

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Council of Ministers of the Republic of Bulgaria, the 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 “Correctional Services, including Non-custodial  
Measures”

hereinafter referred to as the “Programme”

## Chapter 1 Scope, Legal Framework, and Definitions

### Article 1.1 Scope

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

### Article 1.2 Legal Framework

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

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

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

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

(d) any guidelines adopted by the NMFA in accordance with the Regulation.

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

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

### Article 1.3 Definitions

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

### Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference

to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

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

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

## Chapter 2 The Programme

### Article 2.1 Co-operation

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

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

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

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

### Article 2.2 Main responsibilities of the Parties

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

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

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

#### Article 2.3

##### Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

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

#### Article 2.4

##### Programme grant

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

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

3. The financial plan shall:

(a) contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;

(b) indicate the agreed advance payment, if any.

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

#### Article 2.5

##### Special conditions and programme specific rules

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

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

#### Article 2.6

##### Programme implementation agreement

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

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

#### Article 2.7

##### Reporting

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

#### Article 2.8

##### External monitoring

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

#### Article 2.9

##### Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.

2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA's prior approval provided that they are limited to the following:

(a) cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and

(b) changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.

3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.

4. Expenditures incurred in breach of this article are not eligible.

5. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.

6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

#### Article 2.10 Communication

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

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

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

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

#### Article 2.11 Contact information

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

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

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

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

#### Article 2.12 Representations and Warranties

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

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

### Chapter 3 Projects

#### Article 3.1 Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.

2. Eligibility of applicants is stipulated in Article 6.2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.

3. Pre-defined projects shall be outlined in the operational rules.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

#### Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

#### Article 3.3 Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in

paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from Norway.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

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

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

#### Article 3.4 Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.

2. Project grants not reallocated shall be reimbursed to the NMFA in accordance with Article 6.9 of the Regulation.

### Chapter 4 Finance

#### Article 4.1 Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;

(c) expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;

2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the NMFA in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.

3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

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

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

#### Article 4.2 Proof of expenditure

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

#### Article 4.3 Payments

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

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

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

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

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

#### Article 4.4 Transparency and availability of documents

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

#### Article 4.5 Irregularities, suspension and reimbursements

The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all

necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

## Chapter 5 Final provisions

### Article 5.1 Dispute settlement

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

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

### Article 5.2 Termination

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

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

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

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

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

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

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

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

### Article 5.3 Waiver of responsibility

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

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

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

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

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

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

### Article 5.4 Entry into force and duration

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

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

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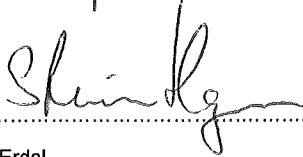
This programme agreement is drawn up in two originals in the English language.

For the NMFA

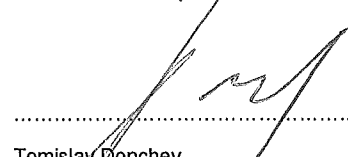
For the National Focal Point

Signed in *Sofia* ..... on *12/09/2012*

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



.....  
Anders Erdal  
Deputy Director General



.....  
Tomislav Donchev  
Minister

**Annex I**

**1. Expected Outcomes & Indicators for Outputs**

<b>Expected Outcome</b> 1	Overcome challenges connected to growing prison populations and prison overcrowding			
<b>Output</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Refurbished prison estate in line with CPT standards (pre-defined project No.1)	Number of prisons (prisons, prison hospital and health care) in line with relevant standards.	3	8	Project reports
Refurbished IDF in Shoumen (pre-defined project No. 1)	Number of refurbished IDFs	1	2	Project reports

<b>Expected Outcome</b> 2	Increased application of alternatives to prison			
<b>Output</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Developed programmes for alternatives to prison ((one programme for juveniles, one programme for electronic monitoring),(pre-defined project No. 2) sub-outputs below:	Number of probationers on whom probation supervision is imposed involved in programmes	0	240	Project reports. List of participants. Feedback from participants. Expert reports
Increasing the application of probation measures in compliance with European standards and programme for electronic monitoring	Number of trained probation officers on programmes for alternatives to prison	0	60	Probation services protocols



Electronic monitoring of offenders	Number of offenders monitored electronically	0	180	Probation services and subcontractors' reports
Improved competence and knowledge regarding electronic monitoring in the Bulgarian penal law system and relevant institutions	Introduced service of electronic monitoring of offenders	0	1	List of participants Expert reports
Improved competence and knowledge regarding electronic monitoring in the Bulgarian penal law system and relevant institutions	Trainings for magistrates and interested parties (policy-makers, stakeholders police, media)	0	175	Publications, list
Raised public awareness of the objectives of electronic monitoring	Awareness raising activities (round tables, seminars, etc.)	6	9	Publications, list of participants, expert reports, feedback from participants
Review & analysis of the current legislative framework	Elaboration of proposals for legislative change	0	1	Introduced proposal for legislative changes to the Ministry of Justice; Project report
Updated and elaborated curricula for initial and continuing training in probation in line with the European standards (small grants scheme)	Number of probation officers involved in the initial and continuing training in probation	0	60	Project reports, List of participants, feedback from participants; expert reports

Raised awareness of the importance of judge's reports among judges and prosecutors (small grants scheme)	Number of judges and prosecutors involved in awareness raising activities	0	150	Project reports, List of participants, feedback from participants; expert reports
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Expected Outcome 3		Increased focus on vulnerable groups in prison		
Output	Indicator	Baseline	Target	Source of Verification
Strengthened capacity of prison staff, external experts, NGOs, and charity foundations supporting vulnerable groups (small grants scheme)	Number of persons involved in programmes aimed at improving the welfare of vulnerable groups in prison	100	200	Project reports, lists of participants, feedback from participants; expert reports
Development of specialised programmes for rehabilitation of vulnerable groups of inmates (small grants scheme)	Number of inmates involved in specialised programmes	0	100	Project reports, lists of participants, feedback from participants; expert reports
Strengthened capacity of prison staff to apply specialised rehabilitation programmes (small grants scheme)	Number of prison staff trained to apply specialised rehabilitation programmes	0	100	Project reports, lists of participants, feedback from participants; expert reports

Expected Outcome 4		Improved competences of both inmates and prison staff		
Output	Indicator	Baseline	Target	Source of Verification
Trained prison and IDF-staff (Pre-defined project No. 3 "Improving the competences of staff in psychological selection and counselling")	Number of validated and standardised psychological diagnostic instruments for work with offenders and prison staff	8	20	Project reports. Reports for purchased and implemented methodologies
	Number of introduced psychological diagnostic instruments for work with offenders and prison staff in practice	8	20	List of trainees. Feedback from trainees. Expert reports.
	Number of prison staff trained to work with psychological diagnostic instruments	0	63	List of trainees. Feedback from trainees. Expert reports.

Reviewed and updated training programmes for initial and continuing training of prison staff in line with European standards (small grants scheme)	Number of trained prison staff	0	40	List of trainees. Feedback from trainees. Expert reports.
Elaborated educational and vocational training programmes for inmates (small grants scheme)	Number of inmates involved in educational and vocational training programmes	0	100	Project reports. Reports for purchased and implemented methodologies
	Number of inmates involved in after-care programmes	0	50	List of people involved
	After-care service for ex-offenders introduced in practice	0	1	Project reports. Reports for purchased and implemented methodologies

## 2. Conditions

### 2.1 General

- 1) The Grant Offer is subject to any comments or observations made by the European Commission in relation to the screening process.
- 2) Bilateral, output and outcome indicators shall be reported on in the annual report. In reporting on indicators regarding alternative sentences, such as electronic monitoring and probation, Roma representation shall be reflected.
- 3) The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive State Aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with State Aid rules, particularly decisions to award grants and set grant rates, and provides such records to the NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance. Bilateral indicators and outcome indicators shall be reported on in the annual report.
- 4) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the *excepted equipment*):
  - Keep the excepted equipment in their ownership for a period of at least five years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;
  - Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
  - Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract;

provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose. The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.
- 5) The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.

- 6) Detailed selection criteria, developed by the Programme Operator and adopted by the Cooperation Committee shall be submitted to the FMO no later than two weeks before the open call of the Small Grants Scheme.
- 7) The National Focal Point shall ensure that the Programme Operator, prior to signing a project contract/decision/administrative act for pre-defined project No. 1 in Annex II to the 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.
- 8) 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 NMFA. A revised budget for this programme, which is in accordance with the current Bulgarian legislation regarding the remuneration of public servants / employees, shall be established, submitted to and approved by the NMFA prior to the first disbursement under this Programme.
- 2) For the pre-defined projects, the Programme Operator's responsibilities regarding the verification of payment claims described in Article 4.7.1.c) of the Regulation and the Programme Operator's monitoring and control functions described in Article 4.7.1.e) and f) of the Regulation shall be externalized and be carried out by a legal entity independent of and unrelated to the Programme Operator. The NMFA shall approve the entity to be charged with these tasks prior to the first disbursement to the projects. This condition will be waived if sufficient evidence of the Project Promoters' budgetary, managerial and organizational independence from the Programme Operator is presented to the satisfaction of the NMFA.
- 3) The use of the bilateral fund, the criteria for awarding support from the fund, the grant rate, the maximum grant amount, and the bilateral indicators shall be developed by the Programme Operator and shall be further discussed in the Cooperation Committee. These details shall be submitted to the NMFA 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 of costs - period*

Eligibility of costs (excluding programme proposal preparation costs): 07/09/2012 – 30/04/2017.

Eligibility of programme proposal preparation costs: 17/06/2011 – 07/09/2012.

#### *3.2 Grant rate and co-financing:*

Programme estimated total cost	€8,235,294
Programme estimated eligible cost	€8,235,294
Programme grant rate (%)	85%
Maximum amount of programme grant	€7,000,000

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

<b>Budget heading</b>	<b>Eligible expenditure</b>	<b>Advance* payment</b>
Programme Management	€552,266	€65,885
Overcoming challenges posed by growing prison population and prison overcrowding	€5,640,780	€956,383
Enhanced application of alternatives to prison	€819,897	€139,382
Increased focus on vulnerable groups in prison	€350,000	€59,500
Improved competences of inmates and prison staff	€535,294	€91,000
Fund for bilateral relations	€125,000	€21,250
Complementary action	€144,705	€24,600
Preparation of programme proposal	€41,176	€35,000
Reserve for exchange rate losses	€41,176	€7,000
<b>Total</b>	<b>€8,235,294</b>	<b>€1,400,000</b>

\*The advance payment is composed of €1,190,000 in grant amount and €210,000 in co-financing.

The figures contained in this section will be inserted after reception and approval by the NMFA of the revised budget.

3.4 *Retention of management costs:*

Retention of management costs - percentage of the grant amount.	10%
Retention of management costs – planned euro value	€46,943

3.5 *Small grant scheme:*

Outcome	Increased application of alternatives to prison
Total Amount Reserved	€250,000
Grant Amount at Project Level	€30,000-100,000
Duration of the Project	12-24 months
Maximum Grant Rate at Project Level	100%
Outcome	Increased focus on vulnerable groups in prison
Total Amount Reserved	€350,000
Grant Amount at Project Level	€30,000-100,000

Duration of the Project	12-24 months
Maximum Grant Rate at Project Level	100%
Outcome	Improved competences of both inmates and prison staff
Total Amount Reserved	€335,294
Grant Amount at Project Level	€30,000-100,000
Duration of the Project	12-24 months
Maximum Grant Rate at Project Level	100%

## **Annex II**

### **1. Eligibility**

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

The Programme Operator (PO) is the International Programmes and Projects Management Directorate in the Ministry of Justice.

The programme aims to improve the Bulgarian system of correctional services in compliance with the relevant international and European human rights instruments. This will mostly be done through refurbishment and development of prison infrastructure; strengthening alternatives to prison; improving prison staff recruitment and training; and increasing treatment and re-socialisation opportunities for prisoners.

The Programme will be implemented through 3 pre-defined projects and one small grants scheme. One of the pre-defined projects focuses on refurbishment and development of infrastructure in 6 buildings (2 prisons and 1 probation office; 1 training centre; and 2 prison medical centres). Another aims at increasing the application of alternatives to imprisonment with the main focus on application of electronic monitoring and the third one aims to improve the competences of prison staff in psychological selection and counselling. The small grants scheme will focus on programmes for juveniles on probation and vulnerable prisoners; and the development of training curricula for prison staff.

The activities and measures eligible under the Programme are listed in Section 5.4 for the small grants scheme and Section 6 for the pre-defined projects.

#### *1.2 Eligible applicants:*

The rules on eligibility of applicants for the small grants scheme are set in Article 6.2 of the Regulation.

#### *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 may 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:*

For the small grants scheme the minimum amount of grant assistance applied for is €30,000; the maximum amount is €100,000. For the pre-defined projects the grant amount per project is indicated under Section 6.

#### *2.2 Project grant rate:*

For the small grants scheme the grants from the programme will be 90% of total eligible project costs for NGOs and 85% for all other entities, except for public institutions, in which case the grants can be up to 100% of total eligible project costs. The remaining cost shall be provided or obtained by the Project Promoter.

For the pre-defined projects the 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 Promoter.

### **3. Selection of projects**

#### *3.1 Selection procedures:*

The selection procedures in the small grants scheme are 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):*

For the small grants scheme there will be one open call for applications launched no later than in the second quarter of 2013. It shall make available up to 20% of the eligible expenditure of the programme. The call shall be open at least for 2 months.

In case of an insufficient number of proposals or of an insufficient substantive value submitted in the call, the PO can conduct a supplementary call or calls.

#### *3.3 Selection criteria:*

Detailed selection criteria, developed by the Programme Operator and adopted by the Cooperation Committee shall be submitted to the FMO no later than two weeks before the open call under the small grants scheme.

Projects with Norwegian partnerships shall have added weight in the selection criteria and this shall be reflected in the open call. Wording to ensure that issues of discrimination and tolerance are addressed in projects shall also be included in the open call text.

### **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 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 30% of the project's total eligible costs amount.

The subsequent interim payments requested in the interim reports together with the advance payment 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 final payment representing minimum 20% of the project's total eligible costs amount will be disbursed after approval of the final report and conducting a financial audit if relevant.

#### *4.2 Verification of payment claims*

Project promoters shall submit interim reports to the Programme Operator containing information on project progress, interim payment requests, and incurred expenditure.

Project Promoters shall submit interim reports along with the supporting documents required to verify incurred expenditure on quarterly basis; until the 10<sup>th</sup> on the month following the end of the reporting period.



Verification and approval of interim reports of Projects' Promoters will be performed by the Programme Operator (Monitoring expert and Financial Manager) through desk checks covering 100% of the expenses.

For the pre-defined projects, the PO's responsibilities regarding the verification of payment claims described in Article 4.7.1.c) of the Regulation will be externalized and be carried out by a legal entity independent of and unrelated to the PO unless otherwise agreed with the NMFA.

The procedure for verification of Interim project reports, periodicity of reporting periods, and deadlines 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 reports four times a year and at the end of the project in a final report.

The projects under the SGS will be monitored by the PO at least once during the implementation period.

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 four times a year at the verification of the interim reports

For the pre-defined projects, the PO's monitoring and control functions described in Article 4.7.1.e) and f) of the Regulation will be externalized and be carried out by a legal entity independent of and unrelated to the PO.

Information on Reporting and Monitoring, and periodicity of reporting, will further be outlined in the description of the Programme'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.

1/3 of the fund for bilateral relations is planned for the use of developing partnership in projects and 2/3 for networking and exchange. Research institutions, NGOs and professional organisations etc. shall be invited to take part in networking activities, sharing of best practices etc.

The use of the bilateral fund, the criteria for awarding support from the fund, the grant rate, the maximum grant amount, and the bilateral indicators will be developed by the PO and will be further discussed in the Cooperation Committee and submitted to the FMO in a document.

### *5.2 Complementary action*

Not more than 20% of the programme management costs will be set aside for complementary action.

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

Contracts between the PO and the Project Promoter will be defined in BGN.

The reserve for exchange rate losses will be used by the PO to cover exchange rate losses resulting from the difference between the exchange rate used for the Programme budget planning and the exchange rates used for the actual expenditures (including the difference between the exchange rate used for awarding grants to projects and the exchange rate used for the settlement of project grants).

### 5.4 Small Grant Schemes

The aim of the SGS is to fund activities that improve prison staff practical skills and knowledge through training; build social skills of sentenced persons through specialized vocational training programmes; and target specific needs of vulnerable groups in building social skills and improve their reintegration, including after care services and programmes for ex-offenders.

Eligible activities are *inter alia*:

- Measures targeted for probationers;
- Reviews and elaboration of curricula for initial and continuing training of probation officers in compliance with European standards;
- Specialised rehabilitation programmes;
- Measures aiming at training of prison staff;
- Measures aiming at training of inmates;
- Elaboration of curricula for initial and continuing training of prison staff;
- Elaboration of vocational training programmes for inmates;
- Training for improving competences of prison and IDF-staff in places of detention following curricula for initial and continuing training;
- Trainings for improving professional qualifications of inmates following elaborated vocational training programmes;
- Measures which introduce after care services for ex-offenders by means of professional consultation and orientation and intermediary services with the participation of employers and employment intermediaries.

The exact amount for the total eligible cost will be specified in the revised budget to be submitted by the PO to the FMO no later than before the open call.

## 6. Pre-defined projects

There will be three pre-defined projects implemented under the Programme:

1) *“Improving standards in prisons and investigative detention facilities by refurbishment of infrastructure to ensure respect for human rights”.*

*Project Promoter:* General Directorate “Execution of Sentences” (GDES).

*Description:* Under the project the intention is to refurbish six buildings: two prisons; one investigation detention facility and a probation service office; two medical facilities including one kitchen; and one training centre.

*Expected outcomes:*

- Reduction of overcrowding at penitentiary institutions and creating conditions for humane treatment of offenders;
- Refurbished prison buildings according to the Committee for the Prevention of Torture and Inhuman and Degrading Treatment or Punishment standards;
- Refurbished investigative detention facility (IDF) in Shumen.

*The following activities will be implemented under the project:*

- Construction work.

2) *"Increasing the application of probation measures in compliance with European Standards and programme for electronic monitoring".*

*Project Promoter:* (GDES).

*Description:* The specific objectives of the project are to review the legal framework, provide effective electronic monitoring service for supervision of 180 offenders, establish multiagency network for supervision of offenders under electronic monitoring, improve rehabilitation and reintegration of offenders under EM, strengthen the competence of judges and prosecutors to apply sanctions alternative to prison and increase their awareness of the use of electronic monitoring and improve the consistency of the use of those measures between judges and prosecutors and the supervisors.

*Expected outcomes:*

- Reviewed legislative framework related to the alternatives to prison;
- Electronic monitoring of offenders introduced;
- Improved competence and knowledge regarding electronic monitoring in the Bulgarian penal law system and relevant institutions,
- Raised public awareness of the objectives of electronic monitoring;
- Strengthened competence of judges and prosecutors to apply sanctions alternative to prison;

*The following activities will be implemented under the project:*

- Research;
- Buying of equipment (electronic bracelets etc.);
- Training;

3) *"Improving the competences of staff in psychological selection and counselling".*

*Project Promoter:* (GDES).

*Description:* The aim of the project is to carry out a survey of current methods of recruitment of staff dealing with psychological matters and train 35 psychologists at the GDES to work with the new psycho diagnostic instrument.

*Expected outcomes:*

- Improved psycho-diagnostic instruments for recruitment of staff;
- Gained new competencies by psychological staff through training;
- improved methods of prediction of risk behaviour of prisoners;
- Further developed skills for counselling on risk behaviour in staff and prisoners and conducting groups with offenders.

*The following activities will be implemented under the project:*

- Current legislative framework analysed and reviewed;
- Gaps identified and draft proposals prepared;
- Draft changes submitted for adoption;
- Activities regarding electronic monitoring :
  - ToR developed (Terms of Reference)
  - launch of public procurement and selection of contractor
  - electronic monitoring services delivered
  - electronic monitoring awareness raising events organized and delivered
- Development of a training programme for magistrates on alternatives to prison sanctions in Bulgaria;
- Training of judges and prosecutors on alternatives to prison sanctions;
- Development of a training programme on electronic monitoring for supervision of the behaviour of sentenced persons;
- Judges and prosecutors trained in the use of electronic monitoring for supervision of offenders in probation and prison areas in Bulgaria.

The exact amounts for the total eligible project cost and the total grant amount for each of the pre-defined projects 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**

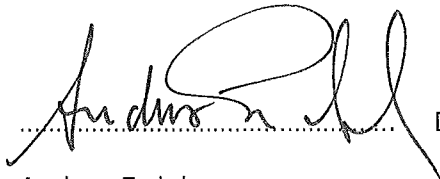
Any reference to the programme proposal in this programme agreement shall be interpreted as a reference to the version signed by the PO on 6 April 2012 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the 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.

 Date: 07.09.2012

Anders Erdal  
Chairman  
Financial Mechanism Committee