

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

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

Rules and procedures for the Technical Assistance Fund are defined in Annex 3.

1. Controlling at the Swiss-Maltese Cooperation Programme level

1.1 Supervision

The Maltese authorities have the final responsibility for the monitoring and supervision of the Swiss-Maltese Cooperation Programme. A monitoring system shall be developed jointly by the National Coordination Unit (NCU) and the Swiss Agency for Development and Cooperation (SDC) (hereinafter referred as to the Parties) at the beginning of the Swiss-Maltese Cooperation Programme and be enhanced during its implementation as necessary.

1.2 Annual meetings

In order to ensure an effective implementation of the Swiss-Maltese Cooperation Programme, the Parties shall hold annual meetings. At the annual meetings, the Planning and Priorities Co-ordination Division (PPCD) as the National Coordination Unit (NCU) shall present an annual report to be distributed one month before the meeting which shall amongst other things address:

- General introductory remarks, general experience and results achieved;
- Progress made in the implementation of the Swiss-Maltese Cooperation Programme against the Conceptual Framework;
- Overview on the status of the Swiss-Maltese Cooperation Programme orientation, including:
 - o Statements on approved Projects, progress of Project identification / preparation and foreseeable Commitments;
 - o Overall financial statement on past and tentative future disbursements and Commitments for the entire Swiss-Maltese Cooperation Programme;
 - o Summary and main conclusions of the financial audits of the Projects in accordance with section 3.6;
 - o Statistics on tenders, contract awards and successful bidders;
 - o Information about important issues with regard to particular Projects
- Reporting on ongoing Project identification, preparation, implementation, evaluation; information about issues with regard to particular Projects, including audit results and recommendations;
- Reporting on the Technical Assistance 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-Maltese 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 Planning and Priorities Co-ordination Division (PPCD) as the NCU is responsible for the organisation of the annual meetings. It will consult SDC on the organisation, the contents, the agenda, the participants and other organisational and logistical matters.

The Intermediate Bodies (if applicable), 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.

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

Minutes of the meetings shall be drafted by the NCU and be submitted to Switzerland for approval within 15 days after the meeting.

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 the 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"> – Lists of priority Projects provided by the Government – A proposal by the NCU – A proposal by an Executing Agency – Call for proposals – A proposal by Switzerland – A proposal by an international organisation 	Responsible: NCU Involved: Intermediate Body (when existent), Executing Agency, Maltese partners, Swiss authorities
2.	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.	Responsible: Intermediate Body (when existent), Executing Agency

No.	Steps	Activities and specific rules	Organisations
3.	Pre-screening of the Project outline	Possibility of informal consultations with SDC.	Responsible: NCU
4.	Screening	Examination of the Project outline based on the Conceptual Framework, the Project identification criteria in Annex 1 and the requirements for Project outlines (cf. 2.2).	Responsible: NCU Involved: Intermediate Body (when existent)
5.	Submission of the Project outline	If accepted, submission of the Project outline with a cover letter comprising a description of the identification process to SDC.	Responsible: NCU
6.	Final decision on Project outline	Final decision on the Project outline. 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.	Responsible: Swiss Agency for Development and Cooperation (SDC)

2.2 Requirements for Project Outlines

The Project outline (approximately 5 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 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
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 (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	Examination of the Final Project Proposal.	Responsible: NCU Involved: Intermediate Body (when existent)
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 SDC.	Responsible: NCU
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

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 (5 – 10 pages; for large infrastructure Projects 10 - 20 pages, plus annexes) shall provide adequately detailed information on inter alia:

Item	Content
Project summary (1 page)	Fact sheet: Project title, 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 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 potential; sustainability of the Project
Project justification (Due diligence)	Main conclusions of the feasibility study (if requested)
Project organisation	Organisational chart, responsibilities, etc.
Detailed implementation schedule	Including milestones and monitoring of progress based on defined indicators
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

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 Malta and Switzerland.	Responsible: NCU on the Maltese side; SDC on the Swiss side.
2.	Signing	Signing of the Project Agreement. The Project Agreement is to be signed by the SDC and NCU.	Responsible: Normally SDC and NCU
3.	Procurement and award of contracts	Procurement is to be made in accordance with the respective 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.	Responsible: DoC, Executing Agency

		<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 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 contract, respectively.</p> <p>Furthermore, for tenders above the threshold of CHF 500'000, Switzerland may also request that an English translation of the tender documents and the draft contracts are made available to tenderers and contractors, respectively. Possible translation costs shall be borne by the Project 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 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> <p>The NCU will liaise with the Department of Contracts (DoC) in this regard.</p>	
4.	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, annual auditing, etc.</p>	<p>Responsible: Executing Agency</p> <p>Involved: NCU</p> <p>Intermediate Body (when existent)</p>
5.	Reporting	<p><u>Interim Reports</u> for supporting payment claims and reimbursement requests as specified in</p>	<p>Responsible: Executing</p>

4. Payment and Reimbursement Procedure

4.1 Payment Arrangement at a local Maltese stage

The Treasury of the Government of Malta is responsible for effecting payments at the local level.

The Government of Malta will pre-finance in its national Budget the Swiss Contribution and national component with respect to selected project (s) (annual cash flow requirement).

4.2 Role of the Treasury

The Treasury receives invoices from the Line Ministries following checks from the Executing Agency.

The Treasury effects payments on behalf of the Executing Agency to third parties in respect of approved projects.

4.3 Role of the Certifying Authority

The EU Paying Authority Directorate within the Ministry of Finance of Malta is the Certifying Authority for the Contribution.

The Certifying Authority is responsible for ensuring correctness of all reimbursement requests (advance, interim and final) made to the Swiss Agency for Development and Cooperation (SDC). It will certify the correctness and accuracy of reimbursement claims and supporting documents.

The Certifying Authority submits the respective reimbursement requests to the SDC. It is also responsible for keeping accounts on all reimbursement requests made to the Swiss National Bank through the SDC and for receiving reimbursement made by the Swiss National Bank to the Government of Malta. The account which will be receiving payments will be managed by the Certifying Authority.

The Certifying Authority is also responsible for keeping record of financial corrections and ensuring that any funds owed to the Government of Malta or to the SDC (arising from any financial corrections) are collected and reimbursed. It provides a yearly overall financial statement on all transfers of funds between Switzerland and the Certifying Authority and reports periodically to the NCU on financial flows between Switzerland and Malta.

Report periodically to the NCU on financial flows between Switzerland and Malta and vice-versa.

The Certifying Authority will liaise with the National Coordination Unit and the Treasury in developing the relevant procedures with respect to financial management.

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

4.4 Payment Process at a local stage

No.	Steps	Activities	Involved / responsible Organisations
1.	Issue of the original invoice	Issue of the original invoice	Supplier of a product or service; contractor, consultant, organisation (claimant)
2.	Examination of the invoice	Checks and Control each invoice with regard to the: - Project Agreement; - Implementation Agreement; the supply / services contract and the agreed tariffs. Verifies the correct execution of the: - quantity and quality of the work, - the supply of goods / services and the special conditions etc.	Executing Agency
3.	Clearance of the invoice for payment	- ensures that the Executing Agency has effected checks - verifies all documentation - validates and certify the invoice - endorses invoice before requesting payment from the Treasury - raises commitment and debit advice in the relevant line item	Line Ministry
4.	Payment to the Contractor	Checks that all documents are in line with the Financial Regulations and effects payments	Treasury (Ministry of Finance)

4.5 Reimbursement from Switzerland through the Swiss Agency for Development and Cooperation

A verification process takes place prior each respective request for interim payments.

1.	Reimbursement request of the Executing Agency	Submit the payment claim including an interim report to the NCU. The payment claim comprises eligible costs incurred during a given period. 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 six months.	Responsible: Executing Agency
2.	Verification of reimbursement requests	Reviews the project progress and the payment claim of the Interim Report in line with the rules and procedures,	National Coordination Unit (NCU)

		the Project Agreement, the Implementation Agreement and the formal obligations for payments, based on reliable and verified documents.	
3.	Certification and Submission of the Reimbursement requests to the Swiss Agency for Development and Cooperation(SDC)	Certifies the payment claim section of the Project Interim Report and submits to the SDC the Project Interim Report as a reimbursement request.	Certifying Authority (Ministry of Finance)
4.	Payment from Switzerland to Malta	Check the conformity of reimbursement requests and supporting documentation. Transfer the requested amount to the Ministry of Finance.	Responsible: SDC
5.	Receipt of Funds by Malta	Verify receipt of funds in terms of the reimbursement request submitted earlier.	Certifying Authority (Ministry of Finance)

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 give instructions to 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, except for the Certifying Authority and the Treasury which are outlined under Sections 4.2 and 4.3 of this Annex entitled Payment and Reimbursement Procedure. Project Agreements will contain more detailed responsibilities and activities tailored to the individual case.

5.1 The National Coordination Unit

The Planning and Priorities Co-ordination Division (PPCD) within the Office of the Prime Minister (OPM) shall fulfil the tasks of the National Coordination Unit (NCU).

The NCU is responsible for the management and coordination of the overall Swiss-Maltese Cooperation Programme and for the identification, planning,

implementation, financial management, controlling and evaluation of Projects, as well as for the use of funds under the Contribution in accordance with the Framework Agreement.

Specifically its tasks shall include:

- Liaise with relevant agencies to ensure coherence with national legislation and with the rules and procedures of this Framework Agreement on the implementation and monitoring of Projects;
- Ensure the adoption of the necessary national legal documents on the implementation and monitoring of Projects;
- Coordinate the Swiss Contribution with other contributions, with the National Strategic Reference Framework and with the operational programmes;
- Liaise with relevant agencies to ensure that the appropriate provisions are included in the National Budget in order to safeguard that claimants have the necessary funds;
- Liaise with the relevant agencies to confirm that the co-financing part has been provided according to the Project Agreement;
- Ensure that there is no double financing of any part of the Project by any other source of funds;
- Ensure the collection of and the appraisal of Project proposals;
- Identify the Project proposals to be submitted to Switzerland in the form of Project outlines;
- Submit well documented Project financing requests to Switzerland resulting from approved Project outlines;
- Ensure that procedures are available to guarantee the efficient and correct use of available funds;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and liaise with relevant agencies to establish adequate monitoring and auditing systems;
- Ensure that audits are carried out by the relevant government institutions;
- Check the request for interim payments received from the Executing Agencies and verify the sufficiency of documentation;
- Submit payment claims to the Certifying Authority and verify their correctness and legality;
- Verify in each Project if the value added tax (VAT) can be recovered by the Executing Agency and to inform the Swiss Agency for Development and Cooperation accordingly;
- 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;
- Ensure the discussion of audit results with the partners involved, including the SDC and the implementation of the decisions made based on the audit report;
- Ensure regular reporting to the SDC on the implementation of Projects financed by the Contribution, as well as to immediately report any irregularities;
- Organise annual steering meetings on overall Swiss-Maltese Cooperation Programme level in consultation with the SDC and to present an annual report;
- Be responsible for the reimbursement to Switzerland of unduly paid sums financed by the Contribution;
- Ensure general information and publicity about the Swiss-Maltese Cooperation Programme;
- Ensure that the relevant documents within the Swiss-Maltese Cooperation Programme are kept for 10 years after the completion of Projects.

5.2 Intermediate Body

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

5.3 Executing Agency

An Executing Agency is any public authority, any public entity or private corporation as well as any organization whether public or private, recognised by the Parties and mandated to implement a specific Project financed under this Framework Agreement. Consequently, the Executing Agency is the contracting party for service and supply contracts in the framework of approved Projects.

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

5.4 Audit and Financial Control Organisation

Audits will be conducted by the Internal Audit and Investigations Directorate (IAID) within the Ministry of Finance. IAID is completely independent from the management of the Swiss-Maltese Cooperation Programme. For Technical Assistance different audit procedures may apply. The audit organisation has to be a public institution or a private company of recognised professional reputation which operates in line with international auditing standards.

The audit organisation has to be mentioned in the Project Agreement. The scope of the audit will be defined in an annex to the Project Agreement. In case where IAID has contracted the services externally, the costs are eligible for reimbursement and must be included in the Project budget.

The audit organisation shall carry out annual audits of the Projects according to the terms of references and International Auditing Standards. In doing so, it shall verify the correct use of funds, make recommendations to strengthen the control system and report any actual or alleged fraud or irregularity. The audit report (including conclusions and recommendations) is transmitted to the NCU. The IAID shall support the NCU in the discussion of audit reports with the partners. The competent authorities with the full support of the government of Malta shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted accordingly to existing regulations.

The National Audit Office (NAO) shall have the right to carry out audits on projects in line with national procedures.

5.5 Department of Contracts (DoC)

The DoC within the MFIN is generally responsible for public tendering and contracting in Malta in line with national legislation. The DoC must ensure that the relevant tenders are launched and published in accordance with national legislation and public procurement regulations and that contracts are awarded in conformity with the principles of free access, fair competition and transparency.

The DoC provides advice and guidance to Executing Agencies (EAs) on all issues pertaining to public contracts.

5.6 Swiss Embassy

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

- Facilitate contacts; assure the liaison and the networking between partners
- Participate in meetings on the overall Swiss-Maltese Cooperation Programme;
- Provide information to the general public on the Swiss-Maltese Cooperation Programme and the Contribution.

5.7 Swiss Agency for Development and Cooperation (SDC)

On the Swiss side, the Swiss Agency for Development and Cooperation (SDC) is the competent authorities for the Swiss-Maltese Cooperation Programme: Its main tasks are to:

- Ensure the strategic and operational steering at the overall Swiss-Maltese 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-Maltese Cooperation Programme;
- Provide support for Project identification and preparation;
- Decide on the financing of Projects submitted for funding;
- Decide on overall Swiss-Maltese Cooperation Programme issues;
- Inform and give advice to partners on procedures and conditions of the Contribution;
- Supervise the overall Swiss-Maltese Cooperation Programme development through field visits and reviews;
- Network with the national and international actors relevant to the implementation of the Swiss-Maltese Cooperation Programme;
- Administrate the Swiss-Maltese Cooperation Programme on the Swiss side.

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