

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee  
established by Iceland, Liechtenstein and Norway

and

The Council of Ministers of the Republic of Bulgaria,  
hereinafter referred to as the "National Focal Point",  
representing Bulgaria ,  
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Biodiversity and Ecosystem Services "

hereinafter referred to as the "Programme"

## Chapter 1 Scope, Legal Framework, and Definitions

### Article 1.1 Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

### Article 1.2 Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2009-2014:

- a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
- b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
- c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and
- d. any guidelines adopted by the FMC in accordance with the Regulation

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

### Article 1.3 Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

## Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

## Chapter 2 The Programme

### Article 2.1 Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

## Article 2.2

## Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

- a. comply with its obligations stipulated in the Regulation and this programme agreement;
- b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;
- c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;
- d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;
- e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

## Article 2.3

## Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.
2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

## Article 2.4

## Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

## Article 2.5

## Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.
2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

## Article 2.6

## Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.
2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

## Article 2.7

## Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8

External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9

Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
  - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
  - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10

Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11

Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office  
 Att: Director  
 EFTA Secretariat  
 Rue Joseph II, 12-16  
 1000 Brussels  
 Telephone: +32 (0)2 286 1701  
 Telefax (general): +32 (0)2 211 1889  
 E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12

Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC in the programme proposal or other communication prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

## Chapter 3 Projects

### Article 3.1 Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

### Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

### Article 3.3 Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

### Article 3.4 Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

## Chapter 4 Finance

### Article 4.1 Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
  - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
  - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
  - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;

b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;

d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 12 of the Regulation.

Article 5.3  
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4  
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

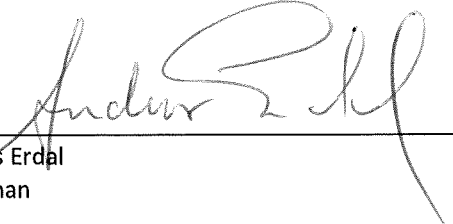
2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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This programme agreement is drawn up in two originals in the English language.

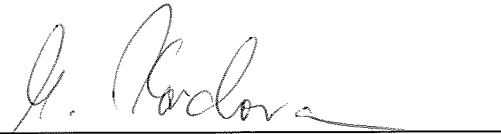
For the FMC

Signed in Oslo on 12.12.2013

  
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Anders Erdal  
Chairman

For the National Focal Point

Signed in Sofia on 06.01.2017

  
\_\_\_\_\_  
Marijana Kordova  
Director, Head of the National Focal Point

## Annex I - Programme Decision

### 1. Expected Outcomes & Indicators for Outputs

#### Expected Outcome(s):

Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems

#### Output

Volunteers trained in collecting environmental data and entering it via the public part of the redesigned National biodiversity information system

Output indicator(s)	Baseline	Target	Source of Verification
Number of persons trained in the use of the national information system's public part	0	240	Project reports from small grant scheme and supporting documents provided by project promoters on provided training therein

#### Output

Awareness raising activities resulting from the small grants aiming at collection/sharing of information about ecosystems and/or invasive alien species

Output indicator(s)	Baseline	Target	Source of Verification
Number of publications, expositions, campaigns or other awareness tools created in the projects	0	24	Approved project application forms and project reporting. In the application form each partner will have to allocate budget to specific activities, such as campaigns or expositions. The project monitoring will track the fulfillment of such commitments

**Expected Outcome(s):** Increased protection of native ecosystems against invasive alien species

#### Output

Invasive alien species module developed and in place in the National Biodiversity Monitoring System

Output indicator(s)	Baseline	Target	Source of Verification
New module relating to IAS	0	1	Project reports and testing results

#### Output

IAS Networking for information exchange is active and information is being shared and used

Output indicator(s)	Baseline	Target	Source of Verification
Joint harmonization manual on unified methods, data, outputs	0	1	Published material on IAS web-site and/or other information sources (EASIN, ESPON, NOBANIS, Google Scholar, etc.
Technical infrastructure for the network created in a geo-referenced database	0	1	Project reports and testing results
Data entered into the database - number of data entries	0	500	Project reports and testing results. Database dump may be requested if necessary
Information sharing and popularization of network in other open services (EASIN, ESPON, NOBANIS, Google Scholar, etc.) - number of shares	0	30	Publications of the project found in open services; data exchanged and identified as Bulgarian contribution in other networks (if applicable depending on data format)



**Expected Outcome(s):** Improved integration of biodiversity considerations in sectoral policies and legislation

#### Output

Ecosystem assessment and ecosystem services valuation methodologies developed

Output indicator(s)	Baseline	Target	Source of Verification
Number of national methodologies on ecosystems and ecosystem services valuation	0	4	Project reports and published materials

#### Output

Ecosystems inventories towards fulfilling the EU Biodiversity Strategy to 2020

Output indicator(s)	Baseline	Target	Source of Verification
Percentage of national territory outside NATURA 2000 covered by mapping and assessment studies using unified methodology	0	100	GIS shapefile(s) with consolidated measurements produced and available in the National Information System

#### Output

Impact studies on specific ecosystem services and/or their relations to climate change

Output indicator(s)	Baseline	Target	Source of Verification
Number of impact studies conducted	0	1	Project reports and published materials

#### Output

Measures identified for sustainable use of the ecosystems, incl. with regard to climate change

Output indicator(s)	Baseline	Target	Source of Verification
Number of lists with measures identified	0	1	List submitted with project report and published online

#### Output

Strategies, legislations and/or other policy documents (e.g. in climate change, genetic resources, etc.) developed

Output indicator(s)	Baseline	Target	Source of Verification
Number of draft strategies/legislation drafts developed	0	2	Project reports and published materials

#### Output

Inventory of stakeholders and their roles in the implementation of new legislation (e.g. Nagoya protocol)

Output indicator(s)	Baseline	Target	Source of Verification
Number of stakeholders list with legally mandated functions	0	1	List submitted with project report

#### Output

Capacity in place for national implementation of new legislations

Output indicator(s)	Baseline	Target	Source of Verification
Number of bilateral/complementary capacity building events	0	3	List submitted with project report

## Output

Instruments for practical implementation of legislative measures (e.g registires, permit regimes, ways to contribute towards Genetic Resource banks (GRBs) in place

Output indicator(s)	Baseline	Target	Source of Verification
Number of national implementation instruments	0	3	Project reporting to include draft national implementation instruments

## 2. Conditions

### 2.1 General

- 1) The National Focal Point shall ensure that Article 7.16 of the Regulation, as well as national and European Union law on public procurement are complied with at any level in the implementation of the programme and the projects. The National Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning the organization of procurement procedures and compliance with procurement rules, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.
- 2) The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, particularly decisions to award grants and set grant rates, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.
- 3) The bilateral indicators under this Programme shall be further developed. Bilateral, outcome and output indicators shall be reported on in the annual programme report.
- 4) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):
  - Keep the excepted equipment in their ownership for a period of at least five years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;
  - Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
  - Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract; provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose. The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.
- 5) The National Focal Point shall ensure that the Programme Operator prior to signing a project contract/decision/administrative act for pre-defined projects no. 1 and 2 (numbering in accordance with section 6 of Annex II to this Programme Agreement), carries out an external appraisal of the projects in order to verify their quality and contribution to the objectives of the Programme as well as compliance with EU and national legislation. This condition will be waived if sufficient evidence of the Project Promoters' budgetary, managerial and organizational independence from the Programme Operator is presented to the satisfaction of the FMC.

### 2.2 Pre-eligibility

Not applicable.

### 2.3 Pre-payment

- 1) A detailed budget for the pre-defined projects under this Programme, as defined in Annex II to this Programme Agreement, shall be established, submitted to and approved by the FMC prior to the first disbursement to the pre-defined projects.
- 2) For pre-defined projects no. 1 and 2 (numbering in accordance with section 6 of Annex II to this Programme Agreement), the Programme Operator's responsibilities regarding the verification of payment claims described in Article 4.7.1.c) of the Regulation shall be externalized and be carried out by a legal entity independent of and unrelated to the Programme Operator. The FMC shall approve the entity to be charged with these tasks prior to the first disbursement to the projects. This condition will be waived if sufficient evidence of the Project Promoters' budgetary, managerial and organizational independence from the Programme Operator is presented to the satisfaction of the FMC.

**2.4 Pre-completion**

Not applicable.

**2.5 Post-completion**

Not applicable.

**2.6 Other**

Not applicable.

**3. Eligibility of costs****3.1 Eligibility of costs - period**

Eligibility of costs (excluding prog prep costs): 01/10/2013-30/06/2017

Eligibility of programme proposal preparation costs: 17/06/2011-30/09/2013

**3.2 Grant rate and co-financing**

Programme estimated total cost (€)	€9,411,765
Programme estimated eligible cost (€)	€9,411,765
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€8,000,000

**3.3 Maximum eligible costs (€) and Advance payment amount (€)**

Budget heading	Eligible expenditure	Advance payment*
Programme management	€941,176	€188,235
Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems	€1,555,000	€848,500
Increased protection of native ecosystems against invasive alien species	€680,000	€204,000
Improved integration of biodiversity considerations in sectoral policies and legislation	€5,953,236	€569,362
Fund for bilateral relations	€141,176	€51,177
Complementary action	€94,118	€15,295
Preparation of programme proposal	€47,059	€0
Reserve for exchange rate losses	€0	€0
Total	€9,411,765	€1,876,569

\* The advance payment is composed of €1,595,084 in grant amount and €281,485 in co-financing.

**3.4 Retention of management costs**

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€80,000

**3.5 Small Grant Scheme**

Outcome	Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems
Total Amount Reserved	€600,000
Grant Amount at Project Level	€5,000 – 25,000
Duration of the Project	24 – 36 months
Maximum Grant Rate at Project Level	85.00%

## Annex II - Operational Rules

### 1. Eligibility

#### 1.1 Eligible measures (sub-measures if any):

The Programme Operator is the European and International Projects Directorate within the Ministry of Environment and Water. The Donor Programme Partner (DPP) is the Norwegian Environment Agency.

The programme will contribute to achieving the following three outcomes:

Outcome 1: Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems.

Outcome 2: Increased protection of native ecosystems against invasive alien species (IAS).

Outcome 3: Improved integration of biodiversity considerations in sectoral policies and legislation.

The Programme shall be implemented by way of three calls for proposals, a Small Grant Scheme and two pre-defined projects, which relate to the three outcomes as follows:

Outcome 1:

Small Grant Scheme: Development of a nation-wide awareness and education campaign through volunteer action and supporting activities.

Pre-defined project 1: Improving the Bulgarian Biodiversity Information system (IBBIS). This project contributes to all three outcomes but is budgeted under Outcome 1 only.

All awareness-raising activities planned under this outcome shall be complementary to similar activities planned in the draft European Commission Operational Programme Environment 2014-2020 (OPE). To ensure consistency, efficiency, and transparency of the available resources and on-going work, the Programme Operator shall include respective references to the OPE where relevant.

Outcome 2:

Call for proposals 1: Invasive alien species networking for information exchange and capacity building

Outcome 3:

Call for proposals 2: Ecosystem service mapping and assessment

Call for proposals 3: Sectoral policies for the systematic use of ecosystem services

Pre-defined project 2: Methodological support for ecosystem service assessment and biophysical valuation

Pre-defined project 2 shall have a component dedicated to the preparation of call 2. This component shall be run and completed prior to the launch of call 2.

#### 1.2 Eligible applicants:

The rules on the eligibility of applicants are set in Article 6.2 of the Regulation. The following specifications apply:

Eligible for funding from this programme are the following competent institutions for the respective policies in Bulgaria:

- national public authorities;
- municipalities;
- research and educational institutions, including universities;
- non-profit / non-governmental organizations (NGOs).

#### 1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 7 of the Regulation. The following exception applies:

- By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible if the equipment is an integral and necessary component for achieving the outcome of the project. The Programme Operator will check and verify compliance with this condition.

### 2. Financial parameters

#### 2.1 Minimum and maximum grant amount per project:

The minimum and maximum amounts of grant assistance applied for are as follows:

- Call 1: minimum €250,000 and maximum €680,000
- Call 2: minimum €250,000 and maximum €480,000
- Call 3: minimum €170,000 and maximum €300,000

#### 2.2 Project grant rate:

Grants from the Programme will cover up to 100% of total eligible project costs for state/public budget institutions. Grants from the Programme will not exceed 90% of total eligible project costs for NGOs, and 85% of total eligible project costs for all other

applicants.

All grant rates will be determined in accordance with the applicable state aid rules.  
Any remaining costs of the project shall be provided or obtained by the Project Promoter.

### 3. Selection of projects

#### 3.1 Selection procedures:

All selection procedures shall be in accordance with Article 6.5 of the Regulation.

#### 3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

##### Outcome 2: Invasive Alien Species

There shall be one call for applications, which will be launched no later than in the first quarter of 2014 and make available the re-granting amount of €680,000.

##### Outcome 3: Ecosystem system services – Mapping, Assessment and Valuation

There shall be two calls for proposals:

- One call for proposals (Call 2): Ecosystem service mapping, assessment and valuation. This call for applications will be launched no later than in the first quarter of 2014 and make available the re-granting amount of €4,195,236.
- One call for applications (Call 3): Sectoral policies for the systematic use of ecosystem services. This call for applications will be launched no later than in the first quarter of 2014 and make available the re-granting amount of €900,000.

All calls shall be open at least for two months.

The selection procedures shall result in a ranking list of projects, which may be run as a reserve list. In this case, any contracted funds that are not absorbed by the projects originally chosen may be reallocated to the projects next on the reserve list.

The reallocation of funds will only take place in accordance with Article 6.9 of the Regulation.

#### 3.3 Selection criteria:

The following selection criteria will be taken into account:

1. Project relevance for the programme, as measured by the specific outcome/output indicators it commits to fulfill
2. Project and single activities' methodology
3. Budget efficiency and effectiveness
4. Quality of the partnership (to ensure that no fictive partners from donor countries are drawn into the project merely to achieve a better evaluation score and not for real partnership)
5. Project sustainability

Priority will be given to projects involving partners from the Donor States.

The selection criteria will be further developed by the Programme Operator in cooperation with the DPP and will be subject to the approval of the Cooperation Committee. The final selection criteria must be included in the text of the calls for proposals.

### 4. Payment flows, verification of payment claims, monitoring and reporting

#### 4.1 Payment flows

In line with Article 7.14 of the Regulation, incurred expenditures of projects shall be eligible at the earliest as of the date on which the Programme Operator decides to award the project grant. The first and final dates of eligibility shall be stated in the project contract.

Payments towards the final beneficiaries will be in the form of advance payments, interim payments and a final payment in the form of a reimbursement of incurred expenditure. Payments to projects are made on the basis of approved interim reports. The first advance payment shall be requested by the Project Promoter in the application form and disbursed after signing of the Project Implementation Agreement. The first advance payment may be up to 30% of the project's total eligible costs. The subsequent interim payments requested in the interim reports together with the advance payment cannot exceed 80% of the project's total eligible costs.

The advance and interim payments shall be offset against incurred expenditure reported in the interim project reports. The final payment representing 20% of the project's total eligible costs will be disbursed after approval of the final report.

#### 4.2 Verification of payment claims

Project promoters shall submit interim reports along with the supporting documents to the Programme Operator. Interim reports shall contain information on project progress, interim payment requests, and incurred expenditure.

Verification and approval of interim reports of Projects' Promoters will be performed by the Programme Operator through desk checks covering 10% of the expenses. 100% of the expenditures for all deliveries and acquisitions of assets will be checked. Furthermore, 100% of the checks will be carried out in specific cases, including risk-prone projects and suspected irregularity cases.

The procedure for verification of interim reports, periodicity of reporting periods, and deadlines for reporting is outlined in the programme proposal, and will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation.

#### 4.3 Monitoring and reporting

Project Promoters shall be required to report on project progress and outputs in interim reports four times a year and at the end of the project in a final report.

The on-the-spot checks shall be conducted on the basis of a risk analysis. The annual monitoring plan will include following project categories: a/ all high risk projects (but not less than 10% of all projects); b/ projects where irregularities were reported; c/ 10% randomly selected projects not included in the categories a/and b/. Sampling will be carried out in compliance with International audit standards. Additional ad hoc on-the-spot checks may be conducted, if necessary. The risk analysis of each project will be reviewed on annual basis.

Irregularities will be handled in accordance with Article 11 of the Regulation.

Information on monitoring and reporting, and the periodicity of reporting, will further be outlined in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the regulation.

### 5. Additional mechanisms within the programme

#### 5.1 Funds for bilateral relations

The Programme Operator will set aside 1.5% of the total programme budget to a Fund for bilateral relations.

The bilateral fund shall be used in line with Article 3.6 of the Regulation.

The details of use of the bilateral fund, the indicative split between measures a) and b) (as defined in Article 3.6.1 of the Regulation), the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator in cooperation with the DPP and will be subject to the approval of the Cooperation Committee.

#### 5.2 Complementary action

The Programme Operator will set aside €94,118 of the total Programme budget to a Fund for complementary actions.

Complementary action under this Programme shall be further defined by the Programme Operator in accordance with Article 7.11 of the Regulation and shall be discussed in the Cooperation Committee.

#### 5.3 Reserve for exchange rate losses

Not applicable.

#### 5.4 Small Grant Schemes

€600,000 is allocated to a small grant scheme, which shall be used to fund the development of a nation-wide awareness and education campaign through volunteer action and supporting activities. There shall be one call for applications under the Small Grant Scheme contributing to Outcome 1, which will be launched no later than in the first quarter of 2014 and make available the re-granting amount of €600,000.

Eligible applicants:

- national public authorities;
- municipalities;
- research and educational institutions, including universities;
- non-profit/non-governmental organizations (NGOs).

The selection procedures shall follow the procedures set forth in section 3.1 of this Annex.

The selection criteria shall be in accordance with section 3.3 of this Annex. In addition, the following specific criteria shall apply:

- contribution to the Financial Mechanism's and the programme's objectives
- necessary expertise in the relevant area

Grants from the Programme will cover up to 100% of total eligible project costs for state/public budget institutions. Grants from the Programme will not exceed 90% of total eligible project costs for NGOs, and 85% of total eligible project costs for all other applicants.

All grant rates will be determined in accordance with the applicable state aid rules. Any remaining costs of the project shall be provided or obtained by the beneficiary.

The minimum amount of grant assistance applied for under the small grant scheme is €5,000; the maximum amount is €25,000.

## 6. Pre-defined projects

The Programme contains two pre-defined projects:

Pre-defined project 1: Improving the Bulgarian Biodiversity Information system (IBBIS)

Project promoter: Executive Environmental Agency (ExEA)

Maximum grant amount: €955,000

Grant rate: 100%

Total estimated project cost: €955,000

The first predefined project shall contribute to the updating and upgrading of the national biodiversity monitoring system (NBMS) and the development of a tool to help analysing the status of Bulgarian biodiversity and its main threats, such as: habitat loss, decrease of natural resources (assessment of the ecosystem services) and introduction of invasive alien species (IAS).

The following components shall be developed:

- Modernised Information System of the National Biodiversity Monitoring System (NBMS), including updated architecture, new public web application for volunteer data collection, acquisition of detailed maps;
- Module for collecting, mapping and analysis of the status of the ecosystems and their services;
- Module for collecting, mapping and analysis of the impact of invasive species on the native Bulgaria species;
- Module for the assessment of the status of selected species and natural habitats and for presenting biodiversity indicators;
- Procured software, hardware and technical equipment.

The components above will be developed so that they are in line with the provisions of the INSPIRE Directive.

Pre-defined project 2: Methodological support for ecosystem service assessment and biophysical valuation

Project promoter: European and International Projects Directorate within the Ministry of Environment and Water

Donor project partner: The Norwegian Institute for Nature Research (NINA)

Maximum grant amount: €858,000

Grant rate: 100%

Total estimated total project cost: €858,000

The project addresses the Programme outcome 3 improved integration of biodiversity considerations in sector policies and legislation, and in particular output B.3.1 Ecosystem assessment and ecosystem services valuation methodologies. It will create a scientific base for Call 2 activities. It will seek to involve key stakeholders within ecosystem services mapping, assessment, valuation and use. It will deliver clear methodologies for classification, assessment and valuation of the ecosystems biophysical parameters of the main ecosystem types and a scale for determining their state (to be used by the project promoters of Call 2 and follow-up project outside the BG03 programme), as well as create guidance to the Programme Operator on the scientific base of Call 2 project monitoring. Specific outputs envisaged include the creation of guidance documents on assessing and valuing the potential and state of ecosystems with the following components:

- inventory of available data;
- classification scheme of the main ecosystem types in Bulgaria;
- classification of the ecosystems' biophysical parameters;
- definition of interdependencies and quantitative linkages between the values of the biophysical parameters in an ecosystem (aiming at the control of results from the mapping and assessment studies to follow in Call 2);
- methodologies for quantitative assessment and valuation of the biophysical parameters in the main ecosystem types;
- valuation scale for the ecosystems' condition based on the measured values of biophysical parameters;
- outline of task, methods and expected results of call 2 Projects;
- a set of indicators for relationship based monitoring and guidance on their use.

The deliverables from the programme including both pre-defined projects are to be designed and implemented in a manner that



further secures the use of the ecosystems approach beyond the scope and end of the programme.

Any unused funds allocated to pre-defined project 2 shall be transferred to call 2 under the same outcome.

## **7. Modification of the programme**

Any modifications of the Programme will follow the rules set forth in the Regulation and in Article 2.9 of the Programme Agreement.

## **8. Programme proposal version**

Any reference to the Programme Proposal in this Programme Agreement shall be interpreted as a reference to the version signed by the Programme Operator on 20 March 2013 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

## **9. Miscellaneous**

Not applicable.

