

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Council of Ministers of the Republic of Bulgaria, Monitoring of EU Funds Directorate,
hereinafter referred to as the “National Focal Point”,
representing the Republic of Bulgaria,
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”

for the financing of the Programme “Capacity-building and Institutional Co-operation”

hereinafter referred to as the “Programme”

Chapter 1 Scope, Legal Framework, and Definitions

Article 1.1 Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) 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 Norwegian 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 Norwegian Financial Mechanism 2009-2014:

(a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);

(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;

(c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and

(d) any guidelines adopted by the NMFA 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 Norwegian 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 NMFA 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 EEA 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 NMFA 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 NMFA of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the NMFA 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 NMFA 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 NMFA.

2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA'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 NMFA, the National Focal Point shall consult the NMFA 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 NMFA 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 NMFA 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 NMFA shall ensure that the National Focal Point is informed about communication between the NMFA 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 NMFA 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 NMFA 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 Norway.

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 NMFA 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 NMFA 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.

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 NMFA 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.

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 Norwegian Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

Article 4.5 Irregularities, suspension and reimbursements

The NMFA 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 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 NMFA 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 NMFA 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 NMFA, 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 NMFA 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 NMFA, 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 NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.
3. The NMFA 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 NMFA 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 NMFA, its officials or employees, 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.

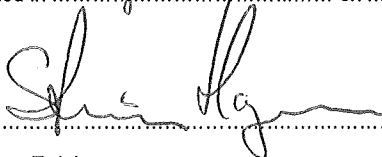
This programme agreement is drawn up in two originals in the English language.

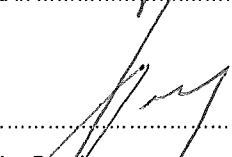
For the NMFA

For the National Focal Point

Signed in *Sofie* on *12/09/2012*

Signed in *Sofie* on *12/09/2012*





Anders Erdal
Deputy Director General

Tomislav Donchev
Minister

Annex I

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States

Output	Output indicator(s)	Baseline	Target	Source of Verification
Changes regarding local financial management in line with the CoE recommendations and the European Charter for Local Self-Government (ECLG)	Number of priority changes identified	1	2	The indicator measures the propositions for legislative amendments in Local Self-government and Local Finance Legislation tabled in the Council of Ministers and the Parliament". Source of information: Official Gazette, Online Legal System Council of Ministers, Municipalities - Municipal ordinances adopted
Increased inter-municipal cooperation	Number of inter-municipal projects in place	0	5	The indicator measures concluded agreements for inter-municipal cooperation and/or decisions of municipal councils for implementation of inter-municipal projects". Source of information: Municipalities – Concluded inter-municipal agreements, decisions of municipal councils
Physical improvement of NAMRB training facility through ensured universal access in line with the established Bulgarian legal requirements	Number of premises in the training center made 100% accessible for disabled people: rooms	0	8	Report on NAMRB's Training Center for Local Authorities. Room count
	Number of premises in the training center made 100% accessible for disabled people: training/conference halls	0	7	Report on NAMRB's Training Center for Local Authorities: Training /conference hall count
Enhanced public awareness of the state of cross-border communities relations	Number of monthly average of hits on the CBC data center	0	1000	The information for the indicator is measured based on the statistics for the usage of the CBC data center
Data on borderland developments and cross-border cooperation assembled and made available in CBC data center	Number of users generating embed code from the CBC data center	0	100	The information for the indicator is measured based on the statistics for the users generating embed code from the CBC data center
A network of national statistic institutes established	Number of proposed new data series generated by the statisticians	0	100	Joint statistical proposals developed
Cross-border data journalism courses developed and implemented	Number of journalists included in courses	0	30	The indicators include the media and journalists involved in the project activities and subsequent publications in media

	Number of data journalism courses developed	0	10	The indicators include the media and journalists involved in the project activities and subsequent publications in media
	Number of news stories, media reports, blog posts on CBC produced by the journalists	0	50	The indicators include the media and journalists involved in the project activities and subsequent publications in media
Improved institutional capacity and skills of NAMRB members and NAMRB team in maintaining efficient dialogue and in lobbying with central authorities	Number of NAMRB substantial proposals integrated in the reform process, legislation as well as regulations	10	20	NARMB proposals on the preparation of new municipal legislation as a result of the project implementation

2. Conditions

2.1 General

- 1) State Aid
The 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 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 NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.
- 2) Indicators
Bilateral, outcome and output indicators shall be reported on in the annual report.
- 3) Detailed Management Cost Breakdown
The Focal Point shall ensure that the Programme Operator provides the FMO, for approval, with a detailed breakdown of the budget for Management costs, including calculations and explanations on unit costs, hourly rates, quantities used, etc, no later than three months after the date of the Donors' decision to approve the Programme and in any case prior to the signing of any Project contracts for the pre-defined projects.
- 4) Procurement
The Focal Point shall ensure that the Programme Operator ensures that all public procurement rules are complied with and, in particular, carries out a full ex-ante check of the procurement plan and papers for the pre-defined projects.
- 5) Ownership/Insurance/Maintenance of buildings purchased, constructed, renovated, or reconstructed
The Focal Point shall ensure that the Programme Operator ensures that Project Promoters:
 - Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
 - Keep any buildings purchased, constructed, renovated or reconstructed under the project 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 any buildings purchased, constructed, renovated or reconstructed under the project 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.
- 6) Waste
The Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment:

- 1) The budget shown at section 3.3 hereof is merely indicative and explicitly not approved by the NMFA. A revised budget for this programme, which is in accordance with the current Bulgarian legislation regarding the remuneration of public servants / employees, shall be established, submitted to and approved by the NMFA prior to the first disbursement under this programme.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

3. Eligibility of Costs

3.1 Eligibility period

The eligibility period of costs (excluding prog prep costs) is: 07/09/2012 – 30/04/2017.

The eligibility period of programme proposal preparation costs is: 17/06/2011 – 06/09/2012.

3.2 Grant rate and co-financing:

Programme estimated total cost (€)	€2,371,765
Programme estimated eligible cost (€)	€2,371,765
Programme grant rate (%)	85%
Maximum amount of programme grant (€)	€2,016,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme Management	€154,165	€15,416
Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States	€2,170,165	€217,017
Fund for bilateral relations	€35,576	€3,558
Complementary action	€0	€0
Preparation of programme proposal	€11,859	€11,859
Reserve for exchange rate losses	€0	€0
Total	€2,371,765	€247,850

*The advance payment is composed of a €210,672 in grant amount and €37,178 in co-financing.

3.4 Retention of management costs:

Retention of management costs - percentage of the management costs	10%
Retention of management costs – planned Euro value	€13,104

3.5 Small grant scheme:

Not applicable.

Norwegian Financial Mechanism 2009-2014

Operational rules (Annex II)

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Operational Programme 'Technical Assistance' Directorate within the Council of Ministers of the Republic of Bulgaria. The Donor Programme Partners are the Norwegian Association of Local and Regional Authorities (KS) and the Norwegian Barents Secretariat.

The programme establishes capacity-building and institutional cooperation between Bulgarian and Norwegian Public Institutions, Local and Regional Authorities, defining a set of measures to be carried out through two pre-defined projects.

The Programme objective is to strengthen institutional capacity and human resource development in public institutions, local and regional authorities in the Republic of Bulgaria through cooperation and transfer of knowledge with similar institutions and authorities in Norway.

The programme shall be implemented by way of two pre-defined projects which aim to meet the priorities of capacity building of human resources, development and modernization of public administration, improvement of the delivered public services, transparent financial management and sustainable regional development. The cooperation between the counterparts shall contribute to strengthening bilateral relations through the development of networks, exchange of knowledge and dissemination of best practices.

1.2 Eligible applicants:

Not Applicable.

1.3 Special rules on eligibility of costs:

Costs are eligible provided that they are in line with Chapter 7 of the Regulation.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Not Applicable.

2.2 Project grant rate:

See section 6.

3. Selection of projects

3.1 Selection procedures:

Not Applicable.

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

Not Applicable.

3.3 Selection criteria:

Not Applicable.

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

4.1 Payment flows

Payments towards the end beneficiaries will be in the form of advance payments, interim payments in the form of reimbursement of incurred expenditures and payment of the final balance.

The Project Promoters will receive an advance payment of 10% of total grant amount within 20 working days after the Project Contract is signed. The advance payment will be used as working capital throughout project implementation.

The Project Promoter will report to the Programme Operator on incurred expenditures and actual progress every fourth month and subsequent payments will be made within 20 working days after the approval of the interim payment request. The total amount of advance payment and interim payments may not exceed 90% of total grant amount, as the Programme Operator will withhold up to 10% of total grant amount to the final balance.

The payment of the final balance will be made after the verification and approval of the final report.

4.2 Verification of payment claims

Verification and approval of project interim reports and final reports will be conducted by the Programme Operator.

Payment request will be reviewed by the PO on the basis of a random sample of at least 40% of incurred expenditures reported on in the interim report. The PO will finalise the verification process within 30 working days after receiving all necessary supporting documents needed to approve the payment request. In case of verification of expenditure incurred by a donor project partner, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the donor project partner's country, shall be seen as sufficient proof of costs incurred.

The verification procedures for payment claims will be further outlined in the description of the Programme management and control systems according to article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

Project Promoters will be required to report on project progress and outputs in interim reports and at the end of the project implementation in the form of a final report.

The Programme Operator will carry out both ex-ante controls and ex-post controls on all procurement procedures carried out under the Programme and the projects.

At least twice during the implementation of each pre-defined project, on-the-spot-checks to ensure that the pre-defined project is implemented in accordance with the requirements of the Regulation, all documents governing Programme implementation, the project contract and that costs claimed are cost efficient and eligible will be carried out. During on-the-spot-checks, a verification of procurement procedures and the cost efficiency of incurred expenditures will be carried out on the basis of an appropriate sample.

On-the-spot checks on ad-hoc basis will also be carried out when suspicions arise that the information provided by the Project Promoter is incorrect or misleading. On-the-spot checks on ad-hoc basis could also be organized based on other reasons. Information about the date of the on-the-spot-check on ad-hoc basis should not be provided to the Project Promoter in advance.

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

Information on Reporting and Monitoring shall be further outlined in the description of the Management and Control System according to article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

Resources allocated to the Fund for Bilateral Relations at the programme level will not be lower than 1.5 % of total eligible costs for the Programme. The use of and procedures governing this fund shall be discussed in the Cooperation Committee and agreed with the Donor Programme Partners.

5.2 Complementary action

Not Applicable.

5.3 Reserve for exchange rate losses

Not Applicable.

5.4 Small Grant Schemes

Not Applicable.

6. Pre-defined projects

6.1 Strengthening the capacity of the National Association of Municipalities in the Republic of Bulgaria (NAMRB) and Bulgarian Municipalities through cooperation with Norwegian Local Authorities

The main aim of the project is to enhance the institutional capacity and development of human resources of Bulgarian local authorities and NAMRB through cooperation and transfer of knowledge, experience and good practices with the Norwegian Association of Local and Regional Authorities (KS).

The following activities will be implemented under this project:

- Trainings for NAMRB's staff and members and development of training tools
- Physical improvement of the NAMRB's Training Centre for Local Authorities
- Study of legislation, experience and best practice for institutional dialogue with central authorities and inter-municipal cooperation
- Development of planning documents and proposals
- Development of an Internet based platform for comparison of costs for specific local services
- Fostering inter-municipal cooperation for public service provision
- Development and pilot testing of models for accountability to citizens on use of public resources
- Study visits to Norway
- Publicity activities

Project Promoter: National Association of Local Municipalities in the Republic of Bulgaria (NAMRB).

Project Partners: N/A

Donor Partners: Norwegian Association of Local and Regional Authorities (KS).

Estimated total eligible project costs: €1,093,694

Grant rate: 100%

Maximum contribution from the Programme: €1,093,694

6.2 Bulgarian Border Dialogues. Developing a Regional CBC Data Center

The main aim of the project is to enhance the level of knowledge and understanding of cross-border processes between Bulgaria and its neighbouring countries.

The following activities will be implemented under this project:

- Assemble and generate relevant data on cross-border relations and borderland developments.
- Harmonize statistical standards and methodology on cross-border data between neighbouring countries.
- Make data on cross-border cooperation (CBC) and borderland developments more accessible with the establishment of a Data Centre and application of data visualizations tools.
- Establishment of a data journalism training programme.
- Organise four annual conferences in Sofia inviting partners/stakeholders from Turkey, Serbia and the Former Yugoslav Republic of Macedonia.
- Organise four publicity events in border areas.

Project Promoter: Bulgarian Ministry of Regional Development and Public Works (MRDPW)

Project Partners: N/A

Donor Partner: The Norwegian Barents Secretariat

Estimated total eligible project costs: €1,076,471

Grant rate: 100%

Maximum contribution from the Programme: €1,076,471

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

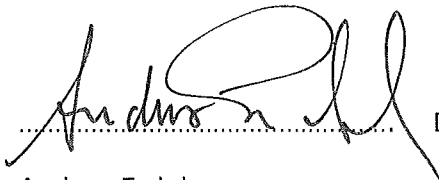
Any reference to the programme proposal in this programme agreement shall be interpreted as version signed by the original Programme Operator (the Bulgarian Ministry of Regional Development and Public Works (MRDPW)) on 10 February 2012 and shall include all subsequent correspondence and communication between the FMC, the Financial Mechanism Office, the National Focal Point, the MRDPW and the Programme Operator the Operational Programme Technical Assistance Directorate in the Bulgarian Council of Ministers.

9. Miscellaneous

The Programme proposal was developed and drafted by the Bulgarian Ministry of Regional Development and Public Works, which was designated Programme Operator in the Memorandum of Understanding concluded between the Kingdom of Norway and the Republic of Bulgaria on 17 June 2011. During the appraisal process, the National Focal Point, by letter of Minister Donchev of 2 July 2012, proposed to change the designated Programme Operator to the Operational Programme 'Technical Assistance' Directorate within the Council of Ministers of the Republic of Bulgaria. This Programme Agreement constitutes approval of this proposal on the part of the Norwegian Ministry of Foreign Affairs. The Programme Operator is the Operational Programme 'Technical Assistance' Directorate within the Council of Ministers of the Republic of Bulgaria and the National Focal Point warrants that the Programme Operator is committed to implement the Programme in accordance with the Legal Framework governing the Norwegian Financial Mechanism 2009-2014 and this Programme Agreement.

Subject: Delegation of Authority

1. I hereby authorise Mr Steinar Egil Hagen, Deputy Director General in the Royal Norwegian Ministry of Foreign Affairs, to sign Programme Agreements for Programmes under the EEA Financial Mechanism 2009-14 and the Norwegian Financial Mechanism 2009-2014 on behalf of the Donor States.
2. This delegation is effective for the purposes of the signature of only those Programme Agreements to be signed between the Donor States and the Republic of Bulgaria in Sofia on 12 September 2012.
3. The authority delegated in this document shall not be sub-delegated.

 Date: 07.09.2012

Anders Erdal
Chairman
Financial Mechanism Committee