

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 "Cultural Heritage and Contemporary Arts "

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and
Definitions

Article 1.1
Scope

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

Article 1.2
Legal Framework

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

a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;

b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;

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

d. any guidelines adopted by the FMC in accordance with the Regulation

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

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

Article 1.3
Definitions

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

Article 1.4
Annexes and hierarchy of documents

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

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

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

Chapter 2
The Programme

Article 2.1
Co-operation

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

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

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

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

Article 2.2

Main responsibilities of the Parties

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

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

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

Article 2.3

Objective and outcomes of the Programme

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

Article 2.4

Programme grant

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

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

3. The financial plan shall:

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

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

Article 2.5

Special conditions and programme specific rules

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

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

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

Article 2.8
External monitoring

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

Article 2.9
Modification of the Programme

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

Article 2.10
Communication

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

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

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

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

Article 2.11
Contact information

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

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

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

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

Article 2.12
Representations and Warranties

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

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

Chapter 3 Projects

Article 3.1 Selection of projects

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

Article 3.2 Project contract

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

Article 3.3 Project partners and partnership agreements

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

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

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

Article 3.4 Reallocation of funds

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

Chapter 4 Finance

Article 4.1 Eligible expenditures

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

Article 4.5

Irregularities, suspension and reimbursements

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

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

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

Chapter 5

Final provisions

Article 4.2

Proof of expenditure

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

Article 4.3

Payments

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

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

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

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

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

Article 4.4

Transparency and availability of documents

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

Article 5.1

Dispute settlement

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

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

Article 5.2

Termination

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

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

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

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

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

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

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

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

Article 5.3
Waiver of responsibility

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

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

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

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

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

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

Article 5.4
Entry into force and duration

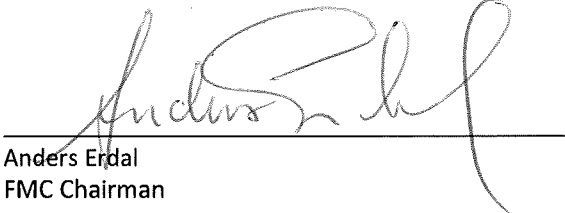
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

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

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

For the FMC


Signed in Oslo on 8.10.2013



Anders Endal
FMC Chairman

For the National Focal Point

Signed in Sofia on 14.10.2013



Mariana Kordova
Director, Head of the National Focal Point

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Cultural heritage restored, renovated and protected

Output

Buildings of cultural heritage value restored rehabilitated

Output indicator(s)	Baseline	Target	Source of Verification
Number of cultural heritage buildings restored/rehabilitated	0	5	project reporting, on-site monitoring, annual programme evaluation

Output

Platforms for cultural heritage optimized

Output indicator(s)	Baseline	Target	Source of Verification
Number of exhibition spaces/platforms revitalized through interactive technologies	0	7	project reporting, on-site monitoring, annual programme evaluation

Output

Heritage landscapes safeguarded and converted into open air museums

Output indicator(s)	Baseline	Target	Source of Verification
Number of Heritage landscapes safeguarded and converted into open air museums	0	5	project reporting, on-site monitoring, annual programme evaluation

Expected Outcome(s): Cultural heritage made accessible to the public

Output

New museums and cultural centres' facilities developed

Output indicator(s)	Baseline	Target	Source of Verification
Number of new museums and cultural centres' facilities developed	0	7	project reporting, on-site monitoring, annual programme evaluation

Output

Buildings of cultural heritage value opened to the public

Output indicator(s)	Baseline	Target	Source of Verification
Number of buildings of cultural heritage value opened to the public	0	5	project reporting, on-site monitoring, annual programme evaluation

Output

Newly generated public access to online cultural heritage content

Output indicator(s)	Baseline	Target	Source of Verification
Number of hits to newly created digital content in the area of cultural heritage	0	1000000	project reporting, on-site monitoring, annual programme evaluation

Expected Outcome(s): Contemporary art and culture presented and reaching a broader audience

Output

New exhibitions of contemporary art (including art and culture of cultural minorities)

Output indicator(s)	Baseline	Target	Source of Verification
Number of new exhibitions of contemporary art (including art and culture of cultural minorities)	0	5	project reporting, on-site monitoring, annual programme evaluation

Output

New contemporary art events developed

Output indicator(s)	Baseline	Target	Source of Verification
Number of new contemporary art events developed	0	20	project reporting, on-site monitoring, annual programme evaluation

Expected Outcome(s): Cultural history documented

Output

Cultural heritage value converted into digital format for the first time

Output indicator(s)	Baseline	Target	Source of Verification
Number of cultural heritage value items converted into digital format for the first time	0	50000	Project reporting, on-site monitoring, annual programme evaluation

Output

Digital centres established in cultural heritage institutes/universities

Output indicator(s)	Baseline	Target	Source of Verification
Number of digital centers established in cultural heritage institutes/universities	0	5	Project reporting, on-site monitoring, annual programme evaluation

2. Conditions**2.1 General**

- 1) Bilateral, outcome and output indicators shall be reported on in the annual report.
- 2) The National Focal Point shall ensure that the Programme Operator ensures that any revenues generated within projects are reinvested into the programme's objectives.
- 3) The National 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.
- 4) The National Focal Point shall warrant 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.
- 5) 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.

2.2 Pre-Eligibility

- 1) Prior to the allocation of any of the funds from the bilateral fund, the details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details shall be further developed by the Programme Operator.
- 2) The National Focal Point shall ensure that the Programme Operator, prior to signing a project contract/decision/administrative act for the pre-defined project *Second stage of the development of the Museum of Contemporary Art (Arsenal Museum)*, as defined in section 6 of Annex II to this Programme Agreement, carries out an external appraisal of the project in order to verify its quality and contribution to the objectives of the Programme as well as compliance with EU and national legislation.

2.3 Pre-payment

- 1) The indicators under section 1 above shall be reviewed and submitted to the FMO for approval prior to the first disbursement to the projects.
- 2) A detailed description of the content and a budget for the pre-defined project shall be submitted to and approved by the FMC prior to the first disbursement to this project.

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€16,470,588
Programme estimated eligible cost (€)	€16,470,588
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€14,000,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€1,269,412	€466,000
Cultural heritage restored, renovated and protected	€9,606,470	€2,000,000
Cultural heritage made accessible to the public	€1,594,412	€281,000
Contemporary art and culture presented and reaching a broader audience	€788,235	€140,570
Cultural history documented	€2,935,000	€400,000
Fund for bilateral relations	€247,059	€59,040
Complementary action	€30,000	€7,169
Preparation of programme proposal	€0	€0
Reserve for exchange rate losses	€0	€0
Total	€16,470,588	€3,353,779

* The advance payment is composed of €2,850,712 in grant amount and €503,067 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	€107,900

3.5 Small Grant Scheme

Outcome	Contemporary art and culture presented and reaching a broader audience
Total Amount Reserved	€788,235
Grant Amount at Project Level	€25,000 – 100,000
Duration of the Project	12 – 24 months
Maximum Grant Rate at Project Level	100.00%

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Culture.

The Programme will contribute to the protecting and preserving of cultural heritage in the Republic of Bulgaria for future generations and making it accessible for the public (PA16) and to intensifying cultural dialogue and strengthening European identity by understanding cultural diversity (PA17).

The Programme shall support projects within the measures listed below, which will contribute to the achievement of the Programme's aims.

This programme shall contribute to reaching the target of 10% of the allocation to go towards improvement of the situation for the Roma population, as agreed in Section 2 of Annex B of the MoUs for the EEA Financial Mechanism.

The Programme consists of three measures implemented through open calls relating to PA 16, and one Small Grants Scheme relating to PA 17. In addition, it contains one pre-defined project related to PA 16.

- Measure 1: Open call: Cultural heritage restored, renovated, protected and one pre-defined project in this area;
- Measure 2: Open call: Cultural history documented;
- Measure 3: Open call: Cultural heritage made accessible to the public;
- Small Grants Scheme: Contemporary art and culture presented and reaching a broader public.
- Pre-defined project: Second stage of development of the Museum of Contemporary Art (Sofia Arsenal Museum)

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation.

The following specifications apply:

For PA 16, only public authorities are eligible.

For PA 17, public authorities, NGOs and natural persons are eligible.

1.3 Special rules on eligibility of costs:

In general costs are eligible in accordance with Chapter 7 of the Regulation. The following exceptions apply:

By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible under PA16 if the equipment is an integral and necessary component and is essential for achieving the outcome of the project. The Programme Operator will check and verify compliance with this condition.

In addition to Article 7.6 of the Regulation the following costs are not eligible:

- a) The cost of purchase and depreciation of second hand equipment;
- b) Furniture under PA16.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Open calls (PA16):

- Measure 1: Cultural heritage restored, renovated, protected

The minimum amount of grant assistance applied for is €250,000; the maximum amount is €1,500,000;

- Measure 2: Cultural history documented

The minimum amount of grant assistance applied for is €170,000; the maximum amount is €750,000;

- Measure 3: Cultural heritage made accessible to the public:

The minimum amount of grant assistance applied for is €170,000; the maximum amount is €750,000.

A plan for the contribution of this Programme to reaching the target that 10% of the allocation is to go towards the improvement of the Roma population, as agreed in Section 2 of Annex B of the MoU for the EEA Financial Mechanism shall be developed with relevant stakeholders, including both national and international actors and the Norwegian Embassy in Sofia. The final plan shall be submitted to the FMC for its approval prior to the final allocation and disbursement of the funds.

2.2 Project grant rate:

PA16: The maximum grant rate for projects under PA16 is 100% of total eligible project costs.

PA17: The maximum grant rate for projects under PA17 is 100% of total eligible project costs in the case of public authorities, 90% for NGOs and for natural persons.

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects.

Any remaining costs of the projects shall be provided or obtained by the Project Promoters in the form of cash, including electronic transfers.

By way of exception from Article 5.4.5 of the Regulation, in-kind contributions shall not be eligible.

3. Selection of projects

3.1 Selection procedures:

All selection procedures carried out under this Programme shall be in accordance with Article 6.5 of the Regulation. The independent and impartial experts referred to in Article 6.5.2-6.5.4 of the Regulation shall be independent of the Programme Operator, the Selection Committee and the project applicants.

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

There shall be one open call for proposals for each of the measures 1, 2 and 3, making available the following amounts:

- Measure 1: Cultural heritage restored, renovated and protected: €7,106,470
- Measure 2: Cultural heritage made accessible to the public: €1,594,412
- Measure 3: Cultural history documented: €2,935,000

These calls for proposals will be launched simultaneously and no later than in the fourth quarter of 2013, and will make available the total re-granting amounts for each measure.

In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the planned open call, the Programme Operator may conduct a supplementary call to be launched no later than in the first quarter of 2014.

All calls shall be open at least for 3 months.

3.3 Selection criteria:

The following selection criteria shall be taken into account:

- General criteria:

- Relevance and importance of the Project
- Project logical framework and design
- Project budget and cost effectiveness
- Project management

- Specific Criteria

- The selection criteria shall foster the submission of project applications supporting cultural diversity and cultural expression of minority groups.

- The selection criteria shall ensure that this Programme contributes to the specific concerns identified in the Memorandum of Understanding regarding issues related to the Roma population. €200,000 from budget of the Small Grant Scheme shall be used towards the improvement of the situation for the Roma population and shall be set aside for activities related to develop a greater awareness about Roma culture and gear up the access of the Roma population to culture.

The funding towards Roma and multicultural heritage of the Republic of Bulgaria shall specifically be reported on inter alia in the Annual and the Final Programme Reports.

Furthermore, the selection criteria shall be in accordance with Article 6.5 of the Regulation.

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

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, and 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 25% of the project's total eligible costs.

The subsequent interim payments requested in the interim reports together with the advance payment cannot exceed 80% of the project's total eligible costs. The advance and interim payments shall be offset against incurred expenditure reported in the interim project reports. The final payment representing 20% of the project's total eligible costs will be disbursed after approval of the final report and, if relevant, a financial audit.

4.2 *Verification of payment claims*

Verification and approval of the interim and final reports of the Project Promoters will be conducted by the Ministry of Regional Development. The interim reports of the Programme Operator are verified and approved by the Certifying Authority.

Interim reports shall contain information on project progress, interim payment requests, and incurred expenditure, and shall be submitted on a quarterly basis; before the 10th of the month following the end of the reporting period.

The PO controller will verify and approve the interim reports through desk checks covering 100% of the expenses.

The PO ensures the transfer of payments to the beneficiary in time and in their full amount. Every transfer of the financial grant to the NFP and the corresponding national co-funding is based on the initialized budget payment orders. The PO initiates payment when the national and community legislation have been observed, the double signature system and the division of responsibilities are in place.

The PO is required to ensure the operation of the mandatory double check before the signing of every initiated payment order so as to avoid the risk of ordering the payment of an incorrect amount, incorrect bank information, incorrect grant contract number or incorrect beneficiary.

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 project partner's country, shall be seen as sufficient proof of costs incurred.

The procedure for verification of payment claims and deadlines for reporting as 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*

Control over the performance of the first level controllers is carried out on the basis of 100% formal cross-check of the documents and on the spot checks. The Ministry of Regional Development performs 100% formal cross-check of the documents presented by controllers on six month bases. Simultaneously, 10% of the controllers, who have executed verification during the six month period, are subject of a detailed on the spot check.

The 100 % documentary cross-check is performed within maximum of 15 days after receiving the documents by the controllers in order to ensure that:

- a) the Control Report & Check list are filled according to the template, and are signed, stamped and dated by the designated controller for this project
- b) the Invoice Report is filled according to the template, and is signed, stamped and dated;
- c) the Certificate for Validation of Expenditures is filled according to the template, and is signed, stamped and dated;
- d) the amount of the expenditures presented from partners for verification is correctly calculated;
- e) the expenditures verified by the controller are correctly filled in both the Invoice Report and the Certificate for Validation of Expenditures.
- f) On the spot checks

The detailed on the spot check of the controllers, who have executed verifications, shall be carried out by the Ministry of Regional Development on the premises of the respective project promoter.

The Programme Operator shall continuously monitor the project through the review of reports submitted by the Project Promoter and on-site monitoring visits. On-site monitoring visits shall be carried out in cooperation with external technical experts and shall take the form of ordinary, ad-hoc and follow-up visits.

Project Promoters shall be required to report on project progress and outputs in interim and final reports.

Interim reports shall be submitted every 4 months and shall as a minimum describe:

- a) the project progress, fulfilment of project outputs, information on tender procedures, project time schedule, project modifications, fulfilment of project conditions if relevant and risk management;
- b) the financial progress of the project, including a list of claimed expenditures and requests for payments, and information on any financial audit if relevant.

The final report shall contain the same information as the interim reports. In addition, it shall describe the achievement of the overall objective of the project and contain information on cross-cutting issues relevant to the project, fulfilment of project conditions and sustainability of the project. It shall also include summary information on financial management and findings from the final financial audit. The final report can cover the last reporting period up to 6 months.

In addition at least one Programme review shall be carried out by externally contracted experts. The review shall focus on effectiveness and efficiency of the Programme in achieving outputs and outcomes and relevance of projects in relation to the Programme outcomes and strategies.

Information on monitoring and reporting as 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.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Programme Operator will set aside €247,059 to a fund for bilateral relations.

50% 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 (measure a). 50% 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 State (measure b).

The minimum amount of grant assistance applied for under both measures is €2,000 and the maximum amount is €10,000.

The maximum grant rate under the fund for bilateral relations is 100%.

The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details shall be further developed by the Programme Operator.

5.2 Complementary action

The Programme Operator will set aside €30,000 for complementary action.

Complementary action under this Programme shall be further defined by the Programme Operator in accordance with Article 7.1 of the Regulation. Complementary actions shall also cover the participation of relevant stakeholders at events/activities agreed with the Donors.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

A Small Grants Scheme shall be established under the Programme to support measures dedicated to the presentation of contemporary art and culture and its diversity. A total amount of €788,235 will be available for re-granting in this area.

The minimum amount of grant assistance applied for under the Small Grants Scheme is €25,000; the maximum amount is €100,000.

There shall be one call for proposals under the Small Grants Scheme making available €788,235. The call for proposals will be launched no later than in the fourth quarter of 2013, and will make available the total re-granting amount. The call shall be open at least for 2 months.

Eligible applicants are specified in section 1.2 of this Annex II. However, €200,000 from budget of the Small Grant Scheme shall be used towards the improvement of the situation for the Roma population and shall be set aside for activities related to develop a greater awareness about Roma culture and gear up the access of the Roma population to culture.

The selection procedures shall be in accordance with Article 6.5 of the Regulation. The selection criteria shall be in line with section 3.3 of this Annex II, but specific criteria shall be applied in order to ensure that €200,000 are used for projects related to the Roma culture. The final selection criteria will be further elaborated by the Programme Operator and must be included in the text of the call for proposals.

6. Pre-defined projects

The Programme contains one pre-defined project.

Project title: Second stage of development of the Museum of Contemporary Art (Sofia Arsenal Museum)

Project promoter: The Sofia Arsenal Museum

Total maximum eligible project cost: €2,500,000

Project grant rate: 100%

Maximum contribution from the Programme: €2,500,000

Estimated duration: 24 months

Expected outcomes: Cultural heritage restored, renovated and protected" and "Cultural heritage made accessible to the public

The project will consist of the structural rehabilitation of the museum in line with the aim of PA 16 and the acquirement of content for the museum and the development of exhibition space.

The completed project shall include the following activities:

1. Completion of the adaptation of the second and third floor of the completely finished exterior of the museum building and reinforcement of the building. Performed general works on these floors will be related to concrete floors, beams, columns, shear walls, roofs, skylight, etc.
2. Construction of an underground archive to house that part of the collection of the Museum of Contemporary Art which is not exhibited.
3. Partial extension of the Museum of Contemporary Art: Restoration of the former entrance to the Arsenal by way of restoration of the glass pavilion of the former Arsenal
4. Construction of connections to the external energy and water supply network (power supply, water systems, heating, transformer substation, etc.) required for the infrastructure of the Museum.
5. The design and development of the adjacent park with outdoor public facilities.

7. Modification of the programme

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

8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as a reference to the version signed by the Programme Operator on 28 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.