

08 OKT. 2013

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 "Integrated Marine and Inland Water Management "

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

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 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.

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.

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.

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.

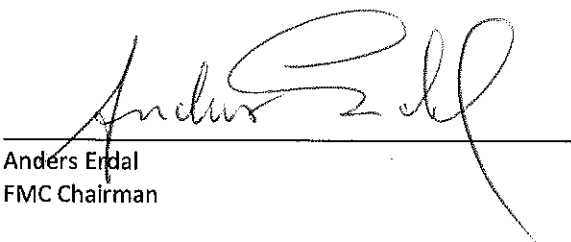
This programme agreement is drawn up in two originals in the English language.

For the FMC

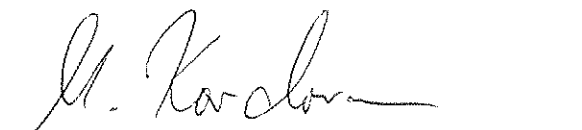
For the National Focal Point

Signed in Ostlo on 19.9.2013

Signed in Sofia on 2/10/2013



Anders Erdal
FMC Chairman



Mariana Kordova
Director, head of the National Contact Point

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): More integrated management of marine and inland water resources

Output

Upgraded integrated information system for water management

Output indicator(s)	Baseline	Target	Source of Verification
Number of upgraded information systems	0	1	This indicator is expected to be met by the predefined project.

Output

New and improved management tools or structures

Output indicator(s)	Baseline	Target	Source of Verification
Number of new and improved management tools or structures	0	6	Official websites of institutions; public consultations; official publications of relevant documents.

Output

Improved interaction between management stakeholders

Output indicator(s)	Baseline	Target	Source of Verification
Number of national and international interaction improvements	0	2	Official websites of institutions.

Output

Main plans and strategies

Output indicator(s)	Baseline	Target	Source of Verification
Number of strategic and planning documents/studies	0	4	Released strategic documents/studies
Number of identified and investigated areas	0	8	Contents of released strategic documents/studies
Number of elaborated plans	0	2	Officially released plans

Expected Outcome(s): Improved monitoring of marine waters

Output

Environmental monitoring in the sea water

Output indicator(s)	Baseline	Target	Source of Verification
Complex monitoring parameter observations, in %. Baseline: 1% of the needs (about 300 p.a.).	1	14	Monitoring reports
Loaded regions parameter observations, in %. Baseline: 1% of the needs (about 60 p.a.)	1	27	Monitoring reports
Improved monitoring programmes for marine water	0	2	Official websites of institutions.

Output

Real time monitoring

Output indicator(s)	Baseline	Target	Source of Verification
Stationary sensor stations and real-time/in situ sensor devices	5	8	Sensor procurement and use documentation.

Expected Outcome(s): Increased capacity for assessing and predicting environmental status in marine and inland waters

Output

Increased capacity for assessment and predicting

Output indicator(s)	Baseline	Target	Source of Verification
Number of tools/models assessing and predicting environmental status	0	2	This information shall be verifiable by the River Basin Management plans, as published officially.
Referent parameter tables and assessment methodology	0	2	This information shall be verifiable by the River Basin Management plans, as published officially.

Output

Increased information exchange between stakeholders

Output indicator(s)	Baseline	Target	Source of Verification
Stakeholders informed about social and economic assessments of the marine environment and justification of programme of measures (PoM)	0	1	Assessment document has to be prepared and communicated to stakeholders.
Number of public discussions of key environmental problems	0	3	At least one meeting in Marine environment, Climate change, Antrop. Load IO is anticipated as outcome

2. Conditions**2.1 General**

- 1) 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.
- 2) Bilateral indicators, output and outcome indicators shall be reported on in the annual programme report.
- 3) The criteria for awarding support from the bilateral fund, the grant rate, and the maximum grant amount, and the bilateral indicators will be developed by the Programme Operator and will be further discussed in the Cooperation Committee. These details shall be submitted to the FMC for approval prior to the allocation of the funds to the end beneficiaries.
- 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.
 The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each

project.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

The Programme Operator will further develop the selection criteria and submit them to the FMC for approval at the latest two weeks before the submission of the English translation of the text of the first call for proposals in accordance with Article 6.3.4 of the Regulation.

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): 13/11/2012-30/04/2017

Eligibility of programme proposal preparation costs: TBD -12/11/2012

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	€150,118
More integrated management of marine and inland water resources	€3,197,294	€959,188
Improved monitoring of marine waters	€3,197,294	€959,188
Increased capacity for assessing and predicting environmental status in marine and inland waters	€1,793,648	€538,094
Fund for bilateral relations	€141,176	€35,294
Complementary action	€94,118	€9,412
Preparation of programme proposal	€47,059	€47,059
Reserve for exchange rate losses	€0	€0
Total	€9,411,765	€2,698,353

* The advance payment is composed of €2,293,600 in grant amount and €404,753 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

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Environment and Water (MoEW).

The Donor Project Partner (DPP) is the Norwegian Climate and Pollution Agency (KLIF).

The programme will focus on three outcomes:

- Outcome 1:

More integrated management of marine and inland water resources

- Outcome 2:

Improved monitoring of marine waters

- Outcome 3:

Increased capacity for assessing and predicting environmental status in marine and inland waters

The following activities are envisaged:

- Upgrading the integrated information system for water management;
- Creating new or improved management tools, plans and strategies; and
- Improving the interaction between management stakeholders.

The activities will also focus on improved monitoring of marine waters, and on increasing the capacity for assessing and predicting the environmental status of marine and inland waters. Possible synergies in the Baltic Sea/Black Sea are encouraged and shall be considered by the Programme Operator and the Cooperation Committee.

Three separate calls for proposals covering the different outcomes shall be launched.

In addition, the Programme contains one pre-defined project:

- Updating the Geo-information system for water management and reporting

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2.2 of the Regulation. The following specifications apply to this Programme:

Competent institutions for the respective policies in Bulgaria:

- National public authorities;
- Municipalities;
- Research and development institutions, including universities;
- Non-profit / non-governmental environmental organizations (NGOs).

Natural persons or groups or associations thereof are not eligible.

1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 7 of the Regulation.

- 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 amount of grant assistance applied for is €170,000 for all outcomes; the maximum amount for outcomes 1 and 2 is €2,400,000; the maximum amount for outcome 3 is €1,200,000.

2.2 Project grant rate:

Grants from the Programme will not exceed 85% of total eligible project costs. The following exceptions apply:

- Grants from the Programme to State Budget Institutions may cover up to 100% of total eligible project costs.
- Grants from the Programme to NGOs may cover up to 90% of total eligible project costs.

Any remaining costs of the project shall be provided or obtained by the project promoter.

3. Selection of projects

3.1 Selection procedures:

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

The Programme Operator will appoint a panel comprised of MoEW experts for reviewing the applications for compliance with administrative and eligibility criteria. Applicants not meeting these criteria will be rejected at this stage and shall be informed and given a reasonable time to appeal that decision.

Each application meeting the administrative and eligibility criteria shall be evaluated by two independent and impartial experts appointed by the Programme Operator. The experts shall separately score the project according to the selection criteria published with the call for proposals. The projects will be ranked by using the average score given by the evaluators. If the difference between the scores given by the experts is more than 30% of the higher score, a third expert shall be commissioned to score the project independently. In such cases the average score of the two closest scores shall be used for the ranking of the projects.

The Programme Operator shall appoint a Selection Committee that will be provided with the list of ranked projects. None of the independent and impartial experts scoring the applications may be members of the Selection Committee. In parallel the list will be provided in English to the FMC.

The Selection Committee shall review the ranked list of projects. It may modify the ranking of the projects in justified cases. The justification for the modifications shall be detailed in the minutes of the meeting of the Selection Committee. The Selection Committee shall submit the list of recommended projects to the Programme Operator.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the recommendations from the Selection Committee comply with the rules and objectives of the Programme. Following such verification the Programme Operator shall, based on the decision of the Selection Committee, make a decision on which projects shall be supported.

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

There shall be three calls for applications; one for each of the outcomes. The calls shall be launched no later than in the fourth quarter of 2013 and make available €7,000,000 in total. 40% of this amount shall be allocated to outcome 1, 40% to outcome 2, and 20% to outcome 3. The calls shall be open at least for 2 months. Each call shall produce a project pipeline of ranked projects.

In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the planned first call, the Programme Operator may launch a second call covering the outcome(s) and output(s) that are underrepresented in the projects selected in the first call. The second shall be launched no later than in the third quarter of 2014. The call shall be open at least for 2 months.

No further calls will be launched.

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

No funds will be allocated to a small grant scheme or to selected employees from the target group institutions.

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 fulfil
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

The Programme Operator will further develop the selection criteria and submit them to the FMC for approval at the latest two weeks before the submission of the English translation of the text of the first call for proposals in accordance with Article 6.3.4 of the Regulation. The final selection criteria will 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 70% 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 30% 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 on a quarterly basis. Additional ad hoc interim reports outside of the reporting structure might be submitted to the Programme Operator if necessary. Interim reports shall contain information on project progress, interim payment requests, and incurred expenditure.

Verification and approval of interim reports submitted by project promoters will be performed by the Programme Operator through desk checks covering at least 10% of the expenses. 100% of the expenditures for all deliveries and acquisition of assets will be checked. Furthermore, 100% 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).

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 €141,176 to a fund for bilateral relations.

The bilateral fund shall be used for:

- Networking;
- Transfer of knowledge and best practices; and
- Organisation of a partner search events.

The criteria for awarding support from the fund, the grant rate, the maximum grant amount, and the bilateral indicators will be developed by the Programme Operator and will be further discussed in the Cooperation Committee.

5.2 Complementary action

An amount of €94,118 is set aside for complementary action.

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

Not applicable.

6. Pre-defined projects

There will be one pre-defined project implemented under the Programme: Updating the Geo-information system for water management and reporting

Project promoter: Executive Environmental Agency (ExEA)

Estimated total project cost: €1,230,000

Project grant rate: 100%

Expected project activities and outcomes:

1. Outlining the exact project's scope by describing the existing systems, the required links between them and the needed modules/interfaces/improvements;
2. Upgrade and where necessary extension of existing functionality for permit and control activities. Necessary new functionality includes the process of assessment according to Art. 62a of the Water Act;
3. Creation of new modules or subsystems to cover identified needs;
4. Integration of or interfacing with, working water related information systems (some of them being indivisible subsystems of other information systems);
5. Creation of suitable interface for:
 - a. data review, including characterization, classification, assessment of water bodies and defining measures and restrictions;
 - b. an interface to a dedicated information system on flood management;
 - c. management decision making tools;
 - d. public information and consultation at all stages of elaboration and implementation of the RBMP and FMP, including maps;
6. Analysis of the available GIS data and its assessment (incl. for conformity to INSPIRE), in order to ensure that the system shall be transformed to a national geo-portal with suitable public access;
7. Supply of equipment and software;
8. Migration of existing and addition of missing data for all components of the system (upgraded and new), incl. data entry from paper documents;
9. Implementation of the new modules and functionality in the activities of the respective organizations.

7. Modification of the programme

Any modifications of the Programme and the submission of the revised budget 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 29 February 2012 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.