EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The Central Coordination Unit Directorate, administrative unit within the Council of Ministers (NFP),
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 "Environment Protection and Climate Change"

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 2014-2021 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 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

(c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (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 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto 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 annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme 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 principles of implementation as set out in the Regulation.

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 2014-2021 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 Irregularities Authority 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. This programme agreement 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 this programme agreement.

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 annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

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

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

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the FMC with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and 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 this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 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.

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 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the FMC.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework 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. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

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

4. 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.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 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. 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.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

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 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 connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 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 or the project contract shall comply with Article 7.6 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 1.6 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 7.7 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 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 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.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 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 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement 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 8.12 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 9.2, 9.3 and 9.4 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 this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 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 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

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

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

Article 5.2
Termination

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

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 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 13.2 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 13 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.

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.

Article 5.4
Entry into force and duration

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

For the Donors	For the National Focal Point
Signed in Sofia on 10/04/2018	Signed in Sofia on 10/04/2018
.....	.....
Atle Hamar State Secretary, Ministry of Climate and Environment	Ivan Ivanov Head of NFP/Director of Central Coordination Unit Directorate, Council of Ministers

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Environment and Water
Donor Programme Partner:	Norwegian Environment Agency (NEA)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA11	Outcome 1	Monetary valuation system for all Bulgarian ecosystems developed	Number of institutions using valuation system[1]	N/A	Cumulative number	Project Promoters records	Annually (APR)	0	N/A	3
	Output 1.1	Methods developed for natural capital valuation in the nine types of ecosystems	Number of ecosystems with an agreed methodology in place	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	9
	Output 1.2	National guidance document on integration of natural capital in decision making processes developed	Guidance documents developed	N/A	Binary	Copy of the documents	Semi-annually (APR and September IFR)	No	N/A	Yes
	Output 1.4	Training implemented for national authorities on the new valuation system	Number of professional staff trained[2]	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100

[1] Relevant ministries and state agencies/directorates

[2] Relevant ministries and state agencies/directorates

PA11	Outcome 2	Assessment, monitoring and management system of marine waters developed	Share of ecosystem monitoring professionals in the competent (or relevant) institutions who declare improved skills/competencies	N/A	Percentage	Survey results	2021, 2024	N/A	N/A	80 %
	Output 2.2	Specific measures under the Bulgarian "Programme of Measures" in competence of Black Sea Basin Directorate implemented	Number of implemented measures	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	4
	Output 2.3	Initial assessment implemented for Good Environmental Status definitions and targets, according to Marine Strategy Framework Directive and revised Commission Decision	Initial assessment of the status of marine environment on Descriptors 1 - 11 implemented	N/A	Binary	Project Promoters records	Semi-annually (APR and September IFR)	No	N/A	Yes
	Output 2.6	Education and awareness-raising campaigns conducted	Number of education campaigns developed	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	5
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	3

			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
PA11	Outcome 3	Improved municipal resource management (Circular Economy)	Share of waste recycled	N/A	Percentage	Municipalities' statistics	Annually (APR)	32.25 %	2018	35.48
	Output 3.2	Recycling/waste separation systems and equipment deployed	Number of municipal recycling/waste separation schemes implemented	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	16
	Output 3.3	Awareness-raising campaigns on recycling	Number of schools that carried out awareness/education activities	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	27
			Number of education campaign programmes	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	35
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	35
PA13	Outcome 4	Increased ability of local communities to reduce emissions and	Number of municipal staff who self-report increased competence	N/A	Cumulative number	Survey results	Annually (APR)	0	N/A	100[3]

[3] Target increased due to reallocation of funds from downscaled PDP under Outcome 2

		to adapt to the changing climate	in climate change mitigation and adaptation planning							
			Share of population living in areas with enhanced capacity to reduce emissions and prepare for extreme weather events	N/A	Percentage	Country statistics	Annually (APR)	0 %	N/A	45 %
	Output 4.1	Improved capacity for planning, monitoring and implementation of climate change mitigation and adaptation measures	Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	200[4]
	Output 4.2	Strategic plans reviewed and assessed, and identified gaps and needed actions in eight municipalities	Number of plans assessed and urban development measures/actions identified	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	8
	Output 4.3	Pilot measures of innovative climate change mitigation and adaptation urban development systems implemented	Number of municipalities which have implemented innovative urban development projects	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	24[5]
	Output 4.4	Measures for climate change mitigation and adaptation on municipal level implemented	Number of municipalities which have implemented climate change mitigation or adaptation measures[6]	N/A	Cumulative number	Project Promoters records	Semi-annually (APR and September IFR)	0	N/A	40[7]
			Estimated CO2 reductions	N/A	Cumulative number, Ton	Municipal records	2024	0	N/A	855.34

[4] Target increased due to reallocation of funds from downscaled PDP under Outcome 2

[5] Target increased due to reallocation of funds from downscaled PDP under Outcome 2

[6] These actions will be implemented through the open call. The call will be more flexible, by also opening for market-ready solutions as well as innovative measures, including piloting activities.

[7] Target increased due to reallocation of funds from downscaled PDP under Outcome 2

					of CO2 equivalent					
	Output 4.5	Awareness/educational campaigns on climate change	Number of schools carried out awareness/education activities	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	10
			Number of people reached by the educational activities	N/A	Cumulative number	Project Promoters records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	600
			Number of education campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	15
PA11	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities involved in the programme	Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.6[8]	2022[9]	4.5[10]
			Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.77[11]	2022[12]	4.5[13]
			Share of cooperating organisations that apply the knowledge	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %[14]

[8] Based on the survey carried out on behalf of the FMO
[9] Survey carried out on behalf of the FMO
[10] Value is at least ≥4.5 on a scale of 1-7 and an increase on the baseline value. Scale is defined in the Core Indicators Guidance.
[11] Based on the survey carried out on behalf of the FMO
[12] Survey carried out on behalf of the FMO
[13] Value is at least ≥4.5 on a scale of 1-7 and an increase on the baseline value. Scale is defined in the Core Indicators Guidance.
[14] Target is minimum 50 %

			acquired from bilateral partnership							
	Bilateral Output 1	Exchange of knowledge between Bulgaria and Donor States	Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoters and project partners	Semi-annually (APR and September IFR)	0	N/A	10
	Bilateral Output 2	Exchanges between Norway and Bulgaria on carbon capture and storage knowledge exchange and capacity building	Number of meetings/workshops carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the workshop	Semi-annually (APR and September IFR)	0	N/A	3
			Number of status reports on carbon capture and storage in Bulgaria issued	N/A	Cumulative number	Copy of the status report	2023	0	N/A	1

Conditions

General

1. For pre-defined projects no. 1 and 2 (numbering under Section 5.1 of Annex II to the Programme Agreement), the National Focal Point shall ensure that the Programme Operator ensures that the appraisal foreseen in Article 6.5.3 of the Regulation is externalised and carried out by a legal entity independent of and unrelated to the Programme Operator.

2. For predefined projects no. I and 2 (numbering under Section 5.1 of Annex Il to the Programme Agreement), the Programme Operator's responsibilities regarding the verification of payment claims described in Article 5.6. I e) of the Regulation, including the verification of the project outputs described in Article 5.6.1 g) of the Regulation shall be externalised and be carried out by a legal entity independent of and unrelated to the Programme Operator. The FMC shall approve the entity to be charged with these tasks prior to the first disbursement to the projects.

3. For the outcome 3 indicator "Share of waste recycled" where the baseline value is "to be determined" (TBD), the Programme Operator shall submit to the FMO for approval the baseline value, together with a description ofthe data collection method used, no later than three months after the finalisation of the selection of projects under the call for proposals within this outcome. The updated baseline value shall be agreed upon through a modification of the programme agreement.

4. For the outcome 4 indicator "Share of population living in areas with enhanced capacity to reduce emissions and prepare for extreme weather events", where the target value is "to be determined" (TBD), the Programme Operator shall submit to the FMO for approval the target value, together with a description ofthe data collection method used, no later than three months after the finalisation of the selection of projects under the call for proposals within this outcome. The target value shall be agreed upon through a modification of the programme agreement.

5. The Programme Operator shall seek to ensure synergies with the programmes “Business Development, Innovation and SMEs” and “Renewable Energy, Energy Efficiency, Energy Security”, implemented under the Norwegian and EEA Financial Mechanisms 2014-2021 in Bulgaria.

6. The Programme Operator shall organize at least two broad experience sharing events during the programme implementation period, with the aim of showcasing innovative or novel approaches in the projects supported.

7. The Programme Operator shall, in the Final Programme Report, report on the impact that the projects supported will have and have had on the dissemination of knowledge about and further investments related to the programme’s outcomes in Bulgaria.

8. The Programme Operator shall submit a revised Result Framework on pre-defined project no 2 and Outcome 4 by 30 June 2023 at the latest. The revised Result Framework will be agreed upon through a modification of the programme agreement.

Pre-eligibility

No costs shall be eligible under pre-defined projects no. 1, 2 and 3 (number under Section 5.1 of Annex II to the Programme Agreement) before the detailed descriptions and budgets for the pre-defined projects, including the role and contribution of the donor project partners, have been submitted and approved by the FMC.

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	10/12/2016	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 13,786,349
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 11,718,397
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 11,718,397

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA11	Programme management	€ 1,075,050	€ 1,075,050	85.00 %	€ 189,715	€ 1,264,765	€ 122,000
PA11	Outcome 1 (EEA Grants)	€ 1,079,275	€ 1,079,275	85.00 %	€ 190,460	€ 1,269,735	€ 630,020
PA11	Outcome 2 (EEA Grants)	€ 910,160	€ 910,160	85.00 %	€ 160,617	€ 1,070,777	€ 770,000
PA11	Outcome 3 (EEA Grants)	€ 1,818,187	€ 1,818,187	85.00 %	€ 320,857	€ 2,139,044	€ 0
PA13	Outcome 4 (EEA Grants)	€ 6,835,725	€ 6,835,725	85.00 %	€ 1,206,304	€ 8,042,029	€ 980,000
Total		**€ 11,718,397**	**€ 11,718,397**	**85.00 %**	**€ 2,067,952**[15]	**€ 13,786,349**	**€ 2,502,020**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 126,476

[15] A discrepancy appears between the sum of addends and the totals of the columns 'Programme co-financing' and 'Programme eligible expenditure' due to rounding of the numbers in this table to the whole euro.

Environment Protection and Climate Change

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based on the MOU, the concept note and comments made by the FMC. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator is the Ministry of Environment and Water. The Norwegian Environment Agency (NEA) is Donor Programme Partner (DPP).

The programme objective, "Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities", will be attained through four outcomes:

- Outcome I : "Monetary valuation system for all Bulgarian ecosystems developed"
  The outcome shall be supported through one pre-defined project (PDP) "Valuation and implementation of ecosystems services (VAIES)" (PDP no I).
- Outcome 2: "Assessment, monitoring and management system of marine waters developed"
  The outcome will be supported through one pre-defined project "SCience and Information towards Regional Environmental Action for the Black Sea (SCIRENA-Black Sea)" (PDP no. 2) and two small grant schemes (SGS): one on pilot models for marine water purification (SGS no. l) and one for measures to reduce marine litter (SGS no. 2).
- Outcome 3: "Improved municipal resource management (Circular Economy)"
  The outcome will be supported through one call for proposals (call no. 2) and one SGS (SGS no. 3).
- Outcome 4: "Increased ability of local communities to reduce emissions and to adapt to the changing climate"
  The outcome will be suppolted through a pre-defined project "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria" (PDP no. 3), one call for proposals and one small grant scheme (SGS).

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of project promoters and project partners are set in Article 7.2 of the Regulation. The following limitations to the eligibility of the Project Promoters shall apply:

	Eligible applicants (Project Promoters)	**Eligible partners**
Call no. 2 **Outcome 3** "Improved municipal resource management (Circular Economy)"	Municipalities	In accordance with Article 7.2.2 of the Regulation
Call no. 3		In accordance with Article 7.2.2 of the Regulation

Outcome 4 "Increased ability of local communities to reduce emissions and to adapt to the changing climate"	Municipalities	
SGS no. 2: SGS for measures to reduce marine litter **Outcome 2** "Assessment, monitoring and management system of marine waters developed"	Municipalities	In accordance with Article 7.2.2 of the Regulation
SGS no. 3 **Outcome 3** "Improved municipal resource management (Circular Economy)"	Any non-commercial public or private entity, as well as non-governmental organisations, established as a legal person in Bulgaria whose principal activity is in the educational sector as defined in the Bulgarian law for the preschool and school education	In accordance with Article 7.2.2 of the Regulation
SGS no. 4 **Outcome 4** "Increased ability of local communities to reduce emissions and to adapt to the changing climate"	Any non-commercial public or private entity, as well as non-governmental organisations established as a legal person in Bulgaria whose principal activity is in the educational sector as defined in the Bulgarian law for the preschool and school education	In accordance with Article 7.2.2 of the Regulation

2.2 Special rules on eligibility of costs:
Costs are eligible in accordance with chapter 8 of the Regulation.

3. Bilateral relations
3.1 Bilateral relations
The programme shall contribute to strengthening bilateral relations between Bulgaria and the Donor States.

The programme shall contribute to the development of bilateral relations between Bulgaria and the Donor States on carbon capture and storage (CCS).

The programme shall as appropriate facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

The further use of the ftnds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee.

4. Selection of projects and financial parameters

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

Amounts uncommitted following one call may be transferred to subsequent calls within the same outcome.

	Indicative timing	Total available amount	Maximum/Minimum grant applied for
Call no. 2 **Outcome 3** "Improved municipal resource management (Circular Economy)"	Second semester 2020	€ 1,391,088	€ 400,000 / € 200,000
Call no. 3 **Outcome 4** "Increased ability of local communities to reduce emissions and to adapt to the changing climate"	First semester 2020	€ 4,974,710	€ 500,000 / € 200,000
SGS no. 1 **Outcome 2** "Assessment, monitoring and management system of marine waters developed"	Second semester 2019-first semester 2020	€ 0	€ 150,000 / € 50,000
SGS no. 2 **Outcome 2** "Assessment, monitoring and management system of marine waters developed"	First semester 2020	€ 570,777	€ 150,000 / € 50,000
SGS no. 3 **Outcome 3** "Improved municipal resource management (Circular Economy)"	First semester 2020	€ 747,956	€ 200,000 / € 50,000
SGS no. 4 **Outcome 4** "Increased ability of local communities to reduce emissions and to adapt to the changing climate"	First semester 2020	€ 267,318	€ 200,000/ € 50,000

4.2 Selection procedures:
The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for project evaluation and for the award of grants.

The Programme Operator shall appoint a person who is going to lead and coordinate the selection process.

Experts nominated by the Programme Operator shall review the applications for compliance with administrative and eligibility criteria. Applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.

Each application that meets the administrative and eligibility criteria shall be reviewed by two impartial experts appointed by the Programme Operator, at least one of which shall be independent of the Programme Operator and the Selection Committee. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 20% of the higher score, a third expert, who shall be impartial and independent of the Programme Operator and the Selection Committee, shall be commissioned by the Programme Operator to score the project independently. In such cases, the average score of the two closest scores shall be used for the ranking of the projects.

The Programme Operator shall establish a Selection Committee. The Selection Committee shall consist of a Chairman and a secretary – representatives of the Programme Operator – without voting rights, and at least three voting members, including representatives of the Programme Operator. At least one of the voting members shall be external to the Programme Operator and its Partners. The FMC, the National Focal Point and the DPPs shall be invited to participate in the Selection Committee meetings as observers.

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked list of projects. The decision of the Selection Committee shall be taken by consensus of all voting members. The Selection Committee may modify the ranking of the projects in justified cases, in accordance with objective and commonly agreed criteria related to the objectives of the programme. The justification for modifications shall be detailed in the minutes of the meeting of the Selection Committee. The minutes shall be signed by all members of the Selection Committee. The Chairman of the Selection Committee shall submit a report, including the list of the recommended projects, together with a reserve list and the list of rejected project proposals and the reason for their rejection, to the Programme Operator.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the recommendations from the Selection Committee comply with the rules and objectives of the programme. Following such verification, the Programme Operator shall, based on the decision of the Selection Committee, make a decision on which projects shall be supported. The Programme Operator may return the report to the Selection Committee requesting a repetition of the selection process in case of a violation of the procedure that can be remedied or not approve the report when there has been a serious violation of the procedure. The Programme Operator may modify the decision of the Selection Committee in justified cases.

The Programme Operator shall notify the applicants about the results of the selection process within a reasonable time and publicise the results. If the modification of the ranking of the projects by the Selection Committee results in a project's rejection, or if the Programme Operator modifies the

decision of the Selection Committee, the Programme Operator shall inform the applicants affected and provide them with a justification for the modification.

The process set out in this Article shall apply to all calls for project proposals, including the SGS, under this programme.

4.3 Project grant rate:
Grants to all projects from the programme may be up to 100% of total eligible expenditure of the project. In the case of projects where the project promoter is an NGO or a social partner, as defined in Article 1.6 of the Regulation, the project grant rate may be up to 90% of total eligible expenditure of the project. 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 project shall be provided or obtained by the project promoter.

5. Additional mechanisms within the Programme
5.1 Pre-defined projects
There will be three pre-defined projects implemented under the programme:

1. "Valuation and implementation of ecosystems services (VAIES)"

Project Promoter: Ministry of Environment and Water

Donor project partner(s): Norwegian Institute for Nature Research (NINA)

Other project partner(s): N/A

Programme outcome the project contributes to: "Monetary valuation system for all Bulgarian ecosystems developed"

Total maximum eligible project costs: € 1,269,735

Project grant rate: 100%

Maximum project grant amount: € 1,269,735

The project will contribute to the integration of ecosystems services in national planning, accounting and reporting.

The pre-defined project will include, *inter alia*, the following activities:

- Develop methodologies for monetary assessment of natural capital for 9 types of ecosystems;
- Develop a guide on integration of natural capital in policy making and planning for decision-makers in Bulgaria.

2. "Science and Information towards Regional Environmental Action for the Black Sea (SCIRENA-Black Sea)"

Project Promoter: Black Sea Basin Directorate (BSBD)

Donor project partner(s): Institute of Marine Research (IMR), Norway

Programme outcome the project contributes to: "Assessment, monitoring and management system of marine waters developed"

Total maximum eligible project costs: € 500,000

Project grant rate: 100%

Maximum project grant amount: € 500,000

The pre-defined project is transferred to capacity building and will include, *inter alia*, the following activities:

- Transformed SCIRENA project will increase the national capacity in marine monitoring and assessment. The outcomes effectively contribute to the capacity on marine environmental management through data gathering, development and implementation of methods and tools for marine monitoring and assessment;
- Effective project management, which allows successful and timely implementation of the project activities;
- Contribution to raising public awareness to Measure 5, PoM, MSFD – Coordinated set up and/or support of regular (yearly) awareness raising campaigns addressed to business (commercials, beach concessioners, users of beach services, fishermen, etc.) and public (tourists, students, children, etc.) related to the sources and the environmental consequences of marine litter and the need for waste recycling;
- Training of Bulgarian competent authorities – underwater noise (D11); Marine Litter (D10); Contaminants in the marine environment, fish and other seafood (D8,D9); Hydrographic conditions (D7) ; Food web and commercially employed fish and shellfish, (D4, D3); Biodiversity and sea-floor integrity, (D1, D6); including strategies for mapping benthic habitats, biodiversity and human activity pressures; 1 course Eutrophication, (D5);
- Increased number of trained professionals and knowledge experience in the field work;
- Increase awareness raising on marine water management via video materials on the topic, already prepared in a suitable format for TV broadcasting.

3. “Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria”

Project Promoter: National Trust Ecofund (NTEF)

Donor project partner(s): The Norwegian Association for Local and Regional Governments (KS)

Other project partner(s): Municipalities of Sofia, Plovdiv,Varna, Burgas, Kurdjali, Ruse, Stara Zagora, Sliven

Programme outcome the project contributes to: “Increased ability of local communities to reduce emissions and to adapt to the changing climate”

Total maximum eligible project costs: € 2,800,000

Project grant rate: 100%

Maximum project grant amount: € 2,800,000

The project will contribute to the local authorities’ capacity to identify and implement specific measures on climate change adaptation and mitigation.

The pre-defined project will include, *inter alia*, the following activities:

- Develop and assess municipal strategic plans on climate change adaptation and mitigation;
- Exchange of experience through study visits and review of best practices and experiences in Europe with donor project partner;
- Assess the effectiveness of already implemented climate actions and identification of innovative solutions;
- Training of staff;
- Technical design and implementation of investment measures.

5.2 Financial Instruments

Not Applicable.

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that payments to projects are made in a timely manner. Interim and final payments to the projects shall be based on approved project reports.

Payments of the project grant shall take the form of advance payments, interim payments and a final payment. The level of advance payment to projects shall be set out in the project contract. The maximum level of advance payment shall be linked to the project budget and duration as follows:

Project implementation duration	**Advance payment**	**Interim payments**	**Final payment**
Less than 12 Months	Up to 35% (up to 15%*)	Total interim payments up to 60%. A single interim payment up to 30% depending on the project length.	Up to 5% (up to 25%*) Remaining amount
More than 12 Months	Up to 45% (up to 15%*)	Up to 50 % (up to 60%*)	Up to 5% (up to 25%*) Remaining amount

*Where the project promoter is a private entity or NGO.

The first advance instalment shall be paid following the signature of the project contract. Subsequent payments shall be paid after the approval of project interim reports. The final payment will be paid after approval of the final report.

An advance payment of a percentage of the total grant amount shall be paid within 1 month from the submission of a request after signature of the project contract. The interim payments shall be paid within 1 month after the approval of project interim reports.

Upon approval of the final project report a final balance payment, if applicable, shall be made within 1 month.

The approval of project interim and final reports shall take place within 2 months from the submission of the required information.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator’s management and control systems.

In case of euro-denominated contracts with entities from Donor States or with intergovernmental organizations, the Programme Operator shall transfer the amounts in euro.

6.2 Verification of payment claims

Project promoters shall submit interim and final project reports containing information on project progress and incurred expenditure.

In line with point i) of Article 5.6.2 of the Regulation incurred expenditure reported shall be subject to administrative verifications before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate and be in accordance with the principle of proportionality.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation on–the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out.

The detailed procedure for verification will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator and the NFP to meet its obligations to the Donor States. In particular, the final project report from the project promoter shall comprise a final technical report, containing: i) an overview of the results and their exploitation and dissemination; ii) the conclusions on the project; iii) a report covering the wider societal implications of the project.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions received from the FMO.

6.4 Programme administrative structures

The Programme Operator shall launch in 2018 a procurement procedure for a Small Grants Scheme operator to manage and implement the small grant schemes under this programme. Alternatively, the Programme Operator shall manage and implement the small grant schemes itself.

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulation, the Information and Communication Requirements in Annex 3 of the Regulation and the Communication plan for the programme.

8. Miscellaneous

Not Applicable.