

Annex 2: Rules and Procedures for the Swiss-Slovak Cooperation Programme

Annex 2 is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Slovak Republic concerning the implementation of the Swiss-Slovak Cooperation Programme. Annex 2 defines the controlling at the Swiss-Slovak Cooperation Programme level, procedures at Project level, requirements for Project proposals, roles and responsibilities and special provisions for financial assistance.

Rules and procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Scholarship Fund are defined in Annex 3.

1. Controlling at the Swiss-Slovak Cooperation Programme level

1.1 Supervision

The Slovak authorities have the final responsibility for the monitoring and supervision of the Swiss-Slovak Cooperation Programme at the national level. A monitoring system shall be developed jointly by the Parties at the beginning of the Swiss-Slovak Cooperation Programme and be enhanced during its implementation as necessary.

1.2 Annual meetings

In order to ensure an effective implementation of the Swiss-Slovak Cooperation Programme, the Parties shall hold annual meetings.

The regular participants of the annual meeting are representatives of the NCU, the Paying Authority, SDC, SECO and the Swiss Embassy.

The Intermediate Bodies, the Executing Agencies and other institutions and persons may be invited to the annual meetings whenever this is felt desirable by the NCU or by Switzerland, based on their prior exchange of information.

The Parties may invite the Commission of the European Communities to participate as an observer.

The NCU is responsible for the organisation of the annual meetings. It will consult the Swiss Embassy on the organisation, the contents, the agenda, the participants and other organisational and logistical matters.

At the annual meetings, the NCU shall present an annual report to be distributed one month before the meeting which shall amongst other things address:

- General experience and results achieved;
- Progress made in the implementation of the Swiss-Slovak Cooperation Programme against the Conceptual Framework;
- Reporting on the status of the Swiss-Slovak Cooperation Programme, including:
 - o Statements on approved Projects, progress of Project selection and foreseeable Commitments;
 - o Overall financial statement on past and tentative future disbursements and Commitments for the entire Swiss-Slovak Cooperation Programme;
 - o Summary and main conclusions of the audits of the Projects in accordance with Chapter 3.7;
 - o Statistics on tenders, contract awards and successful bidders;
 - o Information about important issues with regard to particular Projects

- Reporting on Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Scholarship Fund;
- Proposals for the allocation of non-committed funds;
- Reporting on administrative implementation issues;
- Strategy and activities to inform the general public about the Swiss-Slovak Cooperation programme and the Projects implemented;
- Further issues to be discussed; recommendations, next steps;
- Review and, if needed, amend the Annexes of the Agreement

The Minutes of the meetings containing the conclusions shall be drafted by the NCU and be submitted to Switzerland for approval within 10 working days after the meeting. The minutes shall be approved in written form by the NCU, SECO and SDC within 15 working days after receiving the minutes.

2. Procedures of Project Financing Requests

The financing request undergoes a two-loop approach that allows guidance early in the decision making process. In the first loop, a Project outline is submitted and a decision in principle is made. In case of a successful first loop, the second loop is initiated. In the second loop, the Final Project Proposal is submitted and a final decision is made by Switzerland.

2.1 First loop: Application and approval procedure of the Project outline

No.	Steps	Activities and specific rules	Organisations
1.	Initiation of Project identification	Initiation on the basis of: <ul style="list-style-type: none"> - Calls prepared by the NCU and approved by SDC/SECO - Calls prepared by the Intermediate Body approved by the NCU and by SDC/SECO - A proposal by the NCU - By other procedures 	Responsible: NCU Involved: Intermediate Body, Executing Agency, Slovak partners, Swiss authorities
2.	Publishing open calls/ direct appointment	Widely published open call for proposals by the NCU/Intermediate body Direct appointment of the Intermediate Body / Executing Agency is possible	Responsible: NCU / Intermediate Body
3.	Elaboration of the Project outline	Preparation of the Project outline based on the requirements for Project outlines (cf. 2.2). This may include a request for financial support for the preparation of a Final Project Proposal through the Project Preparation Facility.	Responsible: Intermediate Body, Executing Agency
4.	Pre-screening of the Project outline	Possibility of informal consultations between the NCU and the Swiss Embassy.	Responsible: NCU
5.	Screening	Formal Check by NCU	Responsible: NCU, Intermediate Body (when existent)

No.	Steps	Activities and specific rules	Organisations
		Examination of the Project outline based on the Conceptual Framework, the Project selection criteria in Annex 1, the requirements for Project outlines (cf. 2.2) and evaluation results from an independent selection committee.	Involved: selection committee, National Monitoring Committee
6.	Submission of the Project outline	<p>If accepted, submission of the Project outline with a cover letter comprising a description of the selection process to the Swiss Embassy.</p> <p>Formal check by the Swiss Embassy and submission of the Project outline with the cover letter of the NCU to Switzerland.</p>	<p>Responsible: NCU</p> <p>Responsible: Swiss Embassy</p>
7.	Final decision on Project outline	<p>Final decision on the Project outline (including, if relevant, decision on the request for financing of Project preparation).</p> <p>If accepted by Switzerland, request for the elaboration of the Final Project Proposal (requirements specified in 2.4). Switzerland may submit comments which have to be considered during the elaboration of the Final Project Proposal.</p>	Responsible: Swiss Agency for Development and Cooperation (SDC) or State Secretariat for Economic Affairs (SECO)

2.2 Requirements for Project Outlines

The Project outline (approximately 10 pages) shall include all necessary information to allow a general appraisal of the proposed Project.

Item	Content
General information	Project title, planned project duration, priority sector, location/region
Applicant	Name and contact details; previous, relevant experience, if any; project partners; Swiss link, if any (know-how, technology, partners or any other cooperation with Switzerland)
Relevance	Contribution to the reduction of economic and social disparities within the country and between the country and the more advanced member states of the EU (impact); fit within the development strategies of the country/region(s) and chosen sector; strategy of the intervention
Project content	Description including objectives (outcome), expected results (outputs) and activities (components); beneficiaries, target group; risks and potentials; sustainability of project; list of relevant permissions needed for the realisation of the project
Project organisation	Organisational chart, responsibilities, etc.

Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial source etc.; cost efficiency aspects versus alternatives
Horizontal issues	Environmental, social and economical aspects of the project, gender equality
Maturity of project	Status of project: in elaboration or fully prepared and possible request for financial support for preparation of Final Project Proposal through the Project Preparation Facility (e.g. feasibility studies, environmental impact assessment, etc.) if deemed necessary
Annexes	Additional documentation as deemed appropriate

2.3 Second loop:

Application and approval procedure of the Final Project Proposal

No.	Steps	Activities and specific rules	Organisations
1.	Elaboration of the Final Project Proposal	Preparation of the Final Project Proposal based on the requirements for Final Project Proposals (cf. 2.4) and the comments of Switzerland.	Responsible: Intermediate Body, Executing Agency
2.	Screening	- Formal check by the NCU - Examination of the Final Project Proposal Evaluation by an independent selection committee and by the National Monitoring Committee	Responsible: NCU Involved: Intermediate Body (when existent), selection committee, National Monitoring Committee
3.	Decision to submit the Final Project Proposal	If accepted, submission of the Final Project Proposal with a cover letter taking into account the requirements for Final Project Proposals and the comments of Switzerland to the Swiss Embassy. Formal check by the Swiss Embassy and submission of the Final Project Proposal with the cover letter of the NCU to Switzerland.	Responsible: NCU Responsible: Swiss Embassy
4.	Final decision	Final decision on the financing request by taking into account the Final Project Proposal, the cover letter of the NCU, and the Project document. Switzerland reserves the right to carry out its own appraisal if needed.	Responsible: SDC or SECO

2.4 Requirements for Final Project Proposals

The Final Project Proposal shall be accompanied by all necessary documents (e.g. feasibility study, Project document, environmental impact study) to allow a thorough appraisal. The Final Project Proposal (10 – 20 pages; for large infrastructure Projects 20 - 30 pages, plus annexes) shall provide adequately detailed information on inter alia:

Item	Content
Project summary (1 page)	Fact sheet: Project title, information about the applicant, sector location, short description including objectives, budget, partners, duration
Relevance	Contribution to the reduction of economic and social disparities between the country and the more advanced countries of the EU; fit within the development strategies of the country/region(s) and chosen sector; strategy of the intervention
Project content	Description including objectives, expected outcomes/outputs, activities and the respective indicators; beneficiaries, target group; risks and potentials; sustainability of the Project
Project justification (Due diligence)	Feasibility study (if requested)
Project organisation	Organisational chart, responsibilities, etc.
Detailed implementation schedule	Including milestones and indicators based on which monitoring of progress will be done
Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial sources etc.; cost efficiency aspects
Procurement	Procurement procedures for goods and services
Development Impact	Monitoring and evaluation of output/outcome/impact indicators
Horizontal issues	Environmental, social and economical aspects of the Project, gender equality
Annexes	E.g. feasibility study, Project document, environmental impact study, permissions, logframes

3. Project Implementation Procedures*

The Project implementation procedures are as follows:

No.	Steps	Activities and specific rules	Organisations
1.	Project Agreement	Preparation of the Project Agreement between the Slovak Republic and Switzerland.	Responsible: NCU on the Slovak side; SDC or SECO on the Swiss side
2.	Signing of the Project Agreement	The Project Agreement can be signed by more than two contracting parties.	Responsible: Normally the Swiss Embassy on behalf of SDC or SECO. The Slovak signatory or signatories shall be decided by the Slovak Republic.
3.	Implementation Agreement	Preparation and signing of the Implementation Agreement	Responsible: NCU, Intermediate Body, Executing Agency and Paying Authority
4.	Procurement and award of contracts	<p>Procurement is to be made in accordance with the national law and regulations and in compliance with the respective EU directives. A confirmation of compliance with the relevant procurement rules shall be provided to Switzerland. To increase transparency and to prevent corruption, tender documents shall contain an integrity clause.</p> <p>In general, for public tenders within the scope of the EU directives on public procurement (2004/17/EC and 2004/18/EC), an English translation of the official tender evaluation report shall be provided to Switzerland for information at the latest 30 calendar days after the award of contract.</p> <p>In addition to the above, for tenders above the threshold of CHF 500`000, Switzerland may also request at the time of the final decision on the final project proposal a copy of the tender documents for non-objection and of the contracts for information. These documents shall be submitted at the latest 20 calendar days before the commencement of tendering and 20 calendar days after the signing of the</p>	Responsible: NCU, Intermediate Body, Executing Agency

* Modified on 8 December 2011

		<p>contract, respectively.</p> <p>Furthermore, for tenders above the threshold of CHF 1 million, Switzerland may also request that an English translation of the tender documents and the draft contracts are made available to tenderers and contractors, respectively. Additional translation costs shall be added to the Project budget and financed under the Contribution.</p> <p>In line with Art. 6.5. of the Framework Agreement, both Parties agree to provide all such information pertaining to the tender process and beyond the documents listed above that the other Party may reasonably request. Switzerland shall have the right to participate in the tender committee as an observer. Switzerland shall also have the right to conduct an audit of the procurement practices and procedures in general.</p> <p>In case of irregularities, wilfully or negligently caused in the framework of the tender process, Switzerland is entitled to stop reimbursements immediately, to instruct the NCU to stop payments from the Swiss Contribution and to ask repayment of illegitimately paid reimbursements at any stage of the Project.</p>	
5.	Controlling (Monitoring)	<p>Controlling procedures are defined in the Project Agreement. Procedure description includes: periodicity of reporting, monitoring system and consultant, steering committees, time table for operations and results, auditing, etc.</p>	<p>Responsible: Executing Agency</p> <p>Involved: NCU, Intermediate Body, National Monitoring Committee</p>
6.	Reporting	<p><u>Interim Reports</u> for supporting payment claims and reimbursement requests as specified in Chapter 4 of this Annex.</p> <p><u>Annual Project Reports</u> describe the progress of the Project. They include summary data on financial progress for the reporting year as well as cumulative data to date. They compare actual with planned expenses and progress, based on quantified targets for output and where possible outcome indicators. Any deviation has to be justified and corrective measures suggested. Annual</p>	<p>Responsible: Executing Agency</p> <p>Involved: NCU, Intermediate Body</p>

4. Payment and Reimbursement Procedure^{*}

The Government Office of the Slovak Republic is the Paying Authority for the Contribution. In principle, all disbursements under the Contribution will be pre-financed out of the national budget of the Slovak Republic. The Executing Agency shall, depending on the type of payment, submit payment claims covering eligible expenses over the current period to the NCU, together with - when relevant - supporting documentation requested by the NCU and the interim report. The NCU shall verify the completeness and certify the correctness of the submitted documents. The Paying Authority shall make payments to the Executing Agency in accordance with the Implementation Agreement. The Paying Authority shall submit the reimbursement requests to Switzerland for approval and payment.

The detailed reimbursement procedures are laid down in the Project Agreements and must, if not otherwise specified, comply with the following procedures:

No.	Steps	Activities	Organisations
1.	Elaboration and submission of the payment claim	<ul style="list-style-type: none"><li data-bbox="560 909 1075 1417">▪ Submit the payment claim including, when relevant, an interim report to the NCU and relevant supporting documentation depending on the type of the payment. The interim report includes information on financial and physical progress, a comparison of actual with planned expenses, an update on progress status, while confirming the co-financing. Any deviation has to be justified and corrective measures suggested. Interim reports are due at least every three months.	Responsible: Executing Agency

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2.	Verification of the payment claims to the Paying Authority	<ul style="list-style-type: none"> ▪ Check the conformity of the payment claim with the Framework Agreement, the Project Agreement and the Implementation Agreement, including co-financing and possible double-financing. ▪ Verify the completeness of the documentation and the relevance of the interim report. If necessary, verify the correctness of the use of funds by means of on the spot check(s) . ▪ Submit the payment claims together, when relevant, with the interim report to the Paying Authority. 	Responsible: NCU or Intermediate Body when delegated by NCU
3.	Verification of payment claims and payment to the Executing Agency	<ul style="list-style-type: none"> ▪ Check the conformity of the payment claims ▪ Verify, if necessary, on the spot at the level of the NCU, the Intermediate Body or the Executing Agency ▪ Transfer the approved amount to the Executing Agency 	Responsible: Paying Authority
4.	Certification and submission of the reimbursement request to Switzerland	<ul style="list-style-type: none"> ▪ Submit the reimbursement requests to Switzerland, confirm and certify the compliance with contractual agreements. 	Responsible: Paying Authority
5.	Payment from Switzerland to the Slovak Republic	<ul style="list-style-type: none"> ▪ Check the conformity of reimbursement requests and supporting documentation. ▪ Transfer the requested amount to the Paying Authority. 	Responsible: Switzerland

Besides the above mentioned documentation, the Slovak Republic is also responsible for the transmission to Switzerland of a copy of the related documentation, such as interim, annual and completion reports (Annex 2, Article 3, steps 5 and 6), audit reports, or their consolidated summary as requested in the Project Agreement.

In particular cases, other payment procedures may be defined by the Parties in the respective Project Agreements.

The final date for eligibility of costs shall be specified in the Project Agreement. It shall be 12 months after the scheduled date for Project completion, but shall not be later than ten years after the approval of the Contribution by the Swiss Parliament according to Article 3 of the Framework Agreement. Final reimbursement requests must have been received by Switzerland not later than six months after the final date of eligibility.

In the case of irregularities, Switzerland is entitled to stop reimbursements immediately, to instruct the NCU to stop payments from the Swiss Contribution and to ask repayment of

illegitimately paid reimbursements at any stage of the Project. The reasons for the respective instructions shall be communicated in writing to the NCU and other partners involved.

5. Roles and Responsibilities

The roles and responsibilities of the main actors are outlined below. Project Agreements will contain more detailed responsibilities and activities tailored to the individual case.

5.1 The National Coordination Unit

The NCU is responsible for the overall management of the Swiss-Slovak Cooperation Programme at the national level, this includes to:

- Ensure the adoption of the necessary national legal documents on the implementation and monitoring of Projects, including national rules and procedures for preparation, implementation, financing and monitoring;
- Coordinate the Swiss Contribution with other contributions, with the National Strategic Reference Framework and with the operational programmes, the Norwegian Financial Mechanism, the EEA Financial Mechanism and with other contribution, in cooperation with other relevant national bodies including the control of no double financing of any part of the Project by any other source of funds;
- Ensure the organisation of calls for, the collection of and the appraisal of Project proposals;
- Ensure the pre-screening of the project outlines, screening of the Project proposals and signing of the respective Project Agreements;
- Establish independent selection committees, chaired by the NCU, of at least two experts;
- Establish a National Monitoring Committee;
- Submit the Project outlines and the Final Project proposals recommended by the National Monitoring Committee to Switzerland;
- Submit all relevant documentation to the Paying Authority to ensure the financing of the Projects
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements by establishing adequate monitoring, control and auditing systems;
- Check and verify the eligibility of expenses incurred in the Projects in line with the Project Agreements and Implementation Agreements and verify the sufficiency of documentation;
- Verify in each Project if the value added tax (VAT) can be recovered by the Executing Agency and to inform the Swiss authorities accordingly in the form of a declaration by the applicant as a part of the project documentation;
- Ensure the efficient and correct use of available funds;
- Submit yearly a summary with conclusions and recommendations of all audit reports of the financed Projects. The NCU presents in an annex all original conclusions and recommendations of the audit reports;
- Ensure the discussion of audit results with the partners involved, including Switzerland, and the implementation of the decisions made based on the audit report;
- Ensure regular reporting to Switzerland on the implementation of Projects financed by the Contribution, as well as to identify and immediately report any irregularities;
- Organise annual meetings at overall Swiss-Slovak Cooperation Programme level in consultation with the Swiss Embassy and to present an annual report;
- Ensure information and publicity about the Swiss-Slovak Cooperation Programme;
- Ensure storing of all relevant documents relating to Projects implemented within the Swiss-Slovak Cooperation Programme for 10 years after the completion of Projects.

The NCU can delegate part of the tasks and responsibilities mentioned above to one or more Intermediate Bodies.

5.2 Intermediate Body

Intermediate Body means any legal public or private entity which acts under the responsibility of the NCU or which carries out duties on behalf of the NCU with regard to Executing Agencies implementing Projects.

The main tasks of the Intermediate Bodies are to:

- Call for and collect Project proposals, review compliance with the requirements for Project proposals (Chapter 2) and assess the quality of applications submitted;
- Submit Project proposals with appraisal reports to the NCU;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and Implementation Agreements, and carry out the necessary controls;
- Check and verify the eligibility of expenses incurred in the Projects in line with the Project Agreements and Implementation Agreements and verify the sufficiency of documentation;
- Report to the NCU on the progress of Project implementation;
- Identify irregularities and report them to the NCU immediately;
- Ensure storing of all relevant documents related to Projects implemented within the Swiss-Slovak Cooperation Programme for 10 years after the completion of Projects.

5.3 Executing Agency

An Executing Agency is any legal public authority, any public or private corporation as well as any organization, recognized by the Parties and mandated to implement a specific Project financed under this Framework Agreement.

The main tasks of the Executing Agency are i.a.:

- Implementation of the Projects;
- Execution of the Public procurement;
- Reporting to the Intermediate Body or NCU, based on the requirements.

The Project Agreement shall contain the name of the Executing Agency. Its tasks and responsibilities shall be defined in the Implementation Agreement.

5.4 Paying Authority

The Paying Authority is responsible for the coordination of financial management at the national level. It shall in particular:

- Ensure the availability of the funds for the financing of the Projects from the national public sources in the State Budget according to the Project Agreement;
- Transfer funds from the bank account of the Paying Authority to Intermediate Bodies or Executing Agencies and submit the respective reimbursement requests to Switzerland;
- Check requests for payments submitted by the NCU and verify and certify the authenticity and correctness of the submitted documents;
- Keep accounts of all reimbursement requests made to Switzerland;
- Report periodically to the NCU and Switzerland on financial flows and overall financial management;
- Provide a yearly overall financial statement on all transfers of funds between Switzerland and the Paying Authority on one side and between the Paying Authority and all national involved bodies (e.g. NCU, Intermediate Body, Executing Agency) on the other side;
- Identify irregularities and report them to the NCU immediately;

- Be responsible for the reimbursement to Switzerland of unduly paid sums financed by the Contribution.

5.5 National Monitoring Committee*

The National Monitoring Committee (NMC) shall be composed among others from representatives of the NCU, the Paying Authority, relevant line ministries, regions and NGOs. The NMC is under the control of the Head of the Government Office of the Slovak Republic.

The NMC is responsible for providing recommendations regarding Project outlines and Final Project Proposals to the NCU, which are afterwards submitted for approval to Switzerland.

A representative of the Audit Authority shall participate as an observer in the NMC meetings. The NMC meetings are held at least twice per year.

* Modified on 8 December 2011

5.6 Audit Authority*

For the implementation of the Swiss-Slovak Cooperation Programme, the Audit Authority is a Slovak entity ensuring effective functioning of audit systems as well as frauds and irregularities prevention.

The Audit Authority:

- Ensures an adequate auditing function;
- Establishes and periodically updates an audit plan;
- Performs compliance audits at the beginning of the Swiss-Slovak Cooperation Programme;
- Performs audits within the implementation structure of the Cooperation Programme between Switzerland and the Slovak Republic according to the approved audit plan and reports in accordance with the national law;
- Provides competent Swiss authorities or mandatees acting on their behalf with its assistance;

The competent authorities with the full support of the Government of the Slovak Republic shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted according to existing regulations.

5.7 Auditors for Financial Audits

If not otherwise specified in the Project Agreement, for each Project an internal auditor or an external licensed auditor is appointed by the NCU. For Technical Assistance, Block Grants, the Project Preparation Facility and Scholarships different audit procedures may apply. Financial Audits have to be performed in compliance with internationally accepted standards for auditing.

Audit requirements will be specified in the Project Agreement. In case of external audit, the costs are eligible for reimbursement and must be included in the Project budget. Costs of internal audits are borne by the respective organisation.

If not otherwise specified in the Project Agreement, the auditors shall carry out intermediary financial audit(s) for Projects lasting longer than two years and exceeding the amount of CHF 500'000 and a Final Financial Audit of the Projects according to internationally accepted standards for auditing. In doing so, they shall verify the correct use of funds, make recommendations to strengthen the control system and report any actual or alleged fraud or irregularity. These financial audit reports are transmitted to the NCU and to the Audit Authority. The competent authorities with the full support of the Government of the Slovak Republic shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted according to existing regulations.

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5.8 Swiss Embassy

The respective Swiss Embassy is the official representation of Switzerland. Referring to the implementation of the Swiss-Slovak Cooperation Programme, its function is to:

- Facilitate contacts; assure the liaison and the networking between partners;
- Inform and give advice to partners on procedures and conditions of the Contribution;
- Transmit official information, Project outlines and Final Project Proposals to and from the Swiss authorities;
- Organise, together with the NCU, missions of Swiss delegations;
- Participate in meetings on the overall Swiss-Slovak Cooperation Programme;
- Provide information to the general public on the Swiss-Slovak Cooperation Programme and the Contribution;
- Participate in the selection committees and National Monitoring Committee as an observer.

5.9 Swiss Agency for Development and Cooperation and State Secretariat for Economic Affairs

On the Swiss side, there are two competent authorities for the Swiss-Slovak Cooperation Programme: SDC and SECO. Their main tasks are to:

- Ensure the strategic and operational steering at the overall Swiss-Slovak Cooperation Programme level;
- Participate in the annual meetings organised by the NCU;
- Engage in a regular dialogue with the NCU and the other partners involved on the identification and the implementation of Projects as well as on the progress of the overall Swiss-Slovak Cooperation Programme;
- Provide support for Project identification and preparation;
- Decide on the financing of Projects submitted for funding;
- Decide on overall Swiss-Slovak Cooperation Programme issues;
- Supervise the overall Swiss-Slovak Cooperation Programme development through field visits and reviews;
- Network with the national and international actors relevant to the implementation of the Swiss-Slovak Cooperation Programme;
- Administrate the Swiss-Slovak Cooperation Programme on the Swiss side;

Switzerland may delegate some of these tasks to the Swiss Embassy.