

FRAMEWORK AGREEMENT

between

THE SWISS FEDERAL COUNCIL

and

**THE GOVERNMENT OF
THE REPUBLIC OF CYPRUS**

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 CYPRUS (hereinafter referred to as 'Cyprus'),

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 Cyprus;
- BUILDING upon the successful cooperation between the Parties 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,

hereby agree as follows:

Article 1 – Definitions

For the purposes of this Framework Agreement:

'Contribution' means the maximum non-refundable financial contribution granted by Switzerland to Cyprus under this Framework Agreement;

'Country-Specific Set-Up' (Annex 1) means the thematic and geographical allocations of the Contribution and specific rules agreed between Switzerland and Cyprus as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Switzerland - Cyprus 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 Cyprus designated to act on its behalf for the implementation of the Switzerland - Cyprus Cooperation Programme.

'Programme' means a coherent set of Programme Components carried out in line with national priorities, policies or strategies of Cyprus 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 Switzerland - Cyprus Cooperation Programme;

'Support Measure' is used as generic term and means a specific Project, Programme or Technical Support within the framework of the Switzerland - Cyprus 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;

'Switzerland - Cyprus 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 Cyprus

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 Switzerland - Cyprus Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within Cyprus, 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 Switzerland - Cyprus 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 Cyprus and Switzerland.

5. Support Measures shall respect social inclusion and ensure environmental sustainability.

6. All actions under the Switzerland - Cyprus 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 Cyprus of up to CHF 5,200,000 ([five million and two 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 'Switzerland - Cyprus 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 Cyprus.

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 Cyprus.

4. Under the Switzerland - Cyprus 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. Cyprus 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. Cyprus 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. Cyprus 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 Cyprus 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 Switzerland - Cyprus 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. Cyprus 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 Switzerland - Cyprus 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 Switzerland - Cyprus 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. Cyprus 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 Switzerland - Cyprus 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 Switzerland - Cyprus 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 Switzerland - Cyprus Cooperation Programme is limited to providing funds in accordance with the relevant Support Measure Agreements. No liability to Cyprus, 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.

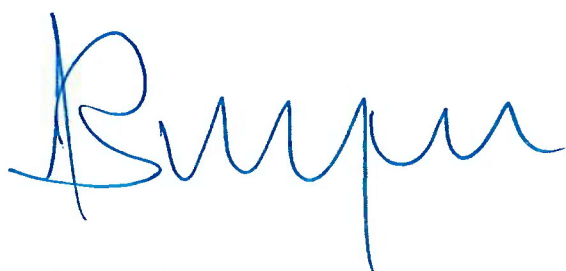
2. Notwithstanding paragraph 1 above, the Country-Specific Set-Up may be amended by mutual agreement of the competent authorities referred to in Article 6 through an exchange of letters between them.

Article 10 – Final Provisions

1. The Country-Specific Set-Up (Annex 1) shall form an integral part of this Framework Agreement.
2. This Framework Agreement shall enter into force on the day of its signature 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.

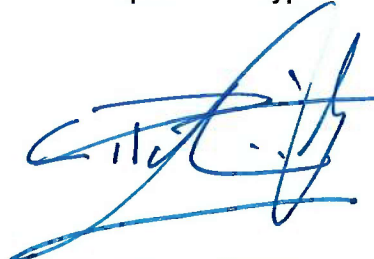
Signed in Nicosia on 12 December 2022, in two original copies in the English language.

For the Swiss Federal Council



Christoph Burgener
Ambassador of Switzerland in Cyprus

For the Government of
the Republic of Cyprus



Constantinos Petrides
Minister of Finance

Annex

COUNTRY-SPECIFIC SET-UP

to the

FRAMEWORK AGREEMENT

between

THE SWISS FEDERAL COUNCIL

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**THE GOVERNMENT OF
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**THE IMPLEMENTATION OF THE SECOND SWISS
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THE EUROPEAN UNION TO REDUCE ECONOMIC AND
SOCIAL DISPARITIES WITHIN THE EUROPEAN UNION**

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 the Republic of Cyprus (hereinafter referred to as "Cyprus") 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 geographic allocations of the Contribution and the specific rules agreed between Switzerland and Cyprus, as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Switzerland - Cyprus 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 Regulations shall apply.

2. Roles and responsibilities for the Switzerland – Cyprus Cooperation Programme

2.1. National Coordination Unit

Cyprus has authorised the Directorate General Growth, Ministry of Finance, to act on its behalf as National Coordination Unit ("NCU") of the Switzerland – Cyprus Cooperation Programme.

The Directorate General Growth is one of the two Directorates of the Ministry of Finance of the Republic of Cyprus. The Permanent Secretary of the Directorate General Growth, Ministry of Finance, is the Head of the National Coordination Unit and he is accountable to the Minister of Finance.

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

The Directorate General Growth, Ministry of Finance is, inter alia:

- the National Coordination Authority for Cohesion Policy and the Managing Authority for the Cohesion Policy Funds and for the European Marine Aquaculture Fund
- the Coordination Authority for the Cyprus Recovery and Resilience Plan
- the National Authority for the implementation of the Erasmus+ and the European Solidarity Corps
- the National Focal Point for the EEA & Norway Grants

2.2. Paying Authority

The Paying Authority is the Verifications and Certification Directorate of the Treasury of the Republic of Cyprus.

The Verifications and Certification Directorate is one of the Directorates of the Treasury. The Treasury of the Republic of Cyprus is an independent service in the public sector headed by the Accountant General who is appointed by the President of the Republic of Cyprus.

The roles and responsibilities of the Paying Authority are set out in the Regulations.

The Paying Authority is, inter alia:

- the Certifying Authority for the Cohesion Policy Funds Programme and the Brexit Adjustment Reserve Programme
- the Central Intermediate Body for administrative verifications of expenditure for the Cohesion Policy Funds programs
- the National Audit and Control Coordinator for the implementation of the Cyprus Recovery and Resilience Plan
- the Competent Authority for controllers' designation for European Territorial programs implemented by Cyprus partners
- Head of the Anti-Fraud Coordination body (AFCOS)

2.3. Audit Authority

The Audit Authority is the Internal Audit Service of the Republic of Cyprus.

The Internal Audit Service is an independent Service established by Law.

The Internal Audit Service is headed by the Commissioner of Internal Audit, appointed by the Council of Ministers.

The Internal Audit Service reports to the Internal Audit Board. The Internal Audit Board acts as the conduct between the Council of Ministers and the Internal Audit Service. It comprises of five members and is chaired by the Minister of Finance.

The Audit Authority is functionally independent of the National Coordination Unit and the Paying Authority.

The roles and responsibilities of the Audit Authority are set out in the Regulations.

The Audit Authority is organised into two departments: (a) The Internal Audit Department for Public / Government Services and (b) the Department of Audit of Programmes Co-Funded by the EU. It therefore performs internal audits at Public / Government Services level and acts as Audit Authority of Programmes co-funded by the European Union (EU) and other Financial Mechanisms.

3. Parameters of cooperation

3.1. Thematic allocation

<i>Specific objective & thematic area</i>	<i>Indicative allocation of the Contribution [in CHF millions]</i>
1. Promoting economic growth and social dialogue, reducing (youth) unemployment	
(i) Vocational and professional education and training	0
(ii) Research and innovation	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	0
(ix) Waste management	0
(x) Nature conservation and biodiversity	0
4. Strengthening of social systems	
(xi) Health and social protection	4.08
(xii) Minorities and socially disadvantaged groups	0
5. Civic engagement and transparency	
(xiii) Civic engagement and transparency	1.00
6. Technical support	
(xiv) Technical Assistance Fund	0.12
(xv) Support Measure Preparation Fund	0
Total allocation	5.20

Any unused balances in all the Support Measure of the Switzerland - Cyprus Cooperation Programme may be transferred to any other approved Support Measure provided the feasibility 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 Switzerland - Cyprus Cooperation Programme. For the consequent modification of the Support Measure, Article 4.12 of the Regulations shall apply.

3.2. Pre-specified parameters per thematic area

(xi) Health and social protection

Support Measure name	Preventing domestic violence and protecting victims	
Support Measure type	Project	
Objectives	To prevent gender-based violence, protect and support victims in Cyprus.	
Strategic Focus	<p>The project responds to the needs of victims of gender-based violence by expanding and upgrading awareness-raising, information, education, protection and support services. Through the expansion of shelters, Help Centres and services provided by the Association for the Prevention and Handling of Violence in the Family (APHVF) in the cities of Nicosia, Limassol and Larnaca, it will be possible to reach more women victims of violence and their children.</p> <p>The proposal is linked to the national plan regarding gender equality and specifically to the chapter on gender-based violence.</p>	
Swiss indicative Commitment	2,080,000	CHF
Percentage of financing under Swiss Contribution	100%	
Project Operator	Association of the Prevention and Handling of Violence in the Family	
Swiss Support Measure Partner(s)	NGOs in Switzerland with experience in addressing gender-based violence	
Other specificities related to the Support Measure	n/a	

(xi) Health and social protection

Support Measure name	RareCare
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Support Measure type	Project	
Objectives	To provide holistic and comprehensive support and management to people living with rare diseases and their families.	
Strategic Focus	Through the establishment of a Multidisciplinary Center of Expertise for Rare Diseases – composed of physicians of different expertise, laboratory and research scientists, as well as other health professionals – optimal diagnosis, treatment, surveillance and support of rare disease patients and their families shall be achieved. The project targets in particular children affected by undiagnosed conditions with the goal of improving outcomes for them and their families. The Center will provide opportunities to link up with cutting-edge research and trainings in Europe.	
Swiss indicative Commitment	2,000,000	CHF
Percentage of financing under Swiss Contribution	100%	
Project Operator	The Karaiskakio Foundation (KF)	
Swiss Support Measure Partner(s)	Pediatric care centers within university hospitals in Switzerland	
Other specificities related to the Support Measure	n/a	

(xiii) Civic engagement and transparency

Support Measure name	Contribution to Committee on Missing Persons in Cyprus
Support Measure type	Project
Objectives	To contribute towards the reconciliation between communities in Cyprus. The Committee on Missing Persons (CMP) helps to bring closure to families of missing persons from both communities.
Strategic Focus	The Committee on Missing Persons (CMP) is the most consequential bi-communal undertaking in Cyprus. CMP's work constitutes an essential element of moral and social rehabilitation for the relatives of the missing persons and is an important confidence building measure. The priority remains the location,

	exhumation, identification, and return of more than 900 Cypriot missing persons who have yet to be found, 48 and 58 years after their disappearances. The contribution will primarily support DNA analysis to accelerate the work of the CMP. Furthermore, the project will be instrumental in providing training to professionals from other affected regions with high case loads, including Iraq, Syria and Lebanon.	
Swiss indicative Commitment	1,000,000	CHF
Percentage of financing under Swiss Contribution	100%. In parallel, the Government of the Republic of Cyprus contributes annually to the Multi-donor Programme for the CMP through an agreement with the UNDP. Currently the contribution is at the level of €175.000 per year.	
Project Operator	United Nations Development Programme (UNDP) on behalf of the CMP	
Swiss Support Measure Partner(s)	n/a	
Other specificities related to the Support Measure	The Financing Agreement between the Government of the Republic of Cyprus and the United Nations Development Programme (UNDP) shall govern aspects pertaining to the implementation of the project. Derogations from the relevant provisions of the Regulations, including but not limited to payments, audits/verification, evaluation, reporting and irregularities, shall be specified in the Support Measure Agreement.	

4. Partner State specific rules and procedures

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

- The following paragraph replaces **Art 6.6 Paragraph e** of the Regulations: "The following costs shall not be considered eligible: e) expenditure for the acquisition of land, unless an exception is stipulated in the Support Measure Agreement between Switzerland and Cyprus."

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