

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

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

1. Objectives

The Swiss-Hungarian Cooperation Programme pursues two objectives:

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

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

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

2. Principles

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

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

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

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

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

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

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

3. Strategies

3.1 Main Strategic Considerations

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

Main strategic considerations include:

a. Focusing. The Memorandum of Understanding between the Swiss Federal Council and the Council of the European Union defines four funding guidelines for the Contribution:

- Security, stability and support for reforms;
- Environment and infrastructure;
- Promotion of the private sector; and
- Human and social development.

These funding guidelines and the related focus areas provide a broad base for cooperation. Efficiency and effectiveness considerations, as well as concern for the optimal allocation and use of available resources, are important. Therefore, the Swiss-Hungarian Cooperation Programme shall have a clear strategic focus, guided by the following considerations:

- Concentration on a maximum of nine 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.
- Geographic concentration on two peripheral and less-developed regions (NUTS II) in which at least 40% of the Contribution shall be spent (geographic concentration).
- Concentration on a relatively small number of Projects.

b. Programme approach. A programme consists of component projects linked by a common theme or shared objectives. A programme approach shall be applied in focus areas which display several of the following characteristics: large financial Commitments; linking of different levels (national, regional, local); variety of actors; contribution to policy development; significant contributions to capacity building; and application of a common set of rules and procedures. A programme approach implies a delegated authority for decision making on individual projects. A programme approach includes: an initial assessment of the focus area; the definition of objectives, guidelines and budgets; a programme implementation plan; and a sector monitoring and evaluation concept. To assure efficiency and effectiveness, in general, the contribution to a specific programme shall represent a minimum amount of CHF 4 million.

c. Individual project approach. An individual project approach shall be applied in a focus area in which stand-alone projects shall be implemented. To assure

efficiency and effectiveness, the contribution for each project under the individual project approach shall represent in general a minimum amount of CHF 1 million. Higher minimal financial volumes may be agreed upon (see Chapter 5 of this Annex). Block Grant financing may provide a means to accommodate smaller projects (see Annex 3).

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

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

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

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

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

3.2 Implementation Strategies

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

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

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

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

c. Supporting Project planning. Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Preparation support may be requested by Hungary or recommended by Switzerland and shall be financed through the Project Preparation Facility (see Annex 3). Should there be insufficient funds available in the Project Preparation Facility to prepare a specific Project, Hungary may request to transfer the required funds from the respective Focus area or from the not yet allocated part of the Contribution to the Project Preparation Facility.

d. Enhancing implementation capacities. Successful Project implementation depends on the capacities of the implementing and monitoring organisations. If need be, capacity enhancement (organisational development, training, skills development) may be requested by Hungary or recommended by Switzerland and may be financed by the Contribution as an integral part of Project financing.

4. Geographic Focus

At least 40% of the Swiss-Hungarian Cooperation Programme shall be spent in the two regions "Northern Hungary" and "Northern Great Plains". Special attention shall be given to programmes and projects located in the counties of Borsod-Abaúj-Zemplén in the Northern Hungary Region and Szabolcs-Szatmar-Bereg and Hajdu-Bihar in the Northern Great Plains Region.

5. Thematic Focus and Indicative Financial Allocations

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

1. Security, Stability and Support for Reforms			
N°	Focus areas	Approach, objectives and eligible Projects	Indicative financial allocation
9	Security and security law	<p>Project or programme approach with the following objective:</p> <p>To enhance public and border security and to improve working conditions (infrastructure and logistics) of security related institutions</p> <p>Types of eligible projects or programmes:</p> <ul style="list-style-type: none"> - Strengthening border security management - Fight against illegal migration - Security, facilitation of security law implementation and enforcement including rehabilitation of buildings 	Up to 11.996504 million CHF

		<ul style="list-style-type: none"> - Capacity-building of the Hungarian judiciary including rehabilitation of buildings - Improvement in the combat against corruption and organised crime 	
1	Regional development initiatives in peripheral or disadvantaged regions	<p><u>Programme approach with 2 objectives:</u></p> <p><u>Objective 1:</u></p> <p>To strengthen decentralised structures and to support development of micro-regions and municipalities in geographic focus areas.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Review and enhancement of regional and/or micro-regional development plans including all stake-holders of development - Capacity enhancement in public administration preferably at micro-region level based on the national decentralisation concept - Small projects of the public administration (including inter-county projects fostering cooperation among the local authorities); financed through a regional funding facility (development fund); aiming at the provision of improved services and/or infrastructure in the fields of education, social services, culture, etc. - Enhancement of planning capacities on regional, micro-regional and municipal level for projects that may be financed by EU or national resources - Block grant for small projects of the civil society <p><u>Objective 2:</u></p> <p>To enhance local employment opportunities based on local potentials in geographic focus areas.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Labour market oriented training and qualification - Tourism planning at regional and county level - Mobilisation of tourism potentials, primarily in health, eco-tourism, cycling, cultural heritage, etc. - Construction or rehabilitation of infrastructure related to tourism 	<p>Up to 7.382159 million CHF</p>

2	Prevention and management of natural disasters	<p><u>Programme approach with the following objective:</u></p> <p>To strengthen flood management in the upper Tisza area of Hungary.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Risk assessments - Planning of investments and measures in order to prevent disasters - Capacity enhancement and networking for authorities in charge of flood protection 	<p>Up to 6.779742 million CHF</p>
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2. Environment and Infrastructure			
N°	Focus areas	Approach, objectives and eligible Projects	Indicative financial allocation
3	Rehabilitation and modernisation of basic infrastructure and Improvement of the environment	<p><u>Individual project approach with 2 objectives:</u></p> <p><u>A minimum of 30% of the amount allocated to this thematic focus area shall be used for Projects in the geographic focus areas.</u></p> <p><u>Objective 1:</u> To enhance municipal infrastructure services in order to increase living standards and promote economic development¹.</p> <p>Types of eligible projects: Projects of a minimum value of CHF 5 million each in the fields of:</p> <ul style="list-style-type: none"> - Municipal water supply infrastructure and sustainable management of water production and distribution system - Waste management: Municipal solid waste management and hazardous waste management <p><u>Objective 2:</u></p> <p>To enhance public environmental monitoring capacities in order to reduce environmental pollution, increase living standards and promote sustainable economic development.</p> <p>Types of eligible projects: Projects of a minimum value of CHF 5 million each in the field of:</p> <ul style="list-style-type: none"> - Upgrading of environmental monitoring systems 	<p>Up to 35.737750 million CHF</p>

¹ Preference shall be given to projects in the geographic focus areas.

		- Supply of up-to-date environmental measuring equipment	
4	Cross-border environmental initiatives, biodiversity and nature protection	<p><u>Individual project approach with the following objective:</u> To contribute to environmentally sound development.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Tisza river basin management: Regional initiatives strengthening joint planning and implementation; policy dialogue between the concerned countries (Hungary, Slovakia, Ukraine, Romania, Serbia) - Carpathian convention: Networking and implementation - Studies to lay the basis for protection/Natura 2000 species and habitat conservation tasks - Promotion of protected natural assets by awareness campaigns - Capacity building in stakeholder organizations 	Up to 8.170260 million CHF

3. Private Sector			
N°	Focus areas	Approach, objectives and eligible Pr ojects	Indicative financial allocation
5	Improving the business environment and the access to financing for SMEs	<p><u>Individual project approach with the following objective:</u> To promote employment creation.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Equity participation in local financial intermediaries, managed by the Venture Finance Hungary Private Limited Company (Magyar Vállalkozásfinanszírozási Zrt.) - Institutional and regulatory capacity building for corporate sector financial reporting and auditing at the national level 	Up to 15.215904 million CHF
6	Development of the private sector and promotion of exports of SMEs	<p><u>Individual project approach with the following objective:</u> To increase the market shares of Hungarian exports of goods and services</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Promotion of quality standards (technical, environmental, phytosanitary, etc.) 	Up to 2.148899 million CHF

		<ul style="list-style-type: none"> - Promotion of e-business applications and e-security in the business sector Tourism hospitality education programmes and tourism destination planning	
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4. Human and Social Development			
N°	Focus areas	Approach, objectives and eligible Pr ojects	Indicative financial allocation
7	Research and development	<p><u>Programme approach with 2 objectives:</u></p> <p><u>Objective 1:</u> To strengthen the scientific potential through enhanced access to education and through selective promotion programmes.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Scholarships for advanced degree and post-graduation programmes in Switzerland managed by Balassi Institute (Balassi Intézet) - Scholarships for students of disadvantaged and marginalised groups, managed by the NGO re-granter <p><u>Objective 2:</u> To contribute to the knowledge based economy through the enhancement of the knowledge base and in particular through applied research as well as know-how and technology transfer.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Joint research projects and institutional partnerships in applied research - Equipment for applied research projects - Incubators to facilitate spin-offs - Capacity building in innovation management - Sabbatical, academic exchange 	<p>Up to 4.830000 million CHF</p> <p>Up to 1 million CHF</p> <p>Up to 5.784096 million CHF</p>
8	Health	<p><u>Programme approach with the following objective:</u></p> <p>To strengthen health and social services emphasising health needs of vulnerable groups such as children, the elderly and socially marginalised groups, primarily in geographic focus areas.</p> <p>Types of eligible projects:</p> <p><u>Primary level of care:</u></p> <ul style="list-style-type: none"> - Equipment for family doctor practices or 	<p>Up to 13 million CHF</p>

		<p>health posts</p> <ul style="list-style-type: none"> - Schemes to create family practices or health posts in underserved areas - Support of continuous training schemes for family doctors <p><u>Disease prevention and health promotion:</u></p> <ul style="list-style-type: none"> - Development and implementation of effective strategies at central and regional level to fight unhealthy life styles (tobacco, obesity, lack of physical exercise; etc.) and prevent diseases - Promotion of the utilisation of Mother-Child services in vulnerable groups - Health education in schools - Equipment of family nurses facilities - Training of family doctors and nurses in modern approaches of health promotion <p><u>Effective health planning, at municipality, county and regional level in the area of reproductive health and health of the elderly:</u></p> <ul style="list-style-type: none"> - Review and enhancement of health plans - Capacity development of community organisations - Funding of selected aspects of health plan implementation 	
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5. Special Allocations		
Item	Content	Indicative financial allocation
NGO Block Grant	<p><u>Programme approach with the following objective:</u></p> <p>To promote civil society's contribution to economic and social cohesion as important actors of development and participation.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Small Project Block Grant(s) for the civil society/NGOs contributing primarily to social service provision as well as environmental concerns, allowing to strengthen organisational capacities 	Up to 5 million CHF
Twinning and partnerships	<p><u>Priority objective:</u></p> <p>To create solid and sustainable relations between institutions, towns, municipalities, cantons and regions of Hungary and Switzerland.</p>	Up to 4 million CHF

	Types of eligible projects: - Block Grant for the financing of small joint projects in the frame of partnerships.	
Project Preparation Facility	Objective: To support the preparation of final project proposals	Up to 0.892686 million CHF
Swiss Programme Management	Swiss administration of the Swiss-Hungarian Cooperation Programme.	6.54 million CHF
Hungarian Technical Assistance	Hungarian administration of the Swiss-Hungarian Cooperation Programme including preparation, implementation, monitoring, evaluation.	Up to 2.260000 million CHF

Overview on the Indicative Allocations	
Funding guidelines	Indicative financial allocation (up to million CHF)
1. Security, Stability and support to Reforms	26.158405
2. Environment and Infrastructure	43.908010
3. Private Sector	17.364803
4. Human and Social Development	24.614096
5. Special Allocations	18.692686
6. Not yet allocated	00.000
Total indicative allocations	130.738

Flexibility Clause: Unused balances of Focus areas shall be added to this unallocated amount once all the final decisions on the Final Project Proposals in the respective Focus area have been taken. The allocation of the unallocated funds shall be done by mutual agreement (e.g. confirmed in the minutes of meetings or by correspondence) between the NCU and SDC/SECO in the course of the operational implementation of the Swiss-Hungarian Cooperation Programme.