projects linked by
a common theme or shared objectives. A programme approach shall be applied in
focus areas which display several of the following characteristics: large financial
Commitments; linking of different levels (national, regional, local); variety of actors;
contribution to policy development; significant contributions to capacity building; and
application of a common set of rules and procedures. A programme approach
implies a delegated authority for decision-making on individual projects. A
programme approach includes: an initial assessment of the focus area; the definition
of objectives, guidelines and budgets; a programme implementation plan; and a
sector monitoring and evaluation concept. To assure efficiency and effectiveness,
the contribution to a specific programme shall represent a minimum amount of CHF
2 million.

c. Individual project approach. An individual project approach shall be applied in
a focus area in which stand-alone projects shall be implemented.
d. **Partners and beneficiaries.** The Cooperation Programme between Switzerland and Cyprus may include partners and beneficiaries from the public and private sectors, non-governmental organisations and other civil society organisations.

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

f. **Flexibility.** Within two years of the beginning of the Cooperation Programme between Switzerland and Cyprus, if for any reasons some uncommitted amounts remain or some savings from the contracting of the projects have resulted, a review shall assess thematic priorities, redirect the initial financial allocations as required, and determine the priorities for the not yet allocated part of the Contribution.

g. **Visibility.** Visibility of the Cooperation Programme between Switzerland and Cyprus for citizens from Switzerland and from Cyprus is an important aspect that may be taken into account when selecting and implementing Projects. Both Parties undertake to inform proactively on their cooperation.

### 3.2 Implementation Strategies

a. **Identifying Projects.** Project identification significantly impacts the quality of the Cooperation Programme between Switzerland and Cyprus. Cyprus is responsible for the identification of Projects to be financed by the Contribution. Switzerland and Cyprus shall be in a position to pro-actively discuss project and suggest project preparation.

b. **Setting Project selection criteria.** Project selection shall be based on a clear set of criteria. General selection criteria shall include:
   - Responsiveness to the objectives of the Cooperation Programme between Switzerland and Cyprus;
   - Adherence to the principles of the Cooperation Programme between Switzerland and Cyprus described in Chapter 2 of this Annex;
   - Responsiveness to the strategic considerations outlined in Chapter 3.1 of this Annex;
   - Anchoring in the national development planning and, if possible, the National Strategic Reference Framework and the respective Operational Programme(s);
   - Innovation and/or the potential to offer new solutions that can be applied subsequently on a larger scale
   - Capacity of the Executing Agency;
   - Feasibility in the given time-span; and
   - Sustainability of results.

Specific selection criteria for each focus area may be formulated prior to starting the implementation of the Cooperation Programme between Switzerland and Cyprus.

c. **Supporting Project planning.** Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Preparation support may be requested by Cyprus or recommended by Switzerland and shall be financed as an integral part of Project financing.
d. **Enhancing implementation capacities.** Successful Project implementation depends on the capacities of the implementing and monitoring organisations. If need be, capacity enhancement may be requested by Cyprus or recommended by Switzerland and may be financed by the Contribution as an integral part of Project financing.

### 4. Thematic Focus and Indicative Financial Allocations

The following thematic focus and indicative financial allocations shall apply to the Cooperation Programme between Switzerland and Cyprus:

#### 1. Environment and Infrastructure

<table>
<thead>
<tr>
<th>№</th>
<th>Focus areas</th>
<th>Approach, objectives and eligible projects</th>
<th>Indicative financial allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improvements in environmental conditions</td>
<td><strong>Individual project approach with the following objective:</strong>&lt;br&gt;To support the planning capacities of the public administration and to facilitate knowledge transfer. Types of eligible projects:&lt;br&gt;- Policy studies, strategic planning and facilitation of knowledge transfer&lt;br&gt;- Establishment and/or improvement of environmental monitoring and information systems</td>
<td>Up to 3.888 million CHF</td>
</tr>
</tbody>
</table>

#### 2. Human and Social Development

<table>
<thead>
<tr>
<th>№</th>
<th>Focus areas</th>
<th>Approach, objectives and eligible projects</th>
<th>Indicative financial allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Technical and vocational Training</td>
<td><strong>Individual project approach with the following objective:</strong>&lt;br&gt;To enhance vocational training facilities to meet new qualification demands. Types of eligible projects:&lt;br&gt;- Development and modernisation of vocational training courses&lt;br&gt;- Training for instructors&lt;br&gt;- Vocational training system reform and development&lt;br&gt;- Equipment for vocational training centres&lt;br&gt;- [Infrastructure for vocational training centres]</td>
<td>Up to 1.6 million CHF</td>
</tr>
<tr>
<td></td>
<td>Building public administration capacity¹</td>
<td><strong>Individual Project approach with the following objective:</strong> Building public administration capacity at central, regional and municipal levels, to bring it up to EU standards.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Types of eligible projects:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Studies and implementation of measures for the adaptation of public administration capacity at central, regional and municipal levels in more general or specific EU related areas including the capacity to access and absorb EU funding</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Design and implementation of pilot projects for the creation of public administration capacity at central, regional and municipal levels in specific EU related areas</td>
<td></td>
</tr>
</tbody>
</table>

### 3. Special Allocations

<table>
<thead>
<tr>
<th>Item</th>
<th>Content</th>
<th>Financial allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Programme Management</td>
<td>Swiss administration of the Cooperation Programme between Switzerland and Cyprus.</td>
<td>Up to 0.3 million CHF</td>
</tr>
</tbody>
</table>

### 4. Not yet Allocated

<table>
<thead>
<tr>
<th>Item</th>
<th>Content</th>
<th>Financial allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallocated Envelope</td>
<td>Efforts will be made to allocate this amount primarily to projects that would benefit both the Greek Cypriot and the Turkish Cypriot communities with a view to encouraging bi-communal contacts among NGOs and serving the overall objective of reunification.</td>
<td>Up to 0.2 million CHF</td>
</tr>
</tbody>
</table>

Regarding the Unallocated Envelope, specific ideas for potential projects shall be discussed between Switzerland and the Government of the Republic of Cyprus. Grants recipients under this Envelope should be bodies constituted as legal entities in the Republic of Cyprus. In addition, as regards the implementation of projects the following shall apply:

¹ No allocation is made for this focus area. Two years after the beginning of the commitment period, the NCU and SDC may jointly decide on the allocation of the non-committed funds for this focus area.
(a) The contracting parties shall ensure that in the implementation of actions financed under the Cooperation Programme between Switzerland and Cyprus the rights of natural or legal persons including the rights to possessions and property shall be respected. In this context, the contracting parties shall act in accordance with the case law of the European Court of Human Rights.

(b) The contracting parties shall ensure that if any actions financed under the Cooperation Programme between Switzerland and Cyprus involve traveling abroad, the legal points of entry and exit of the Republic of Cyprus, shall be used.

(c) Payments to beneficiaries shall only be made through legally operating banking institutions in the Republic of Cyprus.

Progress in utilising this amount will be discussed/assessed between Switzerland and the Republic of Cyprus two years after the beginning of the application of the “Framework Agreement Between the Swiss Federal Council and the Republic of Cyprus Concerning the Implementation of the Cooperation Programme between Switzerland and Cyprus” and the flexibility will exist to reallocate any unspent funds within this amount to other existing projects under the Cooperation Programme.

<table>
<thead>
<tr>
<th>Overview on the Indicative Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding guidelines</td>
</tr>
<tr>
<td>1. Environment and Infrastructure</td>
</tr>
<tr>
<td>2. Human and Social Development</td>
</tr>
<tr>
<td>3. Special Allocations</td>
</tr>
<tr>
<td>4. Unallocated Envelope</td>
</tr>
<tr>
<td><strong>Total indicative allocations</strong></td>
</tr>
</tbody>
</table>