

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Council of Ministers of the Republic of Bulgaria,
hereinafter referred to as the "National Focal Point",
representing Bulgaria ,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Public Health Initiatives"

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.

Article 4.5

Irregularities, suspension and reimbursements

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the 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.

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 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 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

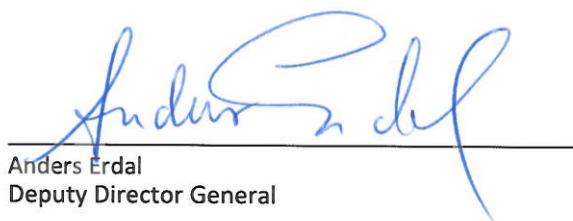
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

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

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

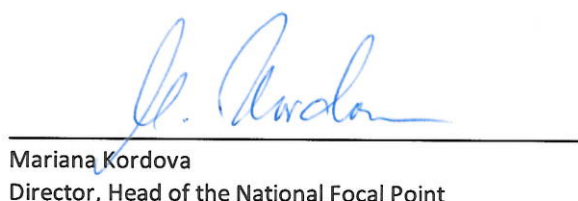
For the NMFA

Signed in Ostlo on 18.11.2013


Anders Erdal
Deputy Director General

For the National Focal Point

Signed in Sofia on 29.11.2013


Mariana Kordova
Director, Head of the National Focal Point

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Improved access to and quality of health services including reproductive and preventive child health care

Output

Improved access to quality sexual and reproductive health services for adolescent (10 – 19 years of age) and other vulnerable groups

Output indicator(s)	Baseline	Target	Source of Verification
Number of establishments	0	3	Reports, publications in the media; registers; questionnaires; analyses, establishments
Number of young people tested for STI	0	4560	Reports; publications in the media; registers; questionnaires; analyses, establishments.
Number of medical and psychological consultations	0	55	Reports; publications in the media; registers; questionnaires; analyses, establishments
Number of events with health education purposes	0	61	Reports; publications in the media; registers; questionnaires; analyses; establishments

Output

Improving the quality of prenatal diagnosis/screening

Output indicator(s)	Baseline	Target	Source of Verification
Number of specialists in obstetrics and gynaecology trained in existing standards and in their implementation	0	76	Certificates of trainings, questionnaires, training materials
Number of equipment supplied	0	23	Delivery statements; photos; accounting documentation

Output

Improving the quality of neonatal care by modernization of neonatal care wards

Output indicator(s)	Baseline	Target	Source of Verification
Number of renovated II level wards	0	11	Copies of delivery statements, photographs, equipment put in operation
Number of renovated III level wards	0	5	Copies of delivery statements, photographs, equipment put in operation
Number of equipment supplied	0	15	Copies of delivery statements, photographs, equipment put in operation

Output

Improving the quality of and access to health care of children with, mental, infectious and genetic diseases, onco-haematological (with emphasis on children suffering from cerebral palsy, cardio-vascular diseases, autism, young people with nutritional disorders) by introducing new and alternative services

Output indicator(s)	Baseline	Target	Source of Verification
Number of children benefiting from new services	0	532	Medical reports treatment establishments'; Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation
Number of children provided with alternative services	0	228	Medical reports treatment establishments'; Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation
Number of developed treatment and rehabilitation plans	0	760	Medical reports treatment establishments'; Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation
Number of trained medical professionals by specialties	0	18	Medical reports treatment establishments'; Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation
Number of trained parents/families for provision of specialized care	0	1140	Medical reports treatment establishments'; Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation
Renovation works performed	0	5	Statements of acceptance and delivery for supplied equipment, accounting documents; certificates for training; equipment put into operation

Output

Delivery of health services through a homecare approach to pregnant women and children up to 3 years of age with a focus on groups at risk

Output indicator(s)	Baseline	Target	Source of Verification
Number of establishments for mother and child health	0	3	Statutory documents; Visit reports. Annual/monthly reports
Number of pregnant women, children and families with higher medical and social risk that received home visits	0	2432	Visit reports. Annual/monthly reports
Number of children aged 0-3 years from vulnerable groups who are not fully vaccinated according to the national immunization schedule	3280	760	Immunization GP cards. NHIF data;
Number of children not registered with GPs	3804	1444	NHIF data; GP reports
Utilization rate of health services provided at health facilities and outreach services (home visits)	0	2660	Monthly and annual reports, GP referrals

Expected Outcome(s): Reduced inequalities between user groups

Output

Scholarship programme for medical and other healthcare professions for Roma students

Output indicator(s)	Baseline	Target	Source of Verification
Number of students trained	0	75	Certificates for enrolment for the academic year; Students' records and academic transcripts for the semester

Output

Number of students physicians with obtained diploma

Output indicator(s)	Baseline	Target	Source of Verification
Number of students physicians with obtained diploma	0	20	Accounting documents; report by the student and by the tutor

2. Conditions**2.1 General**

- 1) The National Focal Point shall ensure that any public support under this programme complies with the procedural and substantive State Aid rules applicable at the time when the public support is granted. The Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with State Aid rules, particularly decisions to award grants and set grant rates, and provides such records to the FMC/NMFA upon request. The approval of the Programme by the FMC/ NMFA does not imply a positive assessment of such compliance.
- 2) Bilateral outcome and output indicators shall be reported on in the annual report.
- 3) The outcome and output indicators, as well as bilateral indicators shall be reviewed and submitted to the FMC/NMFA for approval prior to the first disbursement to projects.
- 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 Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.
- 5) The 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) At least 10% of the total eligible costs of the Programme shall target the improvement of the situation of the Roma population. The fulfilment of this condition shall be reported on, through the use of quantitative and qualitative data, inter alia, in the annual and final programme reports as well as a semi-annual report submitted six months from the submission date of the annual programme report.
- 7) A plan for the contribution of this Programme to reaching the target 10% of the allocation to go towards improvement of the situation for the Roma population, as agreed in Section 2 of Annex B of the MoUs for the EEA and Norwegian Financial Mechanisms shall be developed together with all relevant stakeholders, including the Norwegian Embassy in Sofia. The final plan shall be submitted to the FMC/NMFA for approval prior to the final allocation and disbursement of the funds.

2.2 Pre-eligibility

- 1) Before any of the costs of the pre-defined projects 1 and 2 (as defined in Annex II to this Programme Agreement) are eligible for funding, a more detailed description of the contents of the projects, as well as a detailed budget for the pre-defined projects, including a breakdown of administrative costs reflecting the number of staff involved and their respective salaries, shall be submitted for the FMC/NMFA's approval.
- 2) Any project expenditures under Measures 3 and 4 (as defined in Annex II to this Programme Agreement) must be the result of a need assessment carried out by an expert external to the programme operator in consultation with the WHO and approved by the

FMC/NMFA.

2.3 Pre-payment

1) The indicators under section 1 above shall be reviewed and submitted to the FMC/NMFA for approval prior to the first disbursement to the project.

2) A methodology on the calculation of the flat rate to be applied to indirect eligible costs (overheads) in accordance with Article 7.4.1(b) of the Regulation shall be submitted to the FMC/NMFA no later than four weeks prior to the deadline for providing to the FMC/NMFA the text of the call for proposals, as required by Article 6.3.4 of the Regulation.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 20/08/2013-30/04/2017

Eligibility of programme proposal preparation costs: 17/06/2011-19/08/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€9,135,294
Programme estimated eligible cost (€)	€9,135,294
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€7,765,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€608,921	€121,784
Improved access to and quality of health services including reproductive and preventive child health care	€7,518,266	€1,949,583
Reduced inequalities between user groups	€798,000	€0
Fund for bilateral relations	€137,030	€27,406
Complementary action	€49,618	€10,428
Preparation of programme proposal	€23,459	€0
Reserve for exchange rate losses	€0	€0
Total	€9,135,294	€2,109,201

* The advance payment is composed of €1,792,821 in grant amount and €316,380 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€29,959

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Health of Bulgaria, supported by Operational Programme "Technical Assistance" Directorate (OPTA Directorate) within the Administration of the Council of Ministers.

The Programme Operator shall cooperate with the World Health Organisation (WHO) as a programme partner for the design and the implementation of the Programme.

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

The Programme consists of two pre-defined projects, seven measures to be implemented by way of open calls (measures 1-7), and one small grant scheme, corresponding to the programme's expected outcomes as follows:

Expected Outcome: Improved governance in healthcare:

- Pre-defined project 1: Improvement of information systems in healthcare,
- Pre-defined project 2: Improvement of the prophylaxis of vaccine-preventable diseases;
- Measure 1: Improvement of psychiatric services, including development of community-based services, improvement of the living conditions for people in mental hospitals, development of a competent workforce, campaigns and activities to fight against stigma and discrimination.

Expected Outcome: Improved access to and quality of health services including reproductive and preventive child health care:

- Measure 2: Improved access to quality sexual and reproductive health services for adolescents, with a specific focus on vulnerable groups, in particular Roma and people living in remote areas.
- Measure 3: Improved quality of prenatal diagnosis
- Measure 4: Improved quality of neonatal care by modernization of neonatal care units
- Measure 5: Improved quality and access to care for children with, mental, genetic, oncohematological diseases and somatic impairment caused by infectious diseases (such as poliomyelitis, bacterial meningitis, morbilli, TB, HIV/AIDS, etc.)
- Measure 6: Delivered health services through a homecare approach to pregnant women and children up to 3 years old for groups at risk with a focus on Roma;

Expected Outcome: Improved mental health care services:

- Measure 7: Improvement of the competence of GPs to identify and treat common mental disorders with a view to reduce the suicide rate.

Expected Outcome: Reduce inequalities between user groups:

- Small Grant Scheme: Roma Scholarship Programme for medical and other health-care professions.

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation. The following specifications apply:

- Measure 1: State psychiatric hospitals, medical treatment institutions, medical establishments, hospitals, local authorities, and NGOs.
- Measures 2, 5 and 6: Medical treatment institutions, hospitals, local authorities, NGOs.
- Measures 3 and 4: Hospitals providing level II and/or level III pre-natal and neonatal care services
- Measure 7: State psychiatric hospitals, medical treatment institutions, medical establishments, medical universities, hospitals, local authorities and NGOs.

1.3 Special rules on eligibility of costs:

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

- By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible if the equipment is an integral and necessary component for the implementation of the project and is essential for achieving the outcomes of the project. The Programme Operator will check and verify compliance with this condition.
- In-kind contributions made in accordance with Article 5.4.5 of the Regulation may be made for projects implemented by NGOs. For the purposes of calculating the value of in-kind contributions, one hour of voluntary work will be valued at 1/160 of the applicable monthly minimum wage.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

- Measure 1: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €300,000.
- Measure 2-6: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €340,000.
- Measure 7: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €1,000,000.

2.2 Project grant rate:

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

- Grants from the Programme to public institutions may cover up to 100% of total eligible project costs.
- Grants from the Programme to NGOs may cover up to 90% of total eligible project costs.

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

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects. Any remaining costs of the projects shall be provided or obtained by the Project Promoter in the form of cash, including electronic transfers.

3. Selection of projects

3.1 Selection procedures:

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

3.2 Open calls and availability of funds:

There shall be one open call for proposals for each of the measures 1-7, making available the following amounts:

- Measure 1: €2,000,000
- Measure 2: €680,000
- Measure 3: €2,621,400
- Measure 4: €3,910,000
- Measure 5: €1,987,000
- Measure 6: €680,000
- Measure 7: €1,000,000

The calls for proposals for measures 1, 2, 5, 6 and 7 will be launched simultaneously and no later than in the fourth quarter of 2013, and will make available the total re-granting amounts for each measure.

The calls for proposals for measures 3 and 4 will be launched no later than in the first quarter of 2014 and will make available the total re-granting amounts for each measure.

The calls shall result in a reserve list of projects under each measure.

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

All calls shall be open at least for 2 months.

3.3 Selection criteria:

The following selection criteria shall be taken into account:

- Financial and operational capacity;
- Effectiveness and feasibility of the action;
- Sustainability of the action;
- Budget and cost-effectiveness of the action;
- Relevance and importance of the Project;
- Project logical framework and design;
- Project budget and cost effectiveness;
- Project management.

Furthermore, the selection criteria shall be in accordance with Article 6.3 of the Regulation.

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

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

4.1 Payment flows

Payments towards the final beneficiaries will be in the form of advance payments, and interim payments and a final payment in the form of a reimbursement of incurred expenditure. Payments to projects are made on the basis of approved interim reports.

The first advance payment shall be requested by the Project Promoter in the application form and disbursed after signing of the Project contract. The first advance payment may be up to 20% of the project's total eligible costs.

The subsequent interim payments requested in the interim reports together with the advance payment cannot exceed 90% of the project's total eligible costs. The advance and interim payments shall be offset against incurred expenditure reported in the interim project reports. The final payment representing 10% of the project's total eligible costs will be disbursed after approval of the final report and, if relevant, a financial audit.

4.2 Verification of payment claims

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

Interim reports shall contain information on project progress, interim payment requests, and incurred expenditure, and shall be submitted on a quarterly basis:

- *before the 5th June for the first quarter;*
- *before the 5th October for the second quarter;*
- *before the 5th February for the third quarter.*

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

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

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

In case of verification of expenditure incurred by a donor project partner, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred.

The procedure for verification of payment claims and deadlines for reporting as outlined in the programme proposal will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation

4.3 Monitoring and reporting

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

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

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

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

All interim and final progress and financial reports of the Project promoters shall be subject of approval on behalf of the Programme operator and the Supporting unit OPTA Directorate at the Council of Ministers.

Ex-ante control of the public procurement procedures – 100 %

The Supporting unit will exercise ex-ante control of all sub-tendering procedures conducted by the project promoters.

Monitoring visits

- Regular monitoring visits – 100 %

At least once during the implementation of each project, on-the-spot-checks to ensure that the project is implemented in accordance with the requirements of the Regulation, all documents governing Programme implementation, the project contract and that costs claimed are eligible will be carried out.

- Phone-call monitoring – 100 %

The phone call monitoring is carried out at any time during implementation period of the projects, if additional information or clarifications are needed. The phone call monitoring is executed in the form of open interview. The standard templates are used. The annual monitoring plan shall be developed until January 31st of each year.

- Ad-hoc visits – when needed

Ad-hoc visits are not planned in advance. They are initiated by the Programme operator and the Supporting unit OPTA Directorate at the Council of Ministers experts in the cases when additional support is needed or when serious problems have arisen, which may hinder the effective project implementation. If possible such visits shall be co-ordinated with the project promoters.

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

In addition at least one Programme review shall be carried out by externally contracted experts. The review shall focus on effectiveness and efficiency of the Programme in achieving outputs and outcomes and relevance of projects in relation to the Programme outcomes and strategies, performed by the Evaluator, contracted by the NFP under BG 01 Technical assistance. Irregularities will be handled in accordance with Chapter 11 of the Regulation.

Information on Reporting and Monitoring shall be further outlined in the description of the Programme's Management and Control System according to Article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Programme Operator will set aside €236,736 to a fund for bilateral relations.

The fund for bilateral relations will be used exclusively for measures mentioned in Article 3.6.1 a) and b) of the Regulation, i.e. for seminars for potential and existing Project Promoters and potential partners from the Donor States (measure a) and for networking events, as well as the exchange of knowledge and experience between Project Promoters and entities in the Donor State (measure b). Costs under the bilateral fund are eligible in accordance with Chapter 7.7 of the Regulation. Reimbursement of costs will be based on actual incurred costs.

The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, the minimum and maximum grant amounts, the grant rate, and any other relevant details shall be further developed by the Programme Operator and shall be submitted to the FMC/NMFA for approval prior to the allocation of any funds from the bilateral fund.

5.2 Complementary action

The Programme Operator shall set aside €85,772 for complementary action.

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

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small grant scheme

€798,000 of the total programme budget is set aside for a small grant scheme, and shall be used to fund a Roma scholarship programme for medical and other health-care professions.

The Programme Operator shall launch an open call for selection of a Small Grant Scheme Operator no later than in the fourth quarter of 2013. The Small Grant Scheme Operator can be a medical treatment institution, an NGO or a medical university. The project contract between the Programme Operator and the Small Grant Scheme Operator shall be in place no later than in the first quarter of 2014.

The end beneficiaries of the small grant scheme are Roma students of medical and other health care professions.

End beneficiaries shall be chosen by way of calls for applications, which shall make available the total re-granting amount of €798,000. The first call for applications shall be launched no later than in the first quarter of 2014, and cover the academic year 2013-2014. It shall make available €146,730. Subsequent calls covering the academic years of 2014-2015 and 2015-2016 shall be launched no later than in the second quarter of the first year of support. They shall make available approximately €321,825 and

€321,825.

The minimum amount of grant assistance applied for per end beneficiary is €3,513 for a one-year scholarship. As part of the tuition fees, €400 shall be set aside to cover the fees of a continuous mentorship. The grant assistance shall, in addition, cover a €170 fee for the participation in a summer camp which is compulsory once throughout the whole financing period. The summer camp shall facilitate the exchange of experience and networking amongst students.

The maximum amount of grant assistance applied for per beneficiary is €10,538 for a three-year scholarship. As part of the tuition fees, €1,200 shall be set aside to cover the fees of a continuous mentorship. The grant assistance shall, in addition, cover a €170 fee for the participation in a summer camp which is compulsory once throughout the whole financing period. The summer camp shall facilitate the exchange of experience and networking amongst students.

The grant rate shall be 100% at Project Promoter level. The end beneficiaries shall receive lump sums specified in the call for applications.

In line with Article 6.5.8 of the Regulations, the selection procedure for the small grant scheme may deviate from the rules set in Article 6.5 of the Regulation.

6. Pre-defined projects

This Programme contains two pre-defined projects, as follows:

Pre-defined project No. 1:

Project title: Improvement of information services in health-care

Project promoter: National Centre of Public Health and Analyses (NCPHA)

Total maximum eligible project cost: €538,011

Grant rate: 100%

Maximum contribution from the Programme: €538,011

The following activities shall be supported:

- *Establishment of a system regulating the construction and functioning of non-ionizing radiation facilities in compliance with legal requirements*
- *Improvement of the system for the control and treatment of diabetes;*
- *Improvement of the prophylaxis system, timely diagnosis, treatment and rehabilitation of people with rare diseases*

Pre-defined project 2:

Project title: Improvement of the prophylaxis of vaccine-preventable diseases

Project promoter: National Centre of Infectious and Parasitic Diseases (NCIPD)

Total maximum eligible project cost: €152,970

Grant rate: 100%

Maximum contribution from the Programme: €152,970

The project consists of one component and shall support the following activity:

- *Improvement of the prophylaxis of vaccine-preventable diseases;*
- *The project shall result in a functioning national database, linking the immunization register to the National Health Information System which is compliant with the international standards of interoperability, data exchange, and the BaSiS.*

7. Modification of the programme

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

8. Programme proposal version

Any reference to the programme proposal in this Programme Agreement shall be interpreted as version signed by the Programme Operator on 12 December 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

The Programme Operator shall establish a steering committee composed of main stakeholders of the Programme, including those representing the WHO. The steering committee shall monitor the implementation of the programme.

The WHO and the Norwegian Embassy in Sofia shall be invited as observers in the Selection Committee and the Steering Committee.

