Annual Report 2013 on the Swiss Enlargement Contribution
Dear readers,

“It is relatively easy to change an aquarium into a fish soup but it is much more difficult to change fish soup back into an aquarium.” These were the words of Karel Schwarzenberg, the former Czech Minister of Foreign Affairs, at the last Annual Conference of Swiss Cooperation with Eastern Europe. He used this comparison to illustrate the difficulties his country is faced with in its efforts to build a constitutional state after 50 years under totalitarian rule.

Since the early 1990s, Switzerland has been supporting the former Eastern Block states on their path to becoming democratic and economically-minded trading partners. After the previous Eastern Block countries, Malta and Cyprus joined the EU, Switzerland made an enlargement contribution of CHF 1.257 billion for reducing economic and social disparities within the enlarged EU. This contribution is now bearing promising fruits, as this report shows. Creating unity within the European continent still remains a large challenge. But this also provides Switzerland with the opportunity of contributing toward Europe’s future, to maintain sustainable partnerships and to strengthen values that are important to us at a European level. We are greatly interested in improving living conditions in Europe and thus reduce social tension. Switzerland’s cooperation with the new EU member states is an important part of this strategy.

We hope you enjoy reading this annual report.

Marie-Gabrielle Ineichen-Fleisch
State Secretary
Director of SECO

Martin Dahinden
Ambassador
Director of SDC
Switzerland supports the EU-10 with an enlargement contribution. EU-10 stands for the countries that joined the EU in 2004: Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus. The enlargement contribution is based on the 2006 plebiscite, in which the Swiss voters approved the Federal Act on Cooperation with the Countries of Eastern Europe. The people have thus stated their intention of contributing CHF 1 billion to reducing economic and social disparities within the enlarged EU. The additional contribution of CHF 257 million to Bulgaria and Romania, which joined the EU in 2007, has the same legal basis.

Despite high growth rates in the years immediately following their accession to the EU, prosperity is relatively low in the new EU member states. Some of the partner countries have been severely hit by the consequences of the sovereign debt crisis. The Swiss contribution gains even more importance in this light. In both economic and social terms, the gap to the overall European average remains enormous. The average spending power of the twelve new EU member states, for instance, amounted to around half of Switzerland’s spending power in 2012 and was still approximately 25 percentage points below the EU average.

The enlargement contribution is administered jointly by the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC). Support services are provided by their offices in Warsaw, Riga, Budapest, Prague, Bratislava, Bucharest and Sofia. The office staffs are familiar with local conditions and have direct contacts with the population. This helps to reduce the risk of poor investments.

The enlargement contribution is a token of solidarity and responsibility. It strengthens Switzerland and its relationship with the EU – the country’s most important political and economic partner. Switzerland decides on the implementation of the enlargement contribution on an autonomous basis and bases its decisions on the needs of the partner countries whose projects are supported. As a rule, at least 15% of the project costs are borne by the project partners.

### Enlargement contribution figures:

- **286** Projects and project outlines approved in the EU-12
- **13** Projects completed by the end of 2013
- **12** Partner countries: Bulgaria, the Czech Republic, Cyprus, Hungary, Estonia, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia
- **100%** Share of the EU-10 project budget already committed
- **456** Scholarships for a fixed-term research assignment in Switzerland approved
- **1.257 billion** Amount in Swiss francs contributed for the alleviation of economic and social disparities in Europe
- **93%** Share of the Bulgaria and Romania project budget provisionally or definitively committed
- **CHF 90 million** Contracting volume for Swiss companies and organisations thanks to the enlargement contribution
- **5** Project objectives: promotion of economic growth and better working conditions; improvement of social security; improved environmental protection; improved public safety and security; strengthening of civil society
- **400** Partnerships established between Switzerland and the partner countries
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<th>Country</th>
<th>Contribution in m CHF</th>
<th>Number of projects and project outlines approved by the end of 2013</th>
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Activities and results in 2013

Annual conference on the opportunities of the Swiss enlargement contribution

On 31 May 2013, around 750 people attended the annual conference at the Hotel National in Bern to discuss the importance, effect and opportunities of the Swiss enlargement contribution.

Visible results and effects
SDC and SECO presented six films on example projects (Figure 1). Project participants from the respective countries answered the audience’s questions and took part in a panel discussion. One employee from the Bulgarian Red Cross, for example, talked about how she provides home care for elderly people with chronic diseases and disabilities thanks to Switzerland’s support. One film from Poland showed the improvement to border controls at the Eastern border of the Schengen Area, and one film from the Czech Republic illustrated how the enlargement contribution supports partnerships with Swiss organisations.

Partnerships and long-term links
Karel Schwarzenberg, the Czech Minister of Foreign Affairs, confirmed that the partnerships shown in the films have substance. He mentioned the long-standing cooperation between Swiss and Czech towns, municipalities and organisations. He stated that Switzerland supports his country’s economy as well as ideals.

Martin Dahinden, Director of SDC, added that many projects and plans encourage the exchange of professional know-how as well as partnerships between Switzerland and the partner country. In addition to numerous organisations, departments and municipalities from all over Switzerland are involved in the implementation of projects, he continued.

More jobs, improved values and future prospects for young people
Federal Councillor Didier Burkhalter addressed the European sovereign debt crisis in his speech. He found the lack of perspectives for young people and youth unemployment figures particularly worrying. This is why it is extremely important, he continued, that the enlargement contribution was used for improving the affected people’s living conditions and creating new local perspectives for the future.

In his speech, Andris Vilks, Minister for Finance of Latvia, gave a detailed description of how his country has been coping with the financial crisis in recent years. He ended his speech with the Swiss-German words “Danke Schwiiz”.

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"We can say today that the enlargement contribution is the right and important thing to do. And it is effective. It acts directly, autonomously and supports specific projects to the benefit of the people."
Federal Councillor Didier Burkhalter, Head of the Federal Department of Foreign Affairs

"I come across signs of Swiss support everywhere in my country. They are more important than Switzerland may think."
Karel Schwarzenberg, Czech Minister of Foreign Affairs

"At present, Europe is working towards the common goal of overcoming the crisis and finding mutual solutions. The crisis has shown just how closely interlinked the European countries are. Even if the debts and deficits have created large problems for Europe, Latvia has shown that every crisis is also an opportunity."
Andris Vilks, Minister for Finance of Latvia

"The enlargement contribution is based on Switzerland’s policy on the EU. We care about the living conditions as well as economic and social perspectives of our neighbours. Their future is our future."
Martin Dahinden, Director of SDC
Switzerland’s EU enlargement contribution for the EU-10

Switzerland was able to allocate the entire enlargement contribution of CHF 1 billion to 210 projects during the first five years since the approval of the global credit for the EU-10 by Parliament. The commitment period ended on 14 June 2012. All agreed projects must be completed by June 2017.

The realisation of the projects has shown that especially the development of project proposals and implementation of public tenders for the awarding of contracts are taking considerably longer than originally expected due to deadline extensions and objections. The projects are also being delayed by changes of governments and the European sovereign debt crisis. Due to Switzerland only reimbursing costs already incurred upon application, the payouts are also less than anticipated. Around CHF 275.9 million was paid out by the end of 2013.

13 projects totalling CHF 17.6 million have been completed. Estonia, for example, constructed automatic number plate recognition check points at its sea ports. This makes it easier to fight tax evasion and smuggling (Figure 2). A Swiss company also managed to deliver a movement device that supports children with severely impaired movement caused by neurological diseases or accidents in their recovery process to an Estonian children’s hospital. (Figure 3)

The Swiss enlargement contribution for Bulgaria and Romania

Bulgaria and Romania joined the EU on 1 January 2007, around two and a half years after the EU-10. Their commitment period expires in December 2014. The projects that are approved in this period must be completed and fully implemented no later than the end of 2019.

As of the end of 2013, Switzerland had given its final approval for all 13 thematic funds and 12 individual project proposals. The commitments until 31 December 2013 therefore come to CHF 154.2 million, corresponding to roughly 63% of the entire programme. Switzerland also approved 18 project proposals totalling CHF 73 million. Final and detailed project proposals are now being developed for all. This means that 93% of the project budget for Bulgaria and Romania has been provisionally or definitively committed. At the end of 2013, CHF 46.6 million – around 19% of the total programme contribution – had been paid out as part of the project implementation. Payments were therefore made at an earlier stage than in the case of the EU-10.

Bulgaria and Romania – Funding allocations and status of the two-step project approval procedure (as of 31 December 2013)

The enlargement contribution for Romania and Bulgaria comes to CHF 257 million. The total allocation for the project portfolio is CHF 244.15 million. An additional CHF 12.85 million has been budgeted for implementation costs in Switzerland.

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Definitely approved projects and thematic funds, Provisionally approved projects, Not yet allocated
Infobox 1: Enlargement contribution flows back to Swiss companies

Calls for bids for supplies, as well as for construction and other services required for projects that fall under the Contribution to EU enlargement, are publicly advertised by those responsible for a project in the twelve partner states. Contracts are awarded in compliance with the international laws on procurement and the applicable laws of the partner country. The bilateral Government Procurement Agreement between Switzerland and the EU guarantees Swiss companies equal access to these tenders. Switzerland also publishes the tenders at www.simap.ch, the Swiss procurement information system. Switzerland and the respective partner country closely follow the tenders and check evaluation criteria and contract allocation.

Time and time again, Swiss companies are among the successful bidders. Contracts totalling around CHF 90 million were awarded to Swiss companies, consultants, organisations and associations by the end of 2013. A survey carried out by the Embassies of Switzerland further shows that since 2010, Swiss companies were awarded around 450 contracts totalling CHF 1.7 billion from EU-financed projects in the twelve partner countries of the enlargement contribution. As companies do not have a duty to inform the Confederation about contracts received, this survey depicts only some of the contracts. The EU fund-financed contracts actually awarded to Swiss companies are therefore expected to considerably exceed the above sum.

The enlargement contribution furthermore supports the inclusion of Swiss partners. Numerous educational trips were carried out until 2013 to strengthen relationships on a project and total programme level between Switzerland and the new EU member states. They provide a useful and important platform for exchanging knowledge and experiences and support the sustainable implementation of the projects. Abroad, Swiss programmes and projects help to increase Switzerland’s presence and improve its good reputation with government agencies, in the financial world and among the population (Figure 4). The Swiss enlargement contribution is therefore an important factor for strengthening bilateral relationships at all political levels with the partner countries and the EU (Figure 5). It strengthens Switzerland’s access to the growing single market, in which Swiss companies profit from new business opportunities.
The enlargement contribution helps to reduce economic and social disparities. Each project has one of the five objectives based on this fact:

- Promoting economic growth and improving working conditions
- Improving social security
- Protecting the environment
- Improving public safety and security
- Strengthening civil society

For each project, an individual project agreement sets forth measurable results that are expected to be achieved. Primary responsibility for making certain that tasks are performed and the project goals achieved lies with the partner countries. The partner countries report to Switzerland on a regular basis concerning the progress made on the various projects and compliance with the specified indicators.

**Breakdown of the enlargement contribution by project goals**

The graphic shows a breakdown of the project budget preliminarily approved by the end of 2013 for the twelve partner countries by project objective. The costs for project preparation and technical support are included. The project objectives are described in more detail and illustrated with examples on the following pages.
Promoting economic growth and improving working conditions

Switzerland supports 64 projects with CHF 311 million in its partner countries. They support economic growth and improve working conditions. This is also in Switzerland’s interest as the Swiss export industry profits from developing the Eastern European growth markets and the increasing spending power in the partner countries. The projects are extremely varied and range from supporting structurally weak regions in South-East Poland and the implementation of a dual vocational training system in Slovakia to scholarships for young scientists from the new EU member states. The enlargement contribution also finances small company loans and thus contributes to the creation and preservation of numerous jobs. It also strengthens companies’ social responsibility and tourism in structurally weak regions and improves the application of international financial reporting and auditing standards, which increases investors’ willingness to invest and helps to prevent financial crises.

Young researchers bring valuable know-how into Switzerland

The “Scientific Exchange Programme between the New Member States and Switzerland” scholarship programme (Sciex-NMS.ch), provides around 460 graduates and postgraduates from the new EU member states with the opportunity to stay in Switzerland on fixed-term research assignment. The programme has a total volume of CHF 47 million and is open to researchers from all new member states, excluding Malta and Cyprus. As the Rectors’ Conference of the Swiss Universities of Applied Sciences coordinates the programme and the researchers spend their scholarships in Switzerland, almost all of the amount flows back into Switzerland.

The stay in Switzerland aims to support each researcher’s individual competences and the exchange of academic knowledge and also develop mutual, pioneering research approaches. Switzerland contributes its strengths in the areas of education and research and at the same time strengthens its contact with academic networks in the new EU member states. In addition, the young researchers bring their valuable expert knowledge to the country. A 31 year old post graduate from Poland, for instance, successfully implemented her knowledge in the field of Alzheimer’s research in the research project during her research stay at the University Hospital Basel (Figure 6). She later stated that she also benefited enormously from her stay in Switzerland, which enabled her to further develop her scientific working methods. She particularly valued the generous laboratories and outstanding working conditions at the University Hospital Basel.

Young researchers may stay in Switzerland for a maximum of two years. The programme categorically refuses to support the migration of highly qualified employees, the so-called “brain drain”. The idea is for the young researchers to apply the knowledge obtained in Switzerland in the respective partner countries and thus make an important contribution to the economic development of their countries. The programme supports this objective by ensuring that both a university in the partner country and a Swiss scientific institution have to approve the project. In an ideal case, this creates a lasting partnership between the two universities involved, which institutionalises the exchange of knowledge and cooperation in the field of research.
Improving social security

Switzerland invests around CHF 160 million in a broad range of social security measures in the partner countries. The focus is on elderly and sick people and youth support. The 44 projects target the five focal points basic health services, hospital modernisation, prevention, social services for certain target groups and various social services such as easier access to schools in rural areas and improved medical emergency services. Switzerland’s specialist knowledge flows into all these projects. In four Bulgarian municipalities, for instance, a mobile care service was introduced that is based on the Swiss “Spitex” model.

Cantonal hospital Bellinzona trains medical staff in Slovenia and Malta

In Slovenia, Switzerland supports a project for the development of a new radiotherapy centre at the university hospital in Maribor, a city with 800,000 inhabitants in the North East of the country. The country only had one radiotherapy centre in the capital Ljubljana up to now. Only 38% of cancer patients were able to get radiotherapy treatment there due to the large distance they would have had to travel. This figure is significantly below the international recommendation of 50%. In addition, the waiting time between diagnosis and treatment was sometimes five to six weeks, although this figure should not exceed 14 days. The new radiotherapy centre in Maribor, which has already been constructed, provides cancer patients in North-East Slovenia with simple and quick access to therapy. Switzerland supports the acquisition of two linear accelerators (Figure 7) used in the treatment of tumours with an investment of CHF 5.5 million. The Swiss project partner is the oncological institute of Italian-speaking Switzerland (Istituto Oncologico della Svizzera Italiana IOSI) of the Cantonal Hospital Bellinzona. It provides vocational and further training for the hospital’s medical staff to ensure that both devices are used correctly. But the partnership between the two hospitals goes further than that: They signed a cooperation agreement and will be working closely together in the field of cancer research, which is also to the benefit of the Swiss institution.

The oncological institute of the Cantonal Hospital Bellinzona was already involved in the implementation of a similar project in Malta, which co-financed the installation of a modern PET scanner (Figure 8) in the main public hospital “Mater Dei”. The Swiss institution was involved in the selection of the PET scanner and in September 2012, provided one week of training in the operation of the machine for three Maltese radiologists.
Protecting the environment

CHF 458 million of the enlargement contribution is used for around 80 environmental protection projects. This includes projects for supporting public transport, drinking water supplies, waste water treatment, energy efficient construction, use of renewable energies and biodiversity. Switzerland has its own interest in protecting the environment as environmental pollution does not stop at borders. Many of the projects contribute to protecting our climate. The projects to support energy efficient construction and the use of renewable energies in the EU-10 alone reduce annual CO2 emissions by around 70,000 tonnes. To ensure sustainability, Switzerland organises educational trips, seminars and forums as part of the projects where knowledge is exchanged that can be used in the future. The majority of the projects are also infrastructure projects that do not only contribute to protecting the environment, but also reduce health risks, improve living conditions and support economic development. Asbestos removal, for instance, is important in terms of health. The development of the public transport system improves living standards. The use of renewable energies and energy efficient construction reduces electricity and heating costs. Environmental projects thus also provide new future prospects in the partner countries.

Swiss high-tech environmental monitoring equipment

Switzerland is equipping Estonian laboratories and monitoring stations with modern devices and financing the training of personnel. This should ensure that in future Estonia has comprehensive, reliable environmental data on water, air, radioactivity and natural disasters. The country needs this data not only to implement various EU regulations, but also to enable Estonian authorities to take well-founded, effective decisions to protect the environment. At the end of 2013, around one third of the devices had been installed. An airborne hyperspectral imaging spectrometer was installed in an aircraft to regularly monitor the condition of large bodies of water (Figure 9). Thanks to training and new devices, the experts at the Estonian environmental research centre can also monitor water quality in South Estonia much more effectively. 2013 showed that Swiss expert knowledge is sought after in the field of environmental monitoring in the partner countries. A Swiss company won two tenders in this field. It will supply around CHF 500,000 worth of equipment to Estonia that can be used, for example, for locating contaminated areas or hazardous materials transports via satellite. In Slovakia, the company supplies equipment with a value of around CHF 1.35 million. The ground and surface models developed with these devices make it possible to sustainably manage and maintain Slovakia’s forests.
Cross-border cooperation to reduce greenhouse gases

As the host of the 19th UN climate conference, Poland was in the spotlight of the international climate debate last year. The Polish government stands by its objective to increase the share of renewable energies in total energy consumption to 15% by 2020. Due to its extensive hard and brown coal deposits, Poland still produces around 90% of its energy from coal incineration, which results in above-average CO2 emissions compared with rest of Europe. Industrial operations as well as coal heating in private and public buildings, in particular, are the cause of the high emission values. They are one of the reasons for the very high fine dust values compared with the rest of Europe. Switzerland invests CHF 115 million, a substantial amount, in ten projects for the improvement of energy efficiency and the use of renewable energies in Poland and at the same time provides the required specialist knowledge for sustainably implementing such projects. In the Parseta region in North-West Poland, solar water heating plants are being installed in 35 public buildings (Figure 11). Sustainable technologies such as biomass boilers or heat pumps replace 33 inefficient and highly polluting coal boilers in other buildings. Eight wind turbines will produce sustainable electricity as from 2014. With these types of project, Switzerland transcends borders to lobby for the reduction of hazardous gas emissions and provides the required knowledge by sending its experts to the country. Members of the municipal authorities in the Parseta region, for instance, were given the opportunity to participate in an educational trip to Switzerland in November 2013. Switzerland has thus created a platform for supporting the exchange between Polish and Swiss representatives in the political and economic sectors, developing networks and exchanging knowledge and know-how (Figure 12).
Improving public safety and security

CHF 103 million of the enlargement contribution flows into 62 projects for improving public safety in the partner countries. These include modernising the legal system in Latvia, increasing protection along the outer border of the Schengen area in Poland, measures for handling natural disasters and emergencies in Hungary and fighting corruption and organised crime in various countries. Improving public safety in the partner countries is also in Switzerland’s own interest as the projects also contribute toward fighting cross-border crime.

Improved social and economic rehabilitation of offenders in the Czech Republic

Switzerland is funding a project for modernising the judiciary and for improving the social and economic rehabilitation of offenders in the Czech Republic. The prisons in the Czech Republic are overfilled, the re-offending rate of the released offenders is 60%, one of the highest in Europe. The project aims to strengthen the judicial institutions’ capacities. They will use these funds for supporting alternative forms of punishment instead of limiting themselves to detaining criminals in an environment that promotes criminality and re-offending. The project also supports rehabilitation programmes for offenders who previously were not supported during their re-integration in society (Figure 13). Specific programmes target young offenders (Figure 14). Particular attention is also paid to mitigating risk factors such as unemployment and insolvency which tend to lead to failure and recidivism. When prisoners return to normal life, they often have debts and have great difficulty in meeting their obligations. This increases the re-offending risk.

The project is the result of a close partnership forged in the early 1990s between the Probation and Mediation Service of the Czech Republic on the one hand and the Zurich probation and enforcement services (BVD) and social service department plus the Association for the Development of Probation Services in Eastern Europe (VEBO) on the other hand. As part of the project, a Swiss team of specialists travelled to Prague to hold training sessions for Czech probation officers. The Czech Republic therefore benefits from Switzerland’s long-standing experience in the field of rehabilitation of offenders. Experiences will be exchanged in both directions however: certain parts of the project which have not yet been introduced in Switzerland will be trialled in the Czech Republic. The fight against cross-border criminality also helps to protect the Swiss population.
Strengthening civil society

The Swiss enlargement contribution provides CHF 85 million for financing projects that strengthen civil society. A support fund for non-governmental organisations (NGO fund) that includes 700 small projects is financed in all partner countries, except Malta. In the Baltic countries, all project funds have already been committed and the first projects completed. The NGO fund particularly supports social and environmental projects that support and strengthen the participation of civil society in the economic and social development of the country. Overall, one in five projects is realised with Swiss involvement. The NGOs benefit from Swiss expert knowledge by involving Swiss partners in projects. At the same time, Swiss organisations can expand their networks and improve their competences thanks to partnerships with organisations in the partner countries. In Bulgaria, Poland, Slovakia, Slovenia, Romania, the Czech Republic and Hungary, there is a partnership fund in addition to the NGO fund. A total of around 150 partnership projects are in the pipeline that support the exchange of knowledge and know-how between Swiss municipalities and institutions and the partner countries.

Cooperation between the Swiss Club of Female Entrepreneurs and a Latvian NGO

Like in the other new EU member states, although civil society in Latvia developed considerably following the end of Soviet occupation, it is still comparatively weak and the NGO sector underdeveloped. This causes problems as particularly the poor and socially disadvantaged population benefits from the development of services provided by NGOs. In Latvia, especially children and adolescents from disadvantaged backgrounds are faced with an increased risk of violence as well as elderly people who are often poorly integrated in society and victims of poverty. 118 Latvian NGOs therefore received subsidies that support the integration of both these population groups in society and strengthen cooperation between municipalities and NGOs. Up to now, this has resulted in 62 small projects for 14,483 children and adolescents and 6,216 elderly people as well as 21 partnerships between Latvian NGOs and Swiss organisations.

One such example is the cooperation between the Latvian NGO Latvian Business Women Association and the Swiss Club of Female Entrepreneurs (Club des Femmes Entrepreneurs CFE). Together, they developed a programme for informal learning aimed at unemployed adolescents in Latvia, among others. To improve their chances in the labour market, more than 450 adolescents participated in seminars to expand their knowledge and competences in the areas of project management, entrepreneurship, tourism and hotel industry. 30 of these young people completed an online learning programme on the subjects communication, accounting and marketing. These online learning programmes (e-learning) are available to all adolescents at (www.lbwa.lv) until the end of the project. The course participants benefit from the Swiss organisation’s know-how in the field of further education and company management. The 10 most successful e-learning participants were also given the opportunity to visit the partner organisation in Switzerland. (Figure 15)
Outlook

In Bulgaria and Romania, projects can still be approved until the end of the commitment period on 7 December 2014. In the EU-10, the focus remains on successfully implementing the approved projects, which continues to be closely monitored and supported. Achieving the planned project objectives is a key goal for Switzerland.

In 2014, further supplies, construction and services will be tendered. As the product portfolio and expert knowledge of the Swiss economic sector were also taken into account in the selection of the areas of cooperation, it may be assumed that further Swiss companies will be awarded contracts. Current tenders in excess of CHF 500,000 are being published at http://www.simap.ch and www.swiss-contribution.admin.ch.

Another key point on the agenda for 2014 is Croatia, which was the 28th country to join the EU on 1 July 2013. The Federal Council proposes to contribute CHF 45 million for bilateral cooperation projects in Croatia to reduce economic and social disparities. Parliament still has to approve the corresponding global credit.

Additional information
The main source of information on the enlargement contribution remains the website www.swiss-contribution.admin.ch, which will be revised and updated during 2014. You can find films on example projects and other information under Publications.

On the page database of photos for the Swiss enlargement contribution you can view photos by country and project objective.
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