



Swiss enlargement contribution

Activities and results for 2014



Schweizerische Eidgenossenschaft
Confédération suisse
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Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

State Secretariat for Economic Affairs SECO

Dear readers,

“Dobro došla Hrvatska!”, or “Welcome Croatia!” in English, were the words that greeted the people of Croatia on 1 July 2013, when Croatia became the 28th member state of the European Union (EU). On 11 December 2014, the Swiss Parliament approved the addition of CHF 45 million to its enlargement contribution, for Croatia. With this contribution Switzerland is also supporting the youngest EU member state in reducing economic and social disparities in the EU.

For Bulgaria and Romania, which joined the EU in 2007, the reporting year also set a milestone: by 7 December, all the resources for the 28 projects and 13 thematic funds with a total value of CHF 257 million had been committed. The projects are very diverse, ranging from the disposal of toxic pesticides and household waste in Bulgaria to improving the

air rescue service in Romania to fighting corruption in both these countries. Some projects are already in the implementation phase and showing encouraging results.

The other ten countries that also receive support through the Swiss enlargement contribution, i.e. Cyprus, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia (the EU-10), celebrated the tenth anniversary of their accession to the EU in 2014. Implementation of the 210 projects funded via the enlargement contribution is running according to plan despite a few delays.

As illustrated in this annual report, there is much to report on new developments in 2014.

We hope you enjoy reading this annual report.

Marie-Gabrielle Ineichen-Fleisch



State Secretary
SECO Director

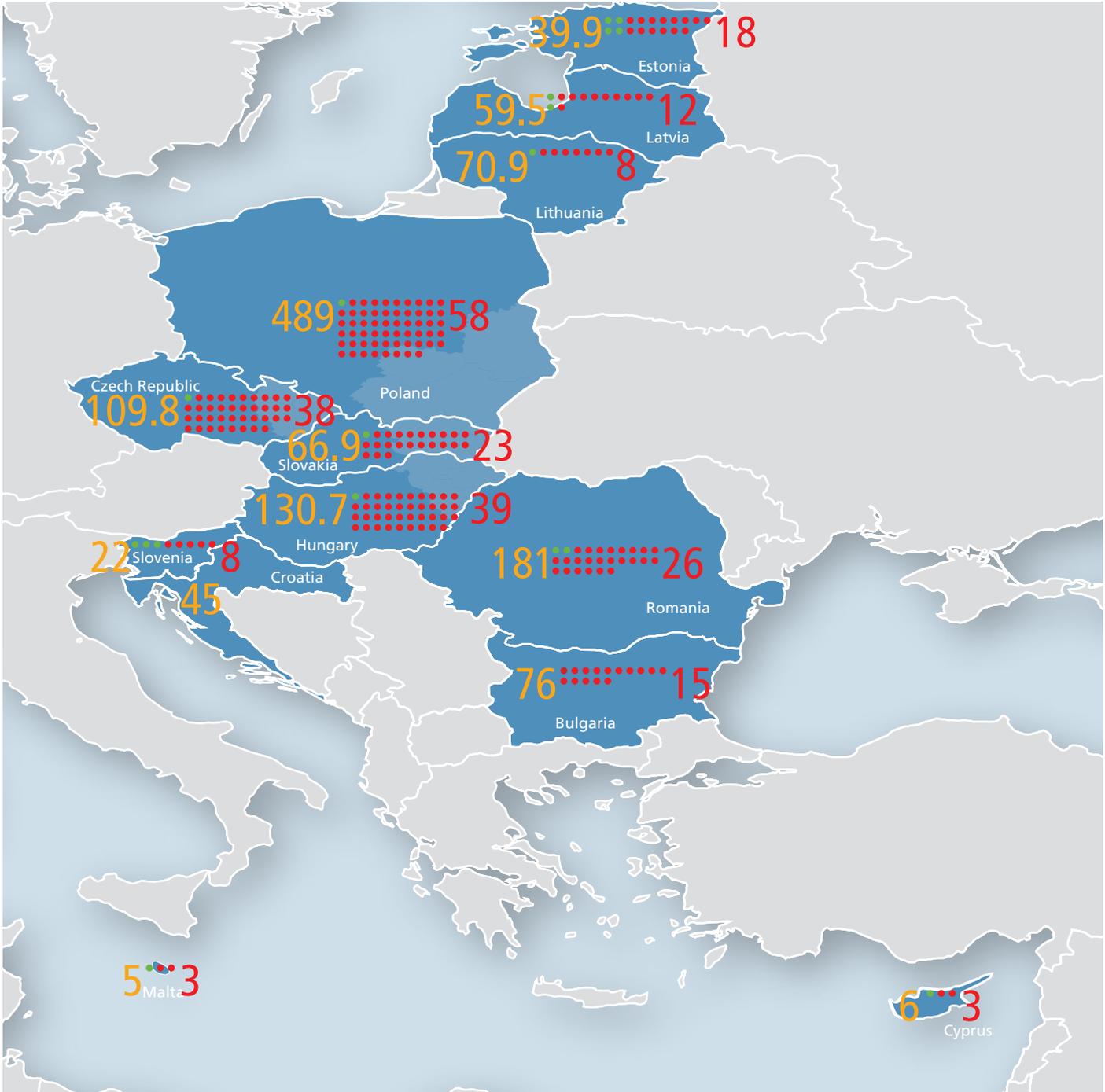


Manuel Sager



Ambassador
SDC Director-General





- Contribution in million CHF
- Number of projects and thematic funds
- Completed projects

General overview

With its EU enlargement contribution of a total of CHF 1.302 billion, Switzerland supports projects in those countries that have joined the EU since 2004 for the purpose of reducing the economic and social disparities within the enlarged EU. Since 2007, Cyprus, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia have benefited from Switzerland's funding of specific projects for a total value of CHF 1 billion. In 2009, the Swiss enlargement contribution was increased by an additional CHF 257 million for Bulgaria and Romania, which joined the EU in 2007. And in the latest addition to the contribution, Switzerland is providing a further CHF 45 million in support for Croatia, which became the 28th EU member state on 1 July 2013.

The enlargement contribution is based on the 2006 plebiscite, in which Swiss voters approved the Federal Act on Cooperation with the States of Eastern Europe, thus affirming their intention to contribute to reducing the economic and social disparities within

the enlarged EU. The enlargement contribution is a gesture of Switzerland's sense of solidarity and shared responsibility. It also strengthens Switzerland's relationship with the EU – its most important political and economic partner.

Switzerland decides autonomously on the use of the enlargement contribution funds and negotiates directly with the partner states on which projects to support. As a rule, at least 15% of the project costs are borne by the project partners. The enlargement contribution is administered jointly by the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC). Support services are provided by their offices in Warsaw, Riga, Prague, Bratislava, Budapest, Bucharest, and Sofia. Employees in these offices are familiar with local conditions and are in direct contacts with the relevant authorities. This helps reduce the risk of poor investment decisions. If Switzerland suspects irregularities, it can stop payments.

Enlargement contribution figures:

Approx. 300 projects approved in the EU-12

5 project objectives: promoting economic growth and improving working conditions; improving social security; protecting the environment; improving public safety and security; strengthening civil society

CHF 1.302 billion Amount in Swiss francs contributed to reduce economic and social disparities in Europe

13 partner countries: Bulgaria, the Czech Republic, Croatia, Cyprus, Hungary, Estonia, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia

100% of the project's budget for the EU-10 and for Bulgaria and Romania has been committed

CHF 103 million in contracts for Swiss companies thanks to the enlargement contribution

1,000 microcredits issued, resulting in 2,500 jobs maintained or created in Latvia

31,000 tonnes asbestos removed from private and public buildings in Poland and disposed of by specialists

6,000 police officers in Slovakia trained to handle radioactive substances

4,000 Roma people in Slovakia now have access to education, vocational training and health advisory services

34 public buildings in Slovenia heated using renewable energies

Over 400 young researchers currently conducting research at a Swiss research institution thanks to a Sciex scholarship

Highlights in 2014

Croatia

Switzerland welcomes Croatia's accession to the EU, on 1 July 2013, and recognises this as a further step towards more security, stability and prosperity on the European continent. On 2 May 2014, Switzerland and the EU extend their Memorandum of Understanding on Switzerland's enlargement contribution with an addendum for Croatia, and at the end of May the Federal Council submits its dispatch to Parliament on a framework credit of CHF 45 million, which is approved on 11 December 2014. In this way, the Swiss Parliament and the Federal Council reaffirm their intention to accord the same treatment to Croatia as they have to the other states that have joined the EU since 2004 and to support Croatia with a contribution.

The commitment period is now under way: Croatia proposes projects to Switzerland that, with Switzerland's agreement, will be supported by the enlargement contribution. Switzerland must commit all the funds made available for the contribution to Croatia by 31 May 2017. Switzerland and Croatia aim to support thematically and geographically focused projects in order to ensure their efficient and effective implementation. In all likelihood, several projects in the water supply and waste-water sector will be supported. In addition, both countries are seeking to cooperate in the areas of research and vocational training. Furthermore, as in other partner countries, a fund for non-governmental organisations (NGO fund) and a partnership fund are planned with a view to strengthening civil society. Switzerland also wants to support Croatia's efforts in mine clearance in regions scarred by the war.



Key facts concerning Croatia

Croatia covers an area one and a half times that of Switzerland and has a population of approximately 4.25 million. There are very marked disparities in the country: economic and social gaps exist between the capital Zagreb and the coastal regions that attract foreign tourists, on the one hand, and the other structurally weak, and in parts still war-scarred, regions on the other. Croatia's economy grew steadily after the war of independence from 1991 to 1995, but suffered a massive downturn as a result of the international economic crisis in 2009. Since then it has been in recession. Per capita GDP adjusted for purchasing power in Croatia stands at approximately 62 per cent of the EU average. Unemployment, which has increased strongly since 2008, was 17 per cent at the end of 2014, with about half of young people under 25 out of work.

End of the commitment period for the enlargement contribution to Bulgaria and Romania

As at the end of the five-year commitment period on 7 December 2014, Switzerland has committed all the funds it had made available for projects in Bulgaria and Romania. Switzerland has earmarked CHF 181 million for Romania and CHF 76 million for Bulgaria. A total of 28 projects and 13 thematic funds (that group together numerous individual projects) have been planned. Some of these are already in the implementation phase and showing their first results.

Switzerland as well as Bulgaria and Romania organise media events to inform the public about the projects that have been approved. Switzerland also publishes a brochure entitled "Interim report for the end of the commitment period in Bulgaria and Romania, 2009–2014", which provides an extensive account of what was accomplished in the first five years, and is available for downloading or ordering on the Swiss enlargement contribution website www.swiss-contribution.admin.ch.



Example 1: Secured loans for Romanian SMEs

Small and medium-sized enterprises (SMEs) are key to Romania's economic development. However, due to insufficient collateral, it is often difficult for SMEs to obtain the loans they need from commercial banks. Switzerland is therefore making a CHF 24.5 million contribution to a capital and loan fund from which SMEs can raise loans secured by guarantees to a maximum value of CHF 100,000. For example, a company with 20 employees has received a loan for CHF 79,000 to buy a machine tool that can automatically cut 3D promotional products to size using modern control technology. This purchase has also made it possible to hire three new employees. For further information, please refer to the above-mentioned brochure on Bulgaria and Romania, pages 22–23.



Example 2: Active civic involvement in environmental protection and nature conservation

In Bulgaria, Switzerland is supporting the civil society project entitled "Linking Nature Protection and Sustainable Rural Development". The aim of this project is to involve civil society more actively in the sustainable development of agriculture, nature conservation and environmental protection. It involves working closely with Swiss partner organisations, for example Pro Natura and the *Réseau Echange Développement Durable* (REDD), both of which contribute valuable experience. Sustainable cultivation methods, sales and marketing of organic products such as organically produced cheese and honey are major components of the project that have been achieved through education and vocational training of specialists. At the end of 2014, already 20 farm operations were producing and marketing their organic products. For further information, please refer to the above-mentioned brochure on Bulgaria and Romania, pages 30–31.

Results by project objectives

Currently approximately 300 projects within the framework of the enlargement contribution are in the implementation phase or have already been completed. The following provide some of the results for 2014 in the five target areas:

Promoting economic growth and improving working conditions

In ten structurally weak regions in Poland, 460 SMEs and Start-Ups received support in the form of a credit that enabled them to be founded or expanded and new jobs to be created. In Romania, 57 small companies now have access to an investment credit to increase their competitiveness and in the long term to access credit from commercial banks. In Latvia, thanks to more than 1,000 microcredits, to

date approximately 2,500 jobs have been maintained or newly created. In Poland, 3,500 specialists have been trained in the field of international accounting and auditing standards. These measures increase transparency and improve the investment climate. In addition, so far more than 400 academics from the partner countries have completed fixed-term research fellowships in Switzerland.

Improving social security

In Slovakia, three new and seven existing municipal centres, including for the Roma community, have been built or renovated. As a result, already 4,000 young Roma are receiving schooling and vocational training as well as healthcare advice. In Lithuania, 22 hospitals have been equipped with modern medical equipment, such as ultrasound equipment. In Romania, safety in the air rescue service has been increased thanks to a REGA further training pro-

gramme for Romanian pilots. In Latvia, 17 refurbished youth centres provide a range of free-time activities and workshops for youth people, including youth workers in remote and disadvantaged regions. In Bulgaria, approximately 200 patients are receiving home care based on the "Spitex" model. In 59 Latvian municipalities, 110 school buses provide more than 7,000 children with safe transport to school every day.

Protecting the environment

The environmental protection projects being co-funded by Switzerland vary enormously. In Hungary, the supply and quality of drinking water has been improved in eleven municipalities in the county of Borsod-Abaúj-Zemplén with the installation or renovation of eight kilometres of water pipes. A further seven kilometres of cement pipes containing asbestos have been replaced with plastic pipes. Within the framework of the enlargement contribution six municipalities in Slovakia have laid eleven kilometres of sewage pipes to replace the costly method of collecting sewage in septic tanks. In Latvia, 160 tonnes of left-over crude oil stocks have been pumped out

of three oil-contaminated sites at the industrial harbour of Riga. In Poland, thanks to 30,000 square metres of solar panels, hot water for 6,000 private households and seven public buildings is heated by renewable energies. In addition, 31,000 tonnes of asbestos have been removed from private and public buildings and safely disposed of by specialists. The Slovenian project partners have installed biomass heating and photovoltaic and thermal pumps to generate heat and energy for a total of 34 public buildings.



Partnerships strengthen bilateral relations

Swiss specialised institutions, e.g. cantonal bodies, associations, foundations and federal offices, participate in many of the enlargement contribution projects. They contribute to the quality of the projects and at the same time promote long-term collaboration and international networking that are expected to continue after the projects have ended, thus strengthening relations between Switzerland and these partner countries. For example, numerous lasting partnerships have developed between Swiss and foreign universities through the scholarship programme for young academics. Support from the Energy City Switzerland sponsor organisation in establishing a Romanian association and in introducing sustainable energy policies in Romanian municipalities is another example of a long-term partnership.

Improving public safety and security

In Poland, two projects to strengthen border security at the Schengen external border with Belarus have been completed. At the Siemianówka border railway station and the Połowce road border crossing several buildings have been renovated or newly built and equipment for detecting contraband has been installed. The mobile border police operating in the immediate border areas has been supplied with

70 specially equipped vehicles. These two measures have considerably strengthened border guard capacities and increased the effectiveness of measures to fight smuggling. In Slovakia, 6,000 police officers have been trained in handling radioactive substances. In Latvia, smoke detectors have been installed in 116 primary schools. As a result 6,000 schoolchildren are now better protected against the risk of fire.

Strengthening civil society

The projects to support civil society (NGO and partnership funds) in most of these countries are progressing well. In Poland, all 337 NGO projects were completed in 2014. One of the 62 small projects that Switzerland is supporting in Lithuania is the *Mais-tobankas* organisation (en: table) which distributes around eight tonnes of food every day to people in need and to social institutions. It runs campaigns to

raise public awareness in Lithuanian society about the issue of food waste. Since 2011, the NGO has maintained a close relationship with the *Schweizer Tafel* (Swiss Table), a project of the *Hoffnung für Menschen in Not*, (Hope for People in Need) foundation, which also distributes food and has similar goals.



Voices from the partner countries

“Thanks to Swiss support I can produce my own cheese.”

Boleslaw Bobak, cheese producer, Poland

Regional development: Switzerland promotes the growth of new enterprises through the development of targeted marketing strategies for regional products.



“My business, my future: Thanks to Switzerland, I was able to create three new jobs.”

Adrian Miler, entrepreneur, Romania

Investment loans for SMEs: The Swiss contribution enables small and medium-sized enterprises (SME) in Romania to access secured loans. This enhances their competitiveness and creates jobs.



“At the age of 45, I completed my schooling and finally found a job.”

Ernőné Balázs, market gardener, Hungary

Support fund for NGOs: Switzerland supports selected Hungarian non-governmental organisations in carrying out their own projects. The “I accept you” foundation enables socially disadvantaged population groups to get training in agriculture.



“I prefer this kind of tram stop. They are easier for me to access, more comfortable and, most importantly, safer.”

Božena Šimková (53), resident of Ostrava, Czech Republic

Basic infrastructure and public transport: The Swiss contribution has improved the safety of public transport in Ostrava. The transport network has been expanded, infrastructure improved, and tram stops transformed to enable people with disabilities to use them.



“Thanks to the home nursing service, I feel safe and secure in my home.”

Gena Nikolova (89), pensioner, Bulgaria

Home help and care: A system of home care raises the quality of life for older people with chronic illnesses or disabilities. The system has been established with Swiss support.



“In this newly renovated hospital, we feel comfortable.”

Dalia Taujanskienė, mother, Lithuania

Mother and child health: Switzerland has contributed to the renovation of 22 hospitals in Lithuania, the purchase of new equipment, and the further training of health personnel.



“In the community centre, I learn how to use computers – I enjoy being here!”

Juliana Janová (10), pupil, Slovakia

Community centres for young people: In Slovakia, Switzerland supports ten community centres where courses and help with homework are offered especially to the Roma people.



“Thanks to Swiss support we are able to dispose of legacy and environmentally dangerous waste products.”

Klavs Brangulis, project manager, Latvia

Rehabilitation of contaminated sites: Switzerland enables Latvia to safely dispose of hazardous waste products left over from the Soviet period and to prevent oil products entering the River Daugava and the Baltic Sea.



“Thanks to new and modern equipment and training combating organised crime in Estonia and on the EU external border has become more efficient.”

Aleksander Miksjuk, tax officer, Estonia

Measures for securing borders: Using an automatic license-plate recognition system helps prevent tax fraud and smuggling in the context of goods transport in Estonia’s seaports. This benefits the whole Schengen area.



“Thanks to the Swiss contribution our heating system has become more energy efficient.”

Valentin Torkar, caretaker of Bled primary school, Slovenia

Energy efficiency and renewable energies: Switzerland is helping Slovenia with the renovation of buildings and the introduction of renewable energies for power and heating in more than 40 public buildings.



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