

# **FRAMEWORK AGREEMENT**

between

**THE SWISS FEDERAL COUNCIL**

and

**THE GOVERNMENT OF HUNGARY**

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 HUNGARY (hereinafter referred to as 'Hungary'),

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 Hungary;
- BUILDING upon the successful cooperation between the Parties during Hungary's transition process leading to its accession to the EU and 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 Hungary under this Framework Agreement;

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

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

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

'Swiss-Hungarian Cooperation Programme' means the bilateral programme for the implementation of this Framework Agreement;

'Technical Support' means part of the Contribution provided under the Swiss-Hungarian Cooperation Programme for the preparation of Support Measures and for the efficient and effective implementation of the Swiss-Hungarian 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 Hungary.

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 Swiss-Hungarian Cooperation Programme is to contribute to the reduction of the economic and social disparities within the EU and within Hungary, 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 Swiss-Hungarian 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 Hungary and Switzerland.
5. Support Measures shall respect social inclusion and ensure environmental sustainability.
6. All actions under the Swiss-Hungarian 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 Hungary of up to CHF 87'600'000 (eighty-seven million six 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 'Swiss-Hungarian 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 Hungary.
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 Hungary.

4. Under the Swiss-Hungarian 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. Hungary 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. Hungary 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. Hungary 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 Hungary 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 Swiss-Hungarian 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. Hungary 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 Swiss-Hungarian 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 Swiss-Hungarian 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. Hungary 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 Swiss-Hungarian 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 Swiss-Hungarian 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 Swiss-Hungarian Cooperation Programme is limited to providing funds in accordance with the relevant Support Measure Agreements. No liability to Hungary, 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) shall form an integral part of this Framework Agreement.
2. This Framework Agreement shall enter into force, on the thirtieth day following the receipt of the last notification confirming the completion by both Parties of their respective approval procedures. It applies until both Parties have fulfilled all their obligations.
3. The Parties agree to provisionally apply this Framework Agreement and its Annex, in accordance with their internal procedures, from the day of the receipt of the latest note by which the Parties have notified each other of the completion of the relevant national procedures to provisionally apply this Framework Agreement.
4. Any dispute which may result from the application of this Framework Agreement shall be resolved by diplomatic means.

5. 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.

6. 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 Budapest on 8<sup>th</sup> of November 2022, in two original copies in the English language.

.....

**Jean-François PAROZ**

Ambassador of Switzerland in Hungary

For the Swiss Federal Council

.....

**Dr. Tibor NAVRACSICS**

Minister for Regional Development

For the Government of Hungary

**Annex**

**COUNTRY-SPECIFIC SET-UP**

**to the**

**FRAMEWORK AGREEMENT**

between

**THE SWISS FEDERAL COUNCIL**

and

**THE GOVERNMENT OF HUNGARY**

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**

## **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 Hungary (hereinafter referred to as 'Hungary') 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 geographical allocations of the Contribution and the specific rules agreed between Switzerland and Hungary, as well as the attribution of responsibilities and tasks to entities involved in the implementation of the Swiss-Hungarian 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 the Regulations shall apply.

## **2. Roles and responsibilities for the Swiss-Hungarian Cooperation Programme**

### **2.1. National Coordination Unit**

Hungary has authorised the Prime Minister's Office of Hungary to act on its behalf as National Coordination Unit (NCU) of the Swiss-Hungarian Cooperation Programme.

The role and responsibilities of the NCU are set out in the Regulations.

In case of the thematic areas 'Energy efficiency and renewable energy', 'Water and wastewater management' and 'Providing support to migration management and promoting integration measures' the NCU takes over the role of the Programme Operator (PO).

The separation of tasks and responsibilities of the PO and the NCU will be set out in the description of the management and control system which will be forwarded to Switzerland with the audit opinion of the Audit Authority.

### **2.2. Intermediate Body**

The Intermediate Body (IB) for the Swiss-Hungarian Cooperation Programme is Széchenyi Programme Office Consulting and Service Nonprofit Limited Liability Company.

The IB acts under the responsibility of the NCU and carries out tasks on behalf of the NCU. In the implementation, the IB will work closely with the POs with regard to the implementing organizations. The IB is entrusted with providing administrative support to

the whole institutional set-up especially to those institutions that perform supporting functions related to the implementing organizations. The IB takes over mainly the following tasks from the NCU:

- contributing to the effective and successful selection process by performing administrative tasks (e.g. publishing the calls; receiving the Support Measure proposals; checking eligibility and formal criteria; contracting the independent evaluators based on the needs of the NCU/PO; etc.)
- preparing the support measure implementation agreements and their modifications;
- conducting on-site checks;
- checking the submitted invoices and supporting documentation, verifying the financial correctness of the payment claims submitted by the implementing organizations related to the reimbursement requests;
- providing technical support for complying with the visibility and communication requirements;
- checking the public procurement documentations of the implementing organizations in line with the relevant national and EU law;
- investigating the suspicions of irregularities and performing the relating administrative tasks;
- conducting procurements and contracting service providers on behalf of the NCU's and POs' management tasks;
- providing overall information about the progress of the Projects and Programmes;
- providing and managing the IT system;
- providing information on the progress of the Support Measures based on the request of the NCU;
- ensuring the storage of all relevant documents relating to Support Measures implemented within the Swiss-Hungarian Cooperation Programme for 10 years after the completion of the Programme.

### **2.3. Paying Authority**

The Paying Authority is the Hungarian State Treasury.

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

### **2.4. Audit Authority**

The Audit Authority is the Directorate General for Audit of European Funds (DGAEF).

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

### 3. Parameters of cooperation

#### 3.1. Thematic allocation

| <i>Specific objective &amp; thematic area</i>  | Indicative Swiss allocation<br>of the Contribution<br>[in CHF millions] | Indicative National<br>financial contribution<br>[in CHF millions] |
|--|---|--|
| <b>1. Promoting economic growth and social dialogue, reducing (youth) unemployment</b>         |   |  |
| (i) Vocational and professional education and training   | 8.956   | 1.580  |
| (ii) Research and innovation   | 10.254  | 1.809  |
| (iii) Financing for micro, small and medium-sized enterprises                                  | 12.000  | 2.118  |
| <b>2. Managing migration and supporting integration. Increasing public safety and security</b> |   |  |
| (iv) Providing support to migration management and promoting integration measures              | 1.987   | 0.351  |
| (v) Improving public safety and security   |   |  |
| <b>3. Protecting the environment and the climate</b>   |   |  |
| (vi) Energy efficiency and renewable energy  | 11.945  | 2.108  |
| (vii) Public transport   | 0   | 0  |
| (viii) Water and wastewater management   | 15.931  | 2.811  |
| (ix) Waste management  | 0   | 0  |
| (x) Nature conservation and biodiversity   | 0   | 0  |
| <b>4. Strengthening of social systems</b>  |   |  |
| (xi) Health and social protection  | 14.926  | 2.634  |
| (xii) Minorities and socially disadvantaged groups   | 9.952   | 1.756  |
| <b>5. Civic engagement and transparency</b>  |   |  |
| (xiii) Civic engagement and transparency   | 0   | 0  |
| <b>6. Technical support</b>  |   |  |
| (xiv) Technical Assistance Fund  | 1.300   | 1.300  |
| (xv) Support Measure Preparation Fund  | 0.349   | 0.062  |
| Total Allocation   | 87.600  | 16.529   |

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

### **3.2. Geographical allocation**

The following less-favoured regions shall receive at least 50% of the Contribution:

- North Great Plain;
- North Hungary;
- South Transdanubia.

### **3.3. Pre-specified parameters per thematic area**

#### **(i) Vocational and professional education and training**

##### **Directly selected or pre-identified Support Measures**

|                      |   |
|----------------------|---|
| Support Measure name | VET Programme Hungary   |
| Support Measure type | Programme   |
| Objectives           | To contribute to the objectives of the Hungarian Strategy VET 4.0, namely the renewal of the attitudes of final examination in VET; strengthening dual vocational education and training with the involvement of SMEs; improving career orientation and guidance to improve the quality of VET teaching and training and enhance the labour market relevance of VET.  |
| Strategic Focus      | <p>The Programme should contribute to development teaching, training and final examinations methods. It furthermore aims to increase the involvement of SMEs in dual VET in Hungary and to improve career orientation and guidance. Target groups include VET students, VET teachers and trainers and SMEs.</p> <p>The Programme contributes to the objectives of the Hungarian VET 4.0. Strategy. Relevant Swiss experiences in dual VET, career orientation and with project-based teaching</p> |

|  |   |
|--|---|
|  | <p>and training methods and final project-based examinations will be used.</p> <p>At least 60% of the allocation will be focused on the regions of North Great Plain, North Hungary and South Transdanubia.</p> |
| Swiss indicative Commitment                        | 9 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | Centre for Innovative Training Support Ltd. (CITS Ltd.)   |
| Swiss Support Measure Partner(s)                   | Swiss Public VET schools, companies (SMEs), professional associations, expert organisations and Swiss authorities   |
| Other specificities related to the Support Measure | ---   |

**(ii) Research and innovation**

**Directly selected or pre-identified Support Measures**

|                      |   |
|----------------------|---|
| Support Measure name | Research Programme Hungary  |
| Support Measure type | Programme   |
| Objectives           | The Programme will contribute to the economic growth and competitiveness of Hungary by strengthening the research excellence and innovation capacities of Hungarian research organizations, universities and enterprises and by facilitating the research and innovation cooperation with international partners. All Programme Components will enhance the relations of the Hungarian research and innovation communities with leading RDI actors and networks in the European Research Area and improve the alignment with ERA policy objectives. |
| Strategic Focus      | The Programme will be implemented through 4 components:   |

|                                  |   |
|----------------------------------|---|
|                                  | <p>Component 1: Facilitating the integration of ELI-ALPS into the international networks, its promotion and attracting researchers to perform their research at this research facility.</p> <p>Component 2: Improving the innovation capacities and international competitiveness of Hungarian SMEs by strengthening their participation in the EUROSTARS (Innovative SMEs partnership) programme</p> <p>Component 3: Increasing the Hungarian participation in major international Research Infrastructure networks to boost the scientific research in Hungary by providing access to high-quality services and data and thus to improve of Hungarian researchers in international networks and support their multidisciplinary scientific cooperation. It should particularly focus on research infrastructures with joint interest where both Hungary and Switzerland are members.</p> <p>Component 4: Building up long-term sustainable research partnerships between Hungarian and Swiss and other European partners with a view to, among other things, encourage joint participation in the EU Framework Programme Horizon Europe.</p> <p>Swiss-Hungarian RDI cooperation will be facilitated in all Programme Components.</p> <p>No geographical focus is foreseen but special attention will be paid to promote the Programme and encourage participation of RDI organizations and innovative enterprises from the Northern-Hungary and Northern Great-Plain regions.</p> |
| Swiss indicative Commitment      | 9.6 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator    | National Research, Development and Innovation Office  |
| Swiss Support Measure Partner(s) | <p>Swiss research and innovations institutions and agencies, research infrastructures</p> <p>For Programme Component 2: Innosuisse will be acting as a technical backstopping (Swiss Partner).</p>  |

|  |   |
|--|---|
| Other specificities related to the Support Measure | For Programme Component 4, the Swiss National Science Foundation will be acting as Programme Component Operator and specific rules, deviating from the Regulations e.g. on financial flows, audit and reporting will be applied and further defined in the Support Measure Agreement. |
|--|---|

|  |  |
|--|--|
| Support Measure name                               | Partnership between Andrassy University Budapest (AUB) and Swiss Universities  |
| Support Measure type                               | Project  |
| Objectives   | Strengthening the role of the Andrassy University Budapest (AUB) as an international research centre and promote academic exchanges with Switzerland.  |
| Strategic Focus                                    | The project aims to promote bilateral partnership aspects, such as exchanges with Swiss universities, research institutes and think tanks as well as include specific Swiss research experiences such as federalism, direct democracy, Europe's security challenges or decentralization. The project is broadly related to topics of the Swiss Contribution, such as economic development. |
| Swiss indicative Commitment                        | 0.7 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)   |
| Project or Programme Operator                      | Andrassy University Budapest (AUB)   |
| Swiss Support Measure Partner(s)                   | Swiss universities and/or Swiss research institutions/think tanks  |
| Other specificities related to the Support Measure | ---  |

**(iii) Financing for micro, small and medium-sized enterprises**

**Directly selected or pre-identified Support Measures**

|  |  |
|--|--|
| Support Measure name                               | Strengthening SMEs through enhanced access to finance  |
| Support Measure type                               | Project  |
| Objectives   | Development of SMEs in the creative industry by providing access to finance. Enable SMEs to expand and create jobs.  |
| Strategic Focus                                    | <p>A financing scheme shall be defined and developed, which is expected to make an effective contribution to achieving SME financing objectives set out in the Hungarian SME Strategy 2019-2030. The scheme shall facilitate the technology changing investments and the development of business processes and sales activities among small and middle sized enterprises (SMEs) operating in creative industries. Target group are SMEs with a relatively high intellectual and immaterial capital.</p> <p>The aim is to increase the added value produced by domestic creative industries, connect their domestic activities into international value chains and expand their export activities.</p> <p>Aligned with the planned Hungarian Strategy for Creative Industry 2020-2030.</p> <p>Country-wide eligibility.</p> |
| Swiss indicative budget                            | 12 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | A Fund Manager is to be identified by the NCU through a call for proposals. The call for proposals documents will be shared in advance with Switzerland.   |
| Swiss Support Measure Partner(s)                   | ---  |
| Other specificities related to the Support Measure | Final decision concerning the viability and strategic focus of the project will still have to be agreed in the coming months.  |

**(iv) Providing support to migration management and promoting integration measures**

**Directly selected or pre-identified Support Measures**

|  |   |
|--|---|
| Support Measure name                               | Fight against human trafficking   |
| Support Measure type                               | Programme   |
| Objectives   | Increase the effectiveness of the fight against human trafficking.  |
| Strategic Focus                                    | <p>The Programme shall develop prevention measures for the entire society and specifically for vulnerable groups; improve cooperation between bodies involved in the fight against human trafficking as well as enhance the cooperation between Hungary and Switzerland; and improve services for reintegration of victims.</p> <p>The Programme builds on the partnership of governmental and non-governmental bodies in Hungary involved in the fight of human trafficking.</p> <p>Geographical focus is on national level.</p> |
| Swiss indicative Commitment                        | 2 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | National Coordination Unit  |
| Swiss Support Measure Partner(s)                   | Competent federal or cantonal authorities, NGOs and other competent organisations in Switzerland  |
| Other specificities related to the Support Measure | Programme Partner: Ministry of Interior   |

**(vi) Energy efficiency and renewable energy**

**Directly selected or pre-identified Support Measures**

|                      |  |
|----------------------|--|
| Support Measure name | Geothermal energy resources for district heating |
|----------------------|--|

|  |   |
|--|---|
| Support Measure type                               | Programme   |
| Objectives   | The overall objectives of the Programme are the reduction of greenhouse gas emissions in district heating systems and the promotion of renewable energies.  |
| Strategic Focus                                    | <p>The Programme aims to increase the use of geothermal energy resources through modernization of existing wells, or construction of connection of geothermal wells to district heating systems and/or connection of new consumers to geothermal-based district heating systems. Citizens will have access to a reliable and environmental friendly source of heating. The connection of geothermal energy resources with existing district heating networks will contribute to achieving Hungary's Green District Heating Programme objectives.</p> <p>The Support Measure is aligned with the Hungarian National Energy and Climate Plan and Hungarian National Energy Strategy.</p> <p>Geographical focus: At least 75% of the Programme shall be implemented in economically disadvantaged regions.</p> |
| Swiss indicative Commitment                        | 12 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)   |
| Project or Programme Operator                      | National Coordination Unit  |
| Swiss Support Measure Partner(s)                   | ---   |
| Other specificities related to the Support Measure | <p>Programme Partner: Ministry of Technology and Industry.</p> <p>The geothermal and district heating associations as well as environmental NGOs will be involved in elaborating and implementing concepts to actively involve and exchange with municipalities and citizens.</p> <p>Civic engagement to be integrated into the Programme with comprehensive approach, focusing on and connecting the respective sites. The aim of the civic engagement activities is to strengthen participative structures and processes in order to reduce economic and social disparities.</p>  |



**(viii) Water and wastewater management**

**Directly selected or pre-identified Support Measures**

|                      |  |
|----------------------|--|
| Support Measure name | Improved water quality in Hungary  |
| Support Measure type | Programme  |
| Objectives           | <p>Improving the water quality in Hungary by strengthening the municipal drinking water supply networks and comprehensive improvements in municipal wastewater treatment plants, incl. targeted elimination of micro-pollutants.</p> <p>Stimulate a national discussion on whether and how to implement micro-pollutant removal in wastewater treatment on strategic approach.</p>   |
| Strategic Focus      | <p>Improving drinking water quality, enhancing energy efficiency and water savings in the network: The Support Measure shall improve the drinking water quality by removing specific dangerous substances and replacing network pipelines. Network reconstructions improve energy efficiency and save drinking water, while grid upgrades improve drinking water quality.</p> <p>Comprehensive upgrade of a wastewater treatment plant (WWTP), incl. constructing a 4<sup>th</sup> purification stage as a flagship and demonstration object. This will serve as basis for formulating a White Book for an implementation of the 4<sup>th</sup> treatment stage as well as for a cost-benefit analysis allowing a comparative discussion on implementing the 4<sup>th</sup> treatment stage in WWTPs. This shall be formulated so that Hungary may serve as a model country for the region.</p> <p>The comprehensive upgrade incl. the 4<sup>th</sup> purification stage for removal of micro-contaminants in WWTP will improve the treated wastewater quality in line with the planned modifications of the Urban Waste Water Treatment Directive.</p> <p>80% of the drinking water and 33.33% of the wastewater component will be implemented in economically disadvantaged regions. For the wastewater component,</p> |

|  |  |
|--|--|
|  | selection criteria concerning the wastewater quality and the WWTPs weight over the geographical selection.   |
| Swiss indicative Commitment                        | 16 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | National Coordination Unit   |
| Swiss Support Measure Partner(s)                   | <p>Swiss Partners may consist of:</p> <p>Swiss Federal Institute of Aquatic Science and Technology (EAWAG)</p> <p>Swiss municipal wastewater utility operating 4<sup>th</sup> purification stage wastewater treatment plant</p> <p>Swiss Association of wastewater treatment specialists (VSA)</p> <p>Swiss engineering company with experience in designing 4<sup>th</sup> purification stage in wastewater treatment plants.</p>   |
| Other specificities related to the Support Measure | <p>Programme Partners: Ministry of Technology and Industry (water part), Ministry of Interior (wastewater part)</p> <p>Stakeholders such as the Hungarian Water Utility Association (MAVIZ) shall be involved from the outset in the development of the wastewater part.</p> <p>A stakeholder consultation shall contribute to determine the scope of the civic engagement in the Programme. The civil society shall be strengthened in its ability to participate in decision-making processes for water protection.</p> <p>Civic engagement to be integrated into the Programme with comprehensive approach, focusing on and connecting the respective sites. The aim of the civic engagement activities is to strengthen participative structures and processes in order to reduce economic and social disparities.</p> |

(xi) **Health and social protection**

**Directly selected or pre-identified Support Measures**

|  |  |
|--|--|
| Support Measure name                               | Improving life-saving skills for LIFE together   |
| Support Measure type                               | Project  |
| Objectives   | The long-term goal of the project is to create first aid education network to save lives, prevent long-term health damage and reduce health inequalities.  |
| Strategic Focus                                    | The project aims to increase the knowledge and abilities of the population in first aid and life-saving. The project will mainly focus on establishing a well-functioning local instructors and emergency helpers networks and lifesaving/first aid and health education trainings; and to develop online platform and e-learning materials. Target groups include students, nurses, civil servants and postmen.<br><br>Geographical focus is on national level. |
| Swiss indicative Commitment                        | 7 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)   |
| Project or Programme Operator                      | Hungarian National Ambulance Service (OMSZ)  |
| Swiss Support Measure Partner(s)                   | Swiss organisations with competence in first aid and emergency care  |
| Other specificities related to the Support Measure | ---  |

|                      |   |
|----------------------|---|
| Support Measure name | Hospice-Palliative Care Programme   |
| Support Measure type | Programme   |
| Objectives           | The overall goal is to improve the national system of hospice and palliative care services in order to improve the quality of services and to provide equal access to them. |

|  |   |
|--|---|
| Strategic Focus                                    | <p>The Programme aims to develop a national system of integrated palliative care units on regional level, to strengthen existing in-home hospice service providers and their cooperation with the integrated units, to further develop new types of services and also to organize trainings and campaigns.</p> <p>Target groups are patients needing palliative care, public and non-governmental health and social service providers. The new system to be developed will be able to provide proximity services to people in disadvantaged areas, thus making a significant contribution to equal opportunities.</p> <p>Geographical focus is on national level.</p> |
| Swiss indicative Commitment                        | 8 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | Ministry of Interior  |
| Swiss Support Measure Partner(s)                   | If relevant, Swiss public or private non-profit organisation active in palliative care  |
| Other specificities related to the Support Measure | ---   |

**(xii) Minorities and socially disadvantaged groups**

**Directly selected or pre-identified Support Measures**

|                      |   |
|----------------------|---|
| Support Measure name | Availability of digital spaces and improved digital competencies of disadvantaged groups  |
| Support Measure type | Programme   |
| Objectives           | The Programme aims to increase the digital literacy of disadvantaged groups, including Roma, contributing to improve employability among the adult working age population, encourage adult learning with the aim for social inclusion, and improve access to job opportunities. All these |

|  |  |
|--|--|
|  | contribute to increase their empowerment and lead them to become active citizens.  |
| Strategic Focus                                    | <p>The Programme aims to improve disadvantaged people's digital skills and access to online services. It will develop digital competence by increasing the level of autonomy among the involved target groups allowing them to make more informed decisions. It will build the capacity of organizations engaged in social inclusion (social inclusion services) in disadvantaged areas. Target groups are disadvantaged people and Roma adults living in disadvantaged areas, settlements as well as Roma children, youth and women.</p> <p>The design of the Programme is based on the experience of Roma organisations and on cooperation with them. One of the form for cooperation is the Roma Platform.</p> <p>Geographical focus: At least 70% of the Programme shall be implemented in economically disadvantaged regions.</p> |
| Swiss indicative Commitment                        | 10 million CHF (This figure includes the estimated contribution from the Support Measure Preparation Fund.)  |
| Project or Programme Operator                      | Ministry of Interior   |
| Swiss Support Measure Partner(s)                   | If relevant, to be defined during Support Measure preparation  |
| Other specificities related to the Support Measure | ---  |

#### 4. Hungarian specific rules and procedures

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

- The paragraph **Art 3.4 Paragraph 2** of the Regulations shall be deleted.
  
- The following paragraph replaces **Art 3.5 Paragraph 2** of the Regulations: “The National Coordination Unit is responsible for executing payment transactions on behalf of Hungary.”
  
- The following paragraph replaces **Art 4.9 Paragraph 1** of the Regulations: “Based on the Support Measure Agreement, the National Coordination Unit shall conclude a Support Measure Implementation Agreement with the Executing Agency and, if applicable and sought with the Intermediate Body and with the Line Ministry as Programme partner.”
  
- The following paragraph replaces **Art 4.11 Paragraph 2b** of the Regulations: “if applicable, the Intermediate Body as providing administrative support for organizing the Support Measure Steering Committee meetings;”
  
- The following paragraph replaces **Art 8.2 Paragraph 2** of the Regulations: “In relation to Reimbursement Requests the National Coordination Unit shall
  - d) confirm that based on the information available to the National Coordination Unit no double-financing could be identified;
  - e) ensure that recoverable VAT is not included in the Reimbursement Request as eligible expense.”

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