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, 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 “Children and Youth at Risk”

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.

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.

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.

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 their 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 FMC), 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.

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 6.8 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 6.6 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 fulfill 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 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 compiled 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.

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.

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
Signed in Sofia on 12/09/2012
Anders Erdal
Chairman

For the National Focal Point
Signed in Sofia on 12/09/2012
Tomislav Donchev
Minister
Annex I

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented

<table>
<thead>
<tr>
<th>Output</th>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encouraging municipalities to develop and implement effective measures</td>
<td>Number of reports issued containing analysis of the young people’s situation</td>
<td>0</td>
<td>4</td>
<td>Reports</td>
</tr>
<tr>
<td>to create suitable conditions, programmes and initiatives for social</td>
<td>Number of appropriate programmes and initiatives addressing the problems of children and young people</td>
<td>0</td>
<td>2</td>
<td>Reports, Surveys</td>
</tr>
<tr>
<td>inclusion, healthy lifestyles and prevention of deviant behaviour of</td>
<td>Number of youth centres established</td>
<td>0</td>
<td>4</td>
<td>Monitoring, reports, surveys</td>
</tr>
<tr>
<td>children and young people including those at risk, especially the</td>
<td>Number of new services provided by the youth centres to the children and young</td>
<td>0</td>
<td>8</td>
<td>Monitoring, reports, surveys</td>
</tr>
<tr>
<td>representatives of disadvantaged including Roma ethnic group by</td>
<td>people per project</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>developing and promoting pilot model for youth services – youth centres</td>
<td>Number of Youth leader Councils established</td>
<td>0</td>
<td>4</td>
<td>Monitoring, reports, surveys</td>
</tr>
<tr>
<td></td>
<td>Number of Youth Centres applying to obtain “the Council of Europe quality labels for youth centres”</td>
<td>0</td>
<td>4</td>
<td>Monitoring, reports</td>
</tr>
<tr>
<td>Improving the quality of youth work by enhancing the capacity of youth</td>
<td>Number of trained youth workers, Roma School mediators and experts working and</td>
<td>0</td>
<td>7</td>
<td>Monitoring, reports</td>
</tr>
<tr>
<td>workers from local NGOs, mediators working with representatives of the</td>
<td>providing services to children and young people</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>disadvantaged including Roma ethnic group and experts working and</td>
<td>Improving the quality of services aimed at supporting the development of children</td>
<td></td>
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<tr>
<td>providing services to children and young people</td>
<td>and young people including those at risk, especially the representatives of the</td>
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<tr>
<td></td>
<td>Romi ethnic group through the creation of adequate infrastructure suitable for</td>
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<tr>
<td></td>
<td>providing intercultural education from early childhood – renovated kindergartens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of adequate infrastructure renovated and equipped for the needs of the Youth centres established</td>
<td>0</td>
<td>4</td>
<td>Monitoring, reports</td>
</tr>
<tr>
<td></td>
<td>Number of renovated/reconstructed municipal kindergartens</td>
<td>0</td>
<td>10</td>
<td>Monitoring, reports</td>
</tr>
<tr>
<td>Increased coverage of Roma and underprivileged children aged 5 years</td>
<td>Number of Roma and underprivileged children aged 5 years enrolled each year in</td>
<td>0</td>
<td>200</td>
<td>Database of the Ministry of Education, Youth and Science and the National Statistical Institute</td>
</tr>
<tr>
<td>in the kindergarten of the country</td>
<td>municipal kindergartens in the country</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trained pre-school teachers</td>
<td>Number of trained pedagogical and management staff in the region working in the</td>
<td>0</td>
<td>30</td>
<td>Database of the Ministry of Education, Youth and Science and the National Statistical Institute</td>
</tr>
<tr>
<td></td>
<td>respective municipalities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 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 and outcome indicators shall be reported on in the annual programme report.
3) 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.

4) The Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, purchased, constructed, renovated or reconstructed any buildings:

- 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.

5) Complementary action under this programme shall be further defined by the Programme Operator in accordance with Article 7.11 of the Regulation.

### 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 FMC. 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 FMC prior to the first disbursement under this programme.

2) The indicators under section 1 above shall be revisited and submitted to the FMO for approval prior to the first disbursement to the projects.

3) The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the PO and will be further discussed in the Cooperation Committee. These details shall be submitted to the FMC for approval prior to the allocation and disbursement of these funds.

### 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: 10/06/2011 – 06/09/2012.

3.2 Grant rate and co-financing:

| Programme estimated total cost | €9,247,059 |
| Programme estimated eligible cost | €9,247,059 |
| Programme grant rate (%) | 85% |
| Maximum amount of programme grant | €7,880,000 |

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

<table>
<thead>
<tr>
<th>Budget heading</th>
<th>Eligible expenditure</th>
<th>Advance payment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Management</td>
<td>€857,716</td>
<td>€81,596</td>
</tr>
<tr>
<td>Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented</td>
<td>€7,998,705</td>
<td>€82,195</td>
</tr>
<tr>
<td>Fund for bilateral relations</td>
<td>€138,707</td>
<td>€39,300</td>
</tr>
<tr>
<td>Complementary action</td>
<td>€175,694</td>
<td>€31,440</td>
</tr>
<tr>
<td>Preparation of programme proposal</td>
<td>€46,235</td>
<td>€30,500</td>
</tr>
<tr>
<td>Reserve for exchange rate losses</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Total</td>
<td>€9,247,059</td>
<td>€274,431</td>
</tr>
</tbody>
</table>

*The advance payment is composed of €233,266 in grant amount and €41,165 in cofinancing.

3.4 Retention of management costs:

| Retention of management costs - percentage of the grant amount. | 10% |
| Retention of management costs – planned euro value | €75,243 |

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 Education, Youth and Science. The Donor Programme Partner is the Council of Europe.

The programme aims at creating effective and efficient measures addressing vulnerable groups of youth and children facing particular risks through helping underprivileged children and youth to participate in educational and social activities in kindergartens and youth centres, through exchanging and implementing best practices from the Donor Programme Partner and the Donor States. This shall be achieved through measures to be carried out within three distinct components; care for youth at risk, care for children at risk and capacity building and will be implemented with a special focus on school attendance and Roma children needs.

Component 1: Care for Youth at Risk
Youth Centres with the Council of Europe Quality Label will be established.

Component 2: Care for Children at Risk
Measures under this component aim at widening the coverage of children in age group 3-6 from underprivileged and Roma families in kindergartens.

Component 3: Capacity Building (pre-defined project with the Council of Europe as Donor Project Partner). The pre-defined project is intended to support measures under component 1 and 2 through capacity building of the youth centres and kindergartens by delivering trainings and providing educational material to youth workers, staff of kindergartens and Roma mediators.

1.2 Eligible applicants:
Component 1: Care for Youth at Risk
Municipalities in Bulgaria.

Component 2: Care for Children at Risk
Municipalities or associations of municipalities in Bulgaria, which run at least 5 kindergartens.

Component 3: Capacity Building
Not applicable.

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 PO will check and verify compliance with this condition.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:
Component 1: Care for Youth at Risk
The minimum amount of grant assistance applied for is € 1,000,000; the maximum amount is € 1,500,000.

Component 2: Care for Children at Risk
The minimum amount of grant assistance applied for is € 200,000; the maximum amount is € 250,000.

Component 3: Capacity Building
Not applicable.

2.2 Project grant rate:
Grants from the programme will be 100% of total eligible project costs, none of the costs of the projects shall be provided by the Project Promoters.
3. Selection of projects

3.1 Selection procedures:
The 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):
Component 1: Care for Youth at Risk
There shall be at least one call for applications. The call shall be launched no later than in the second quarter of 2013 and make available the total re-granting amount. In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the planned open call, the PO may conduct a supplementary call or calls. The calls shall be open at least for 2 months.

Component 2: Care for Children at Risk
There shall be at least one call for applications. The call shall be launched no later than in the last quarter of 2012 and make available the total re-granting amount. In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the planned open call, the PO may conduct a supplementary call or calls. The calls shall be open at least for 2 months.

Component 3: Capacity Building
Not applicable.

3.3 Selection criteria:
The following selection criteria will be taken into account:

Component 1: Care for Youth at Risk
- Building/s that are appropriate for reconstruction and envisaged to function as a Youth centre;
- Commitment to implement the requirements of the Council of Europe Quality Label Youth Centres and to follow the clauses for receiving of the Quality Label and to maintain the necessary standards for the required period of time.

Component 2: Care for Children at Risk
- At least 5 functioning kindergartens.

Components 1 and 2:
- Specific criteria:
  o Percentage of Roma population in the municipality equal to or higher than the mean distribution for the country (source – National Statistical Institute, Census 2011);
  o Established formal structures for project management – appointed personnel or additionally hired experts;
  o Readily available list of proposal for Roma school mediators for the project;
  o Project partners from Donor countries.

- General criteria:
  o Relevance and importance of the Project
  o Project logical framework and design
  o Project budget and cost effectiveness
  o Project management

The final selection criteria will be further elaborated and will be included in the text of the call for proposals.

Component 3: Not applicable.

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

4.1 Payment flows
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 project 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 for all type of projects may be up to 20% of the project’s total eligible costs amount.

The subsequent interim payments requested in the interim project reports cannot exceed 80% of the project’s total eligible costs amount.

The advance and interim payments shall be offset against incurred expenditure reported in the interim project reports.

The Programme Operator will retain 5% of the project’s total eligible costs amount until the condition of the project completion will be considered as fulfilled.
4.2 Verification of payment claims
Project promoters shall submit interim project reports to the Programme Operator containing information on project progress, interim payment requests, and incurred expenditure.

Project Promoters shall submit interim project reports along with the supporting documents required to verify incurred expenditure every four months at least four weeks in advance before the deadline for the Programme Operator to submit the Interim Financial Report to the Certifying Authority.

Verification and approval of interim project reports of Project Promoters will be performed by the Programme Operator through desk checks covering 100% of the expenses.

The procedure for verification of Interim project reports, periodicity of reporting periods, and deadline for reporting outlined in the programme proposal 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 project reports three times a year and at the end of the project in a final report.

On-the-spot checks will be conducted on each project once a year. Additionally, ad hoc on-the-spot checks shall be conducted on the basis of a risk analysis, if necessary. The risk analysis of each project will be reviewed three times a year at the verification of the project interim reports. On-the-spot checks are carried out by the Programme Operator.

All projects will be audited by external experts.

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 PO’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 PO will set aside minimum 1.5% of the total programme budget to a Fund for bilateral relations.

14% of the fund for bilateral relations will be used for seminars for potential and existing Project Promoters and potential partners from the Donor States. The purpose is to search for project partners and develop partnership ideas and projects.

86% of the fund for bilateral relations will be used for networking events, as well as the exchange of knowledge and experience between project promoters and entities in the Donor states or the Council of Europe.

- The grant rate from the bilateral fund will be 100%, and the maximum grant amount will be € 3,000 per individual person. There will be one call for applications, which will remain open on a continuous basis until 2015.

The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the PO and will be further discussed in the Cooperation Committee.

5.2 Complementary action
Costs of complementary action may not exceed an amount equal to 20% of the management costs for the programme.

The PO will submit information on actions to be funded as complementary action to the FMO for approval in accordance with Article 7.11.3. of the Regulation.

5.3 Reserve for exchange rate losses
Not applicable.

5.4 Small Grant Schemes
Not applicable.
6. **Pre-defined projects**
Component 3 under the programme will be run as a pre-defined project.

**Capacity-building**

Project promoter: Centre for Education Integration Children and Students from Ethnic Minorities
Project grant rate: 100 %
Total estimated budget: €1,000,000.

Expected project outcomes:
- Minimum 20 staff working in 4 youth centres trained to use innovative approaches to address the needs of young people with a disadvantaged background and to work with mixed groups including disadvantaged young people, including young Roma.
- Minimum 120 teachers and other staff in the kindergartens trained to improve the work with Roma and other disadvantaged children and their parents.
- Minimum 20 Roma mediators trained based on the ROMED training curriculum.
- Relevant materials of the Council of Europe translated and published in Bulgarian.
- Relevant materials translated and distributed in Romani language.
- Materials for training and for educational activities adapted to the needs of youth workers, pre-school teachers and mediators in Bulgaria.
- A team of local trainers prepared to deliver trainings to youth workers, mediators and staff in preschool institutions to work with Roma and other disadvantaged communities.
- Connections made with other similar projects at European level, notably within the Council of Europe's Roma Youth Action Plan, with a view to increase the self-esteem of Roma youth leaders and mediators.
- Results of the project evaluated and disseminated at national and European level.

The exact amount for the total eligible project cost and the total grant amount for the pre-defined project will be specified in the revised budget to be submitted by the PO prior to the first disbursement to the projects.

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 PO on 20 March 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.
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.

[Signature]
Date: 07.09.2012

Anders Erdal
Chairman
Financial Mechanism Committee