

APPROVED BY:

.....*26.05.2020*.....

**HEAD OF
THE PROGRAMME OPERATOR**

Date:.....

**GUIDELINES FOR BENEFICIARIES
FOR IMPLEMENTATION OF PROJECTS UNDER
THE “LOCAL DEVELOPMENT, POVERY REDUCTION AND ENHANCED
INCLUSION OF VULNERABLE GROUPS” PROGRAMME
FUNDED UNDER THE EUROPEAN ECONOMIC AREA
FINANCIAL MECHANISM 2014-2020**

Version 2.3

CONTENTS

LIST OF ABBREVIATIONS	5
DEFINITIONS:.....	6
LEGISLATIVE FRAMEWORK	9
INTRODUCTION.....	11
I. CONTRACT IMPLEMENTATION.....	11
1. Term for implementation of the contract.....	11
2. Contractual parties.....	12
3. Correspondence with the PO.....	12
4. Organisation of the work	12
II. SELECTION OF CONTRACTORS AND AWARD OF PUBLIC PROCUREMENT.....	15
1.General information and preparation	15
2. Types of PPA procedures carried out by public contracting authorities.....	16
3. Designation of contractors by beneficiaries that are not contracting authorities pursuant to the PPA	19
III. AMENDMENTS AND CHANGES TO THE CONTRACT AND PROJECT.....	21
1. Basic principles	21
2. Unallowed changes	22
3. Changes to the contract/project that are made by a notice from the Beneficiary.....	22
4. Change of project, for which approval by the PO is required	22
5. Amendment of the Contract by concluding an Additional Agreement:.....	24
IV. SUSPENSION OF PAYMENTS UNDER THE FUNDING AGREEMENTS	
CONCLUDED.....	26
V. TERMINATION OF THE PROJECT FUNDING CONTRACT	26
VI. MONITORING OF THE IMPLEMENTATION OF THE PROJECTS	27

VII. REPORTING EXPENDITURE AND RESULTS BY THE BENEFICIARIES AND VERIFICATION BY THE PO	30
1. Time limits for reporting the incurred expenditure	30
2. Entry of contractor selection procedures and concluded contracts, and maintenance of an up-to-date External Award Plan	32
3. Creating reporting document package	33
4. Documents for reporting the incurred expenditure	39
5. Verification and on-the-spot inspections	44
6. Eligibility of expenditure. Conditions for eligibility of expenditure	45
7. Ineligible costs	50
8. Eligible costs under the Bilateral Relations Fund	50
9. Specific conditions for purchasing property and land	51
10. Simplified costs/Standardised scale of unit costs	52
11. VAT handling under the VAT Act	52
12. Advance payment requests	54
13. Audit	55
VIII. ACCOUNTING, RIGHT OF ACCESS AND STORAGE OF DOCUMENTATION	55
IX. PAYMENTS	57
X. REIMBURSEMENT OF FUNDS BY THE BENEFICIARY	58
XI. IRREGULARITIES IN THE IMPLEMENTATION OF THE PROJECT	59
XII. INFORMATION AND PUBLICITY	62
1. Preparation of Communication Plan.....	62
2. Implementation of Communication Plan.....	63
3. Design and visualisations.....	63
XIII. PROTECTION OF PERSONAL DATA	64

XIV. REQUIREMENTS FOR THE CONTENT OF THE PROJECT DOSSIER KEPT BY THE BENEFICIARY	66
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LIST OF ABBREVIATIONS

AEUF EA	Audit of European Union Funds Executive Agency
CA	Certifying Authority
CC	Cooperation Committee
CSA	Civil Servants Act
EEA	European Economic Area
EEA FM	European Economic Area Financial Mechanism
EFTA	European Free Trade Association
EU	European Union
FMC	Financial Mechanism Committee (EEA)
FMO	Financial Mechanism Office (EEA)
IPO	International Partnership Organisation
LC	Labour Code
MES	Ministry of Education and Science
MF	Ministry of Finance
NFP	National Focal Point
OCA	Obligations and Contracts Act
PO	Programme Operator
PPA	Public Procurement Act
PPAg	Public Procurement Agency
PPDC	Programme Partner from Donor States
RIPPA	Rules on the Implementation of the Public Procurement Act
VAT	Value Added Tax
VATA	Value Added Tax Act

DEFINITIONS:

“Additional Agreement”: a document modifying or supplementing the terms of the contract for the implementation of a project;

“Audit Authority”: a national public entity (the European Union Audit Implementation Agency) functionally independent of the National Focal Point, Certifying Authority and Programme Operator, designated by the Beneficiary State and responsible for verifying the effective functioning of the management and control system;

“Assessment”: systematic, objective and independent evaluation of the design, implementation and/or results achieved in programmes and projects to determine the coherence, consistency, continuity, effectiveness, efficiency, impact and sustainability of the financial contribution;

“Beneficiary”: a natural or legal person responsible for the initiation, preparation and implementation of a project;

“Certifying Authority”: a national public entity (the National Fund Directorate at the Ministry of Finance) functionally independent of the Audit Authority and the Programme Operator, designated by the Beneficiary State for certification of financial information;

“Cooperation Committee”: in the event of a programme implemented in partnership with an organisation from the Donor States and/or an international partner organisation, the Programme Operator shall set up a Cooperation Committee involving both the Programme Operator and the partner organisations. The Committee provides advice on the preparation and implementation of the Programme;

“Donor States”: the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway;

“Donor State Partner(s) Project”: a project implemented in close cooperation with project partner(s) whose principal place of residence is in one of the Donor States;

“Eligible costs”: the costs that may be accepted as authorised for a project pursuant to Article 8.2 “General Principles of Eligibility of Expenditure”, Article 8.3 “Eligible Direct Costs for a Project”, Article 8.4 “Standard Scales for Unit Costs”, Article 8.5 “Indirect Cost of Projects” and Article 8.6 “Purchase of Real Estate and Land” of the Regulation on the Implementation of the Financial Mechanism of the European Economic Area 2014-2021;

“Financial Mechanism Committee” (FMC): a committee set up by the Standing Committee of the EFTA States to manage the European Economic Area Financial Mechanism 2014-2021;

“Financial Mechanism Office” (FMO): organisation supporting the Committee of the Financial Mechanism for the management of the European Economic Area FM 2014-2021. FMO, which is an administrative unit of the European Free Trade Association and responsible for the day-to-day implementation of the EEA FM 2014-2021 on behalf of the Committee and serves as a contact point;

“Ineligible costs”: expenditures that may not be authorised under a project or included in a request for payment pursuant to Article 8.7 “Ineligible costs” of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021;

“Irregularity”: any infringement of the legal framework of the EEA Financial Mechanism or any provision of European Union law or the national law of the Beneficiary State, which affects or prejudices any stage of the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities funded by the EEA Financial Mechanism 2014-2021, e.g. through unreasonable or disproportionate expenditures, or through a reduction or loss of revenue under the programme and/or project;

“Irregularities Authority”: a national public entity designated by the Beneficiary State responsible for preparing and submitting reports on irregularities on behalf of the Beneficiary State;

“International Partnership Organisation” (IPO): an international organisation, authority or agency designated by the FM Committee and involved in the implementation of the EEA Financial Mechanism 2014-2021;

“Monitoring”: monitoring on the implementation of the Programme and the project in order to ensure compliance with the agreed procedures, verify the progress in terms of the results achieved, and identify potential problems in a timely manner in order to implement remedial action;

“National Focal Point”: a national public entity (“Central Coordination Unit” Directorate at the Administration of the Council of Ministers of the Republic of Bulgaria) designated by the Beneficiary State, which has the overall responsibility for the achievement of the objectives of the Financial Mechanism of the European Economic Area 2014-2021 and the implementation of the Memorandum of Understanding;

“Non-governmental organisation” (NGO): a voluntary non-profit organisation set up as a legal entity independent of the local, regional or central government, public authorities, political parties or trade organisations. Religious institutions and political parties are not considered non-governmental organisations;

“Programme”: a structure defining a development strategy with a coherent set of measures to be implemented through projects supported by the Financial Mechanism of the European Economic Area 2014-2021 aimed at achieving coherent objectives and results;

“Programme Agreement”: an agreement between the Financial Mechanism Committee (FMC) and the National Focal Point (NFP) governing the implementation of a specific programme;

“Programme Area”: a thematic area within a priority sector with specific objectives and measurable specific results;

“Programme Grant”: the financial contribution from the Donor Stated to a programme;

“Programme Implementation Agreement”: an agreement between the Programme Operator (PO) and the National Focal Point (NFP) governing the implementation of the specific programme;

“Programme Operator”: public or private, commercial or non-commercial, as well as non-governmental organisations responsible for the preparation and implementation of the Programme;

“Programme Partner”: a public or private organisation, whether commercial or non-commercial, as well as a non-governmental organisation, international organisation or agency that actively participates and contributes effectively to the implementation of a programme;

“Project”: an economically indivisible series of events performing a precise technical function and having clearly defined objectives related to the Programme under which it falls. The project may include sub-projects. Without revocation of Art. 6.5 of the Regulation on the implementation of the EEA FM 2014-2021, the projects are selected by the Programme Operator.

“Project Funding Contract”: an agreement between the Programme Operator and the Project Promoter/Beneficiary regulating the specific implementation of the project;

“Project Grant/Project Funding”: a subsidy granted by the Project Operator to the Project Promoter, intended for the implementation of a project;

“Project Partner”: a natural or legal person who is actively involved in the implementation of a project and effectively contributing to its implementation. The Project Partner with the Project Promoter a general economic and social objective that must be realised through the implementation of the project;

“Project Promoter/Beneficiary”: a natural or legal person responsible for the initiation, preparation and implementation of a project;

“Project proposal”: a grant proposal for a project funded under the EEA FM 2014-2021, including an application form and other supporting and requisite documents;

“Programme Partner from Donor State ”: a public entity from a Donor State designated by the Financial Mechanism Committee to advise in the process of preparing and/or implementing a programme and/or to participate in the implementation of a programme;

“Social partners”: representatives of employers’ organisations and trade unions.

“Joint Committee on the Bilateral Fund”: a committee set up by the Beneficiary State to discuss bilateral issues, make decisions on the use of the bilateral fund and review progress on the implementation of the EEA FM 2014-2021 to achieve the objective of strengthening bilateral relations;

LEGISLATIVE FRAMEWORK

The following documents constitute the EEA FM 2014-2021 regulatory framework:

1. Agreement between the European Union and Iceland, the Principality of Liechtenstein and the Kingdom of Norway on the EEA FM 2014-2021;
2. Protocol 38C on the EEA Financial Mechanism 2014-2021 between Iceland, the Principality of Liechtenstein and the Kingdom of Norway;
3. Regulation on the Implementation of the EEA Financial Mechanism 2014-2021;
4. Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021;
5. Programme Agreement on funding the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme signed on May 23, 2018 (and the documents thereto);
6. Agreement on the implementation of the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme signed on July 25, 2018;
7. Any rules and guidelines adopted by the Donors in accordance with the Regulation;
8. Annex III, Requirements for information and publicity;
9. Design and Communication Handbook;
10. Guidelines for determining the financial corrections to be made by the European Commission against EU funded expenditure according to the principle of shared management, for non-compliance with the procurement rules approved by Decision C (2013) 9527 of December 19, 2013;
11. Ratification Act of the Memorandum of Understanding on the Implementation of the Financial Mechanism of the European Economic Area 2014-2021 between the Republic of Bulgaria and the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway;
12. National legislation of the Republic of Bulgaria in the field of public procurement, contractual relations, ownership, settlement of civil disputes, accounting, including but not limited to:
13. Administration Act;
14. Value Added Tax Act and Regulations on the Implementation of the Value Added Tax Act;
15. State Aid Act and Regulations on the Implementation of the State Aid Act;
16. Civil Servants Act;
17. Public Procurement Act and Regulations on the Implementation of the Public Procurement Act;
18. Anti-corruption and Forfeiture of Illegally Acquired Property Act;
19. Public Finance Act;
20. Accountancy Act;
21. Financial Management and Control in the Public Sector Act;
22. Internal Audit in the Public Sector Act;
23. Obligations and Contracts Law;
24. Labour Code;
25. Personal Data Protection Act;
26. Spatial Planning Act;

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27. National/International Accounting Standards Applicable to Beneficiary/Partner Organisations; Accounting Schedule of the Budgetary Organisations;
 28. Guidelines of the National Fund Directorate at the Ministry of Finance on the organisation of the accounting process of the programme operators and standard accounting entries for the accounting events resulting from the financial management of the programmes financed by the EEA FM 2014-2021;
 29. Decree of the Council of Ministers No. 118 of May 20, 2014 on the terms and conditions for the designation of a contractor by grant recipients of the EEA Financial Mechanism, the Norwegian Financial Mechanism, the Asylum, Migration and Integration Fund and the Internal Security Fund (title amended and complemented - SG, no. 50 of 2015, in force from 03.07.2015, Am. - SG, no. 52 of 2016, in force as of 08.07.2016)
 30. Ordinance setting out the conditions, procedures and mechanism for functioning of the Unified Management Information System of the European Structure and Investment Funds 2020 (UMIS 2020) and conducting proceedings before the Managing Authorities through UMIS 2020;
 31. Systems to manage and control the implementation of the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme under the European Economic Area Financial Mechanism 2014-2021;
 32. Other policies, manuals, and instructions accepted by the Programme Operator.

INTRODUCTION

The EEA Financial Mechanism provides funds granted by the Kingdom of Norway, the Republic of Iceland and the Principality of Liechtenstein to reduce economic and social disparities in Europe and strengthen bilateral relations between Donor States and Beneficiaries.

One of the programmes to be funded in Bulgaria during this programming period is the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme aimed at strengthening the economic and social cohesion, ensuring a systematic approach to local development and reducing poverty through integrated measures in the fields of education, employment and healthcare. The Programme is managed by the Ministry of Education and Science (the “External European Programmes” Directorate of the Ministry functioning as the Programme Operator). Its management partners are:

- the Norwegian Association of Local and Regional Authorities (KS), on behalf of the Donor States;
- the Council of Europe (CoE), the international partner organisation.

The purpose of these Guidelines is to assist the beneficiaries in the implementation of their projects financed under the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme by systematising the information on the procedures to be followed in the implementation of the projects.

I. CONTRACT IMPLEMENTATION

The relations between the Programme Operator (PO) and the beneficiaries in the implementation of the approved project proposals are governed by the signed project funding contracts. The Contract provides a number of rights and obligations to be followed by both parties.

In the event of any difficulties or obstacles in the implementation of the project funding contract, the Beneficiary shall immediately notify the PO so that the PO could find a timely and appropriate solution to the problems encountered, and in order to avoid risks to the successful implementation of the project.

1. Term for implementation of the contracts

The Project Implementation Contract (hereinafter referred to as the Contract) shall enter into force on the date of signing thereof by both sides and recording in the MES registry system. The deadline for the implementation of the Project is specified in Section II of the Contract.

If the Contract is signed electronically, it shall enter into force on the date of signing by both parties with an electronic signature and its upload in in UMIS 2020.

2. Contractual parties

According to the Contract signed, the PO and Beneficiary will be the only parties thereto. The PO is not in a contractual relationship with the Beneficiary's partners or subcontractors. Consequently, the Beneficiary is responsible for the overall implementation of the project.

3. Correspondence with the PO

The correspondence between the PO and Beneficiary in relation to the implementation of the project will be carried out through the UMIS 2020 electronic system.

4. Organisation of the work

The main principle that all beneficiaries shall observe is to implement the project as described and planned in the Application Form, representing an integral part of the Contract.

The Beneficiary shall make efforts and duly implement the project in the most effective, efficient, inexpensive and expedient manner.

4.1 Employing people for the project organisation and management team

Project team members shall organise recurrent activities related to the organisation, coordination, management and reporting of the project activities and results achieved throughout the project implementation period. The remuneration for the project management and organisation team is planned in the MANAGEMENT COSTS/STAFF COSTS section. Pursuant to Article 1, para. 2 of the Labour Code, the provision of labour force shall take place under an employment contract. This may be done by conclusion of a **full-time** (8-hour) or **part-time** (the duration and distribution of the working time shall be determined by the parties to the employment contract), and the full amount of the person's remuneration shall be paid out of the project budget.

- Conclusion of **additional agreement to the main labour contract**, by which project management functions are assigned within the established business hours. In this case, the remuneration under the main contract shall be measured proportionally, i.e. the work shall be done within the established working hours and the remuneration for the hours actually worked under the project shall be paid out of the project budget.
- Conclusion of a **contract for additional work with the same employer**, by which project management functions are assigned outside the working hours under the main employment contract. The maximum allowable employment outside the established working hours is determined by the limitations for additional labour stipulated in the Labour Code (LC) and in observance of the mandatory daily and weekly rest requirements.
- Conclusion of a **contract for additional work with another employer**, by which project management functions are assigned outside the established working hours of the main employment contract. The maximum allowable employment outside the established working hours is determined by the limitations for additional labour stipulated in the Labour Code and in observance of the mandatory daily and weekly rest requirements. In this case, the provisions of Article 113 of the Labour Code shall be taken into account.

The duties of the employees appointed to perform project management functions shall be determined by approving a job description for each position when concluding new contracts under the Labour Code, or by an order for appointment of the team and determination of specific rights and duties of each member of the management team when assigning the tasks under the existing employment contract. The duties of the expert shall be described in detail in the job description and in the order for appointing the management team.

NB!

Under the hypotheses listed above, the cumulation of the individual grounds for assigning functions for project organisation and management is not allowed. For example, a member of the organisation and management team who is employed to work during the established working hours may not conclude an additional contract for the same obligations to be performed outside the working hours.

IMPORTANT!

A person who receives remuneration as a member of the project **management** team may not receive remuneration for participation in the **implementation** of the project activities!

Beneficiaries/Partners – central and territorial administrative bodies of the executive authority:

The costs for remuneration of employees of the central and territorial administration of the executive authority in connection with the implementation of the activities under a project funded by the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme are eligible, provided that:

1. The **job description** of the employee under a service or employment contract **includes the implementation of project management activities**. In such case, the work will be performed within the established working hours, and the remuneration for the actually worked hours for the project management or the additional remuneration pursuant to Article 67, para. 7, item 5 of the Civil Servant Act shall be paid from the project budget.
2. The **civil servant** shall, with his/her consent and against remuneration, by order of the appointing authority, be assigned **additional obligations outside the scope of his/her job description** (pursuant to Article 21, para. 4 of the Civil Servant Act). In such case, the work will be performed outside the established working hours, subject to the limitations to additional work, and the civil servant shall receive additional remuneration for project or programme management (pursuant to Article 67, para. 7, item 6 of the Civil Servant Act).
3. The employee under an **employment contract** shall, with his/her consent and against remuneration, by order of the employer, be assigned **additional obligations outside the scope of his/her job description** (pursuant to Article 107a, para. 9 of the Labour Code). In such case, the work will be performed outside the established working hours, subject to the limitations to additional work, and the employee shall receive additional remuneration for project or programme management (pursuant to Article 107a, para. 14, item 6 of the Labour Code).

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4. An **employment contract for additional work** with the employee under an existent employment contract is **concluded by the same employer pursuant to Article 110** for work outside the scope of his/her regular employment obligations, outside the regular working hours under the main employment contract, **or by another employer** pursuant to Article 111 of the Labour Code, by which the employee is assigned to perform work outside the established working hours under the main employment contract, subject to the limitations to additional work. In the event of any change in the legislation, other methods of work assignment are possible.

Apart from the above cases, the recruitment of members of the organisation and management team by concluding a service contract under the Obligations and Contracts Act (OCA) is allowed only in exceptional cases with a written approval by the PO of a justified request by the Beneficiary stating the objective reasons that do not allow the assignment of work pursuant to the provisions of the Labour Code. In such cases, the Beneficiary shall take into account the provisions of Article 17 of the OCA.

4.2 Hiring persons for project implementation

In the first days after the initiation of the project, the necessary actions shall be taken to identify the experts directly involved in the implementation of the project activities. The project implementation team shall have the optimal number of persons with qualifications corresponding to the specifics of the project. There are three hypotheses for the identification and employment of experts:

1. The Beneficiary shall designate as a contractor an employee **employed under an employment or civil service contract**. If the assigned job is in accordance with the job description, participation in the implementation of the project will be carried out within the regular working hours and the actual hours worked for the project will be paid out of the project budget. If additional obligations are assigned against additional remuneration outside the scope of the job description, the project work will be performed outside the regular working hours, subject to the limitations to additional work. The additional remuneration due will be paid out of the project budget.
2. The Beneficiary shall designate as contractor a person who has been evaluated as an expert during the project approval (his/her professional qualifications have been reviewed and evaluated during the project evaluation). The approved expert will be employed under a labour or civil service contract according to the labour legislation. If necessary, the Beneficiary may select and conclude an employment contract with another person in compliance with the applicable labour legislation.
3. The Beneficiary shall employ an external person for the project implementation activities and conclude a service contract under the Obligations and Contracts Act. This approach is acceptable when a single service is assigned for a short period of time and a certain result is

expected; in such cases, the provisions of the PPA or the Council of Ministers Decree No. 118/2014 shall apply for determining the relevant persons. In any case, the experts shall be appointed in accordance with the principles of publicity, transparency, equality and non-discrimination, e.g. if the selection rules laid down in the PPA or the Council of Ministers Decree No. 118/2014 are not applied, compliance with the basic principles may be guaranteed by publishing a call on the Beneficiary's website, by a notice to a wide range of potential candidates, by collecting experts' CVs and a selection procedure held by a special committee, or by decision of the Beneficiary's competent authority.

4.3 Taking measures to avoid a potential conflict of interest

In the implementation of the project, the Beneficiary undertakes to take all necessary measures to avoid a conflict of interest, as well as to immediately notify the PO of any circumstances that cause or are likely to cause such conflict. Except for the statutory events described in Article 52-54 of the Anti-corruption and Forfeiture of Illegally Acquired Property Act, a conflict of interest may be detected where the impartial and objective performance of the contractual functions by any person is compromised for reasons related to family, emotional life, political or national affiliation, economic interests or other common interests with another person involved in the project implementation.

II. SELECTION OF CONTRACTORS AND PUBLIC PROCUREMENT AWARD

1. General information and preparation

The implementation of projects funded under the "Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups" Programme shall be organised according to the Bulgarian legislation in the field of public procurement:

- Public Procurement Act (PPA) and RIPPL for **beneficiaries that are contracting entities**, or
- Decree of the Council of Ministers No. 118 of May 20, 2014 on the terms and conditions for designation of contractors by the grant recipients under the EEA Financial Mechanism, the Norwegian Financial Mechanism, the Asylum, Migration and Integration Fund and the Internal Security Fund (Title am. and suppl. - SG, no. 50 of 2015, in force from July 3, 2015, am. - SG, no. 52 of 2016, in force as of July 8, 2016) for **beneficiaries that are not contracting authorities pursuant to the PPA**.

Public procurement shall be awarded in accordance with the principles of free movement of goods, freedom of establishment and freedom to provide services and mutual recognition, as well as the resulting principles of:

1. equality and non-discrimination;
2. free competition;
3. proportionality;
4. publicity and transparency.

When awarding public procurement contracts, contracting authorities shall not restrict competition by including conditions or requirements that give an undue advantage or unjustifiably restrict the involvement of economic operators in public procurement and which are inconsistent with the subject, value, complexity, quantity or volume of public procurement order.

NB!

The PO shall exert control on whether the implementation of the projects is in compliance with the statutory public procurement requirements and for this purpose it shall exert follow-up control on the procurement procedures. The Beneficiary shall upload all information available on a completed procedure in UMIS 2020 within 30 days after signing the contract.

The preparation and execution of public procurement in accordance with the applicable legislation is the Beneficiary's responsibility. The PO has no obligation to carry out ex-ante control of the external award documentation prepared by the Beneficiary. The Beneficiary shall update (if necessary) the external award documentation in UMIS 2020 within 30 days after the project contract has entered into force. If necessary, the plan may be updated also during the project implementation process.

2. Types of procedures under the PPA carried out by public contracting authorities

1. Open procedure
2. Restricted procedure
3. Competitive negotiated procedure
4. Competitive dialogue
5. Innovation partnership
6. Negotiation without prior notice
7. Design contest
8. Public competition
9. Direct negotiation
10. Negotiation with a preliminary call for participation;
11. Negotiation with publication of a procurement notice;
12. Negotiation without prior call for participation;
13. Negotiation without publication of a procurement notice;

The Beneficiary shall apply the procedures pursuant to Article 18, para. 1, items 1-11 of the PPA for public procurement award under the PPA, with an estimated value excluding VAT equal to or exceeding:

- construction: BGN 10,000,000
- deliveries and services: BGN 271,000
- services under Annex 2: BGN 1,000,000

At value thresholds under those of Article 20, para. 1 of the PPA, the contracting authorities shall publish information on the award and execution of public procurements in the EU Official Journal.

The contracting authorities shall apply the procedures specified in Article 18, para. 1, item 12 or 13, where the public procurement has an estimated value of:

- for construction – between BGN 270,000 and BGN 10,000,000
- for deliveries and services, including the services under Appendix 2 of the PPA – between BGN 70,000 and the respective threshold mentioned in Article 20, para. 1 of the PPA, depending on the type of contracting authority and the subject of procurement.

Contracting authorities shall apply the award procedure by collecting bids with an announcement or invitation to certain persons, where the public procurements have an estimated value:

- for construction – between BGN 50,000 and BGN 270,000;
- for supplies and services, excluding the services under Appendix 2 of the PPA – from BGN 30,000 to BGN 70,000.

Value thresholds for direct award:

- construction – BGN 50,000
- services under Appendix 2 of the Public Procurement Act – BGN 70,000
- deliveries and services outside Appendix 2 of the PPA – BGN 30,000

Value threshold for a design contest – a value equal to or exceeding 70,000 BGN.

Contracting authorities may also conclude framework agreements based on the above-mentioned procedures provided for in the Public Procurement Act and the prerequisites for the implementation thereof.

Contracting authorities shall have the right to award a specific contract under a procedure applicable to higher values, in which case they are required to observe all rules related to the terms and conditions so chosen.

IMPORTANT!

The PO recommends that in the event of public procurement with high estimates, a Public competition or Open procedure be used.

The contracting authorities shall create and maintain a dossier for each procurement to ensure documentary traceability (audit trail) of all their actions and decisions, as well as of the actions of the procurement award committees, whether or not the contracts are electronically awarded. The dossier shall contain all decisions, notices, documentation and other supporting documents, explanations, invitations, minutes, Committee’s final reports, bids or applications for participation, evidence of the actions taken pursuant to Article 44, para. 3-5 of the PPA, description of the reasons for using other means of submission of documents other than electronic in online submission and, in the event of ex-ante control, also the opinions of the Public Procurement Agency and the reasons of the contracting authority for not accepting the recommendations. The dossier shall contain the contract or framework agreement, as well as all documents related to the execution and reporting thereof.

The electronic documents in the public procurement dossier shall be stored on the platform specified in Article 39a, para. 1 for a period of 5 years from the year of completion of the contract execution or termination of the award. After the expiry of that term, the documents shall be archived for a period of 5 years in accordance with the e-Government Act.

Where the contracting authority maintains paper documents as part of the files under Article 121, para. 1 and/or information under Article 121, para. 3, such documents shall be stored for a period of 5 years from the date of completion of the contract or from the date of termination of the award.

The terms under para. 2 may be extended if this is due to the work rules of the financing, auditing and certification authorities, in connection with the provision of funds for EU funded projects and programmes.

Apart from the documents and information under Article 121, para. 2 of the Public Procurement Act, the dossier for each public procurement shall also include the documents listed in Article 98 of the RIPPA.

The information in the procurement dossier shall be organised in such a way as to enable the chronological traceability of all actions of the responsible officials in relation to the preparation, conduct, completion and reporting of the procurement performance. Upon compiling all necessary documents and within 30 days after concluding a public procurement contract, all available information shall be uploaded in UMIS 2020 for subsequent control by the PO.

The contracting authority shall designate one or more officials responsible for the contents of the dossier, who shall document the movement of the documents contained therein. The contracting authority shall ensure the conditions and be responsible for the storage of the public procurement dossier pursuant to Article 122 of the PPA.

IMPORTANT!

It is not allowed to divide a public procurement into parts for the purpose of awarding the contract at lower values. The award of two or more procurements within 12 months is not considered a division:

- 1) if the subject of procurement contracts is the execution of construction works, or design and execution of construction works;
- 2) if the subject of procurement contracts is identical or similar, which was not known to the contracting authority at the time when actions for the award of the previous public procurement with the same subject have started.

If there are any **financial** irregularities found, which are related to the contract award, the PO shall, following a detailed examination and assessment of the circumstances, have the right to determine **financial corrections**.

When determining the amount of financial corrections, account shall be taken of the nature and scope of the infringement and its financial impact on the Programme budget. When determining the amount of financial corrections, the PO shall use as a reference the Guidelines for determining the financial

corrections that have to be imposed in respect of EU funded expenditure, in the event of non-compliance with the applicable procurement rules approved by Decision C (2019) 3452 of May 14, 2013, taking into account the specific conditions of the Regulation for Implementation of the EEA FM 2014-2021. For all unsettled irregularities, the PO shall also apply the Ordinance on indicating the irregularities justifying financial corrections and the rate indicators for determining the amount of the financial corrections under the Management of the Funds of the European Structural and Investment Funds Act (MFESIFA) (Annex 2), according to the signed Memorandum of Understanding on the Implementation of the EEA FM 2014-2021, the Ratification of the Memorandum of Understanding Act, the Programme Agreement for the Implementation of the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme signed between the NFP and FMC, the Agreement for the Implementation of the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme signed between the NFP and MES, and the specific conditions of the Regulation.

3. Designation of contractors by beneficiaries, which are not considered contracting authorities pursuant to the PPA

Contractors shall be designated by beneficiaries, which are not considered contracting authorities pursuant to the PPA, **according to Decree No. 118/2014** on the terms and procedure for designation of contractors by the grant recipients under the European Economic Area Financial Mechanism, Norwegian Financial Mechanism, „Asylum, Migration and Integration“ Fund and „Internal Security“ Fund (title am. and suppl. - SG № 50 of 2015, in force from 03.07.2015, am. - SG № 52 of 2016, in force as of 08.07.2016, am - SG № 107, in force as of 28.12.2018). Beneficiaries that are not considered contracting authorities pursuant to the PPA shall designate a contractor by selection with a public call and selection without procurement procedure in compliance with the principles of free and fair competition, equality and non-discrimination, proportionality, publicity and transparency.

Selection by a public call is a procedure where all interested parties have the right to bid. Selection with a public call may be applied, where:

1. the estimated value for construction, including the co-financing by the Beneficiary, VAT excluded, is equal to or exceeding BGN 50,000;
2. the estimated value for deliveries or services, including the co-financing by the Beneficiary, VAT excluded, is equal to or exceeding 30,000.

Beneficiaries shall award directly, without opening a procedure for contractor designation, where the estimated value for construction, deliveries and services, including the co-financing by the Beneficiary, VAT excluded, is less than the values of items 1 and 2 above.

In the above cases, when designating a contractor for deliveries or services, the beneficiaries may prove expenditure with primary payment documents only and there is no need to conclude a written contract. No division of the subject of procurement is allowed in order to circumvent the implementation of that procedure.

In the event of Selection by a public call, the Beneficiary shall approve an announcement containing at least the following information:

1. beneficiary's data – name, telephone, fax, address for correspondence and contact person;
2. subject matter of the contractor designation procedure;
3. description of the subject matter of the procedure and, where applicable, quantity and scope;
4. requirements for performance of the service, delivery or construction;
5. technical specifications, if any;
6. requirements to the applicants, if applicable;
7. bid requirements;
8. draft contract;
9. the award criterion pursuant to Art. 14, para. 1 of DCM No. 118/2014, and where the selection is based on the “economically most advantageous bid” criterion, also the indicators, their relative weight and the methodology for determining the complex evaluation of the offer;
10. place, date and time by which the bids may be submitted.

Beneficiaries who select a contractor through “Selection by a public call” procedure according to DCM No. 118/2014 shall, in accordance with Article 11 (2) of the Decree, shall submit the procurement announcement to the Programme Operator for publication on the EEA FM/NFM website for Bulgaria: <https://www.eeagrants.bg/pokani/proceduri-po-pms-118/2014>.

Meanwhile, the Beneficiary shall also publish the announcement on its website, if any. The Beneficiary may also publish a notice of the announcement in the national daily newspapers, as well as send it to persons selected by the Beneficiary, without changing the terms and conditions set out in the published invitation.

The deadline for public access to the announcement may not be less than 7 days, and the time limit should be in accordance with the complexity of the preparation of a bid by the applicant.

If the event of any change in the initial conditions, the Beneficiary shall reinitiate the call for bids.

Beneficiaries may not include in their call conditions that would unreasonably prevent the participation of any person in the procedure.

Beneficiaries may not include in their call information indicating a trademark, patent, type or specific origin or production that would result in benefiting or eliminating certain persons or products.

In cases where, given the specific nature of the subject matter, it is objectively impossible to comply with these conditions, such an indication will be allowed, with the words “or equivalent” added.

When conducting a procedure by a public call, the Beneficiary shall apply one of the following bid evaluation criteria:

1. lowest bid price;
2. the most economically advantageous offer.

It is not allowed to divide the subject matter of the award in order to circumvent the procedure for selection of a contractor by a public call.

The interested parties may request a written clarification on the public call from the Beneficiary within 4 days prior to expiry of the deadline for submission of bids. The clarifications shall be published pursuant to Article 11, para. 2 of the Council of Ministers Decree (CMD) No. 118/2014 within 3 days of the date of receipt of the request. The clarifications published pursuant to Article 16, para. 1 of of CMD No. 118/2014 shall be deemed an integral part of the documentation of the public call.

Within 3 days of the date of receipt of request, the clarifications on the call shall be published on the Beneficiary's website (if any) and provided to the Programme Operator for publication on the EEA FM/NFM website for Bulgaria: <https://www.eeagrants.bg/pokani/proczeduri-po-pms-118/2014>.

The bid for selection of contractor under a project funded under the Financial Mechanism of the European Economic Area shall be submitted in a sealed opaque envelope and a receipt/hand-over protocol shall be issued to the bearer upon receipt.

The bidder in the procedure has the right to submit one offer only. A person who has given consent to and is included as a subcontractor in the bid of another applicant may not submit a standalone bid.

The Beneficiary shall notify the Programme Operator of the date, time and place of opening of bids at least 3 days before the specified date.

No person disqualified from participation in a public procurement procedure under the Public Procurement Act may be designated as a contractor. Designation of contractor shall be carried out in compliance with the requirements for efficiency, effectiveness and economy of spending of the EEA FM funds and the beneficiaries shall conclude a contract with the applicant ranked on the first place according the conditions of the procedure.

III. AMENDMENTS AND CHANGES TO THE CONTRACT AND PROJECT

1. Basic principles

The Beneficiary shall implement the project according to the description contained in the Application Form (evaluated in UMIS 2020, which is an integral part of the Contract) and with a view to achieving the objectives set out therein. Any changes in the Contract may be initiated either by the Head of the PO or by the Beneficiary in any of the following events:

1. Change in the financial parameters of the total project cost, co-financing amount, indirect cost amount, and change in rates;
2. Change in the project partner;
3. Change in the contractual term;
4. Change in the legislation, force majeure, natural hazard out of human control, etc. that may render the entire Contract or any part thereof immaterial.

Any requests for changes shall be reviewed after the submission of a written, reasonable request and detailed justification of the requested change by the Beneficiary.

Any amendments and supplements to the text of the Contract including the annexes thereto, shall be made by mutual agreement of the parties in writing. For all cases listed above, an Additional Agreement to the Contract shall be signed.

The resulting Additional Agreement may not have the purpose of or result in making amendments to the Contract that would constitute a breach of the principle of equal treatment of applicants and violation of the competitive conditions set out in the Guidelines for Applicants and the applicable regulatory framework of the relevant project selection procedure.

The Beneficiary shall submit the relevant justification and documentation on the changes at least 30 days prior to the date, on which the amendment will enter into force.

IMPORTANT!

UMIS 2020 will handle any changes in the Contract using the following terms:

“Amendment”: modification of the Contract by the conclusion of an Additional Agreement;

“Change”: modification of the Contract without an Additional Agreement.

2. Unallowed changes

- a) Changes that question the achievement of the main objective and the planned project outputs;
- b) Amendments in violation of the principle of equality of the applicants and the competitive conditions set out in the Guidelines for Applicants and the applicable regulatory framework of the relevant project selection procedure.

3. Changes of the contract/project made by a notification letter by the Beneficiary

- a) Change of the Beneficiary’s bank account/sub-account and/or Beneficiary’s bank identification;
- b) Change of the Beneficiary’s legal representative, address and contact details;
- c) Administrative information and errors: technical and/or spelling mistakes found after the conclusion of the Contract;
- d) Activities Implementation Plan: if the implementation plan has been changed and the sequence of activities, the time limit and the duration of the project implementation remain the same. The Beneficiary shall submit an updated Project Implementation Plan within 30 days following the enforcement of the Contract.

NB!

The Beneficiary shall notify the PO of the necessary changes and certify those with the necessary documents no later than 5 days of the occurrence of a change of circumstances.

4. Changes of the project, for which PO’s approval is required

- 1) *Change of a project team member by submitting a CV for the new team member*

The Beneficiary shall prepare and forward to the PO an application for the requested change, necessarily justifying the reasons for the change. In order for the requested change to be accepted, the

Beneficiary shall propose a candidate with similar or higher qualifications and experience, and shall attach a CV for the newly proposed candidate as a team member according to the form in the application documents. It is necessary to provide a detailed and comprehensive justification for the requested change by the Beneficiary. The Beneficiary is not allowed to make the requested change of the organisation and management team before receiving an official confirmation from the PO. If the beneficiary makes the requested change prior to the PO's approval, the funds paid will not be verified until the date on which the PO has notified the Beneficiary of its decision.

2) Change in the Project Implementation Plan when changing the contractual term and duration of the implementation of particular activities under the project, or the duration of the project

The Beneficiary shall notify the PO of the necessary changes and certify them with the required documents (updated Implementation Plan, justification, etc.) at least 14 days prior to the presumed date of the change.

For this purpose, the Beneficiary shall send a **letter of a substantiated justification** of the requested change to the PO (through correspondence in UMIS 2020) with a detailed description of what is changed, how it is changed and the **respective documentation** as an evidence of the change.

If it is necessary to change the Application Form, the Beneficiary shall use the latest version of the form specified in Item 8 "Implementation Plan/Project activities (information)" in word format. The Beneficiary shall send the draft with the revisions made in "track changes" version. The amended text in Item 8 shall correspond to the change justified in the letter. If there is any change in the terms and periods of implementation of the activities, the Beneficiary shall also attach the respective revised table (in track changes).

IMPORTANT!

Upon request for a change, which will be reflected in the Application Form, the Beneficiary shall send:

1. A letter with detailed argumentation on the requested change;
2. Texts that are subject to change (in track changes) in the language in which the Beneficiary has applied in UMIS 2020;
3. Documents proving/justifying the requested change (if applicable).

3) Changes in the budget

There are two types of project budget: a summary budget by the type of expenditure in UMIS 2020 and a detailed budget in excel, broken down by type of activity.

Where that change in either budget does not affect the main objective of the project and this change will not prevent the achievement of the planned results, the Beneficiary shall submit the request for a budget change to the PO with the appropriate justification at least 14 days prior to the enforcement of the requested changes.

If the change concerns only the detailed budget in excel, the Beneficiary shall send a draft in excel (up-to-date budget) showing, in additionally added columns, what amount of a budget line is transferred to another budget line.

Changes that are only made in the detailed budget in excel and do not affect the budget parameters in UMIS 2020, are also subject to approval by the PO under the above conditions.

Any changes in the budget unit values and the annexes thereto that do not affect the total value of the budget item and are resulting from the selection of a contractor under a procedure pursuant to the PPL (including Chapter 26) or DCM No. 118, shall be made by written notice by the Beneficiary.

4) Changes to the estimated indicators

The request for a change in the estimated indicators shall be substantiated with attached documents and evidence of the need, reasons and motives for the requested change. A change in the indicators is only necessary where the indicator will not be achieved or the conditions/need for its achievement have been eliminated.

In all four cases listed, the Beneficiary shall provide the relevant justification and documentation on the changes not later than 14 days prior to the date on which the amendment is to be effected.

IMPORTANT!

The PO may not accept the requested/made change if:

- there is no written notification of the request/its execution;
- the need of the change is not duly justified;
- the change will result in a significant change in the project objectives and outcomes.

The PO shall notify the Beneficiary of its decision in writing within 10 days of the date of receipt of the request. All changes shall be inserted in UMIS 2020 by the PO.

5. Amendment of the Contract by concluding an Additional Agreement:

For all issues not described in paragraphs 1-4 of Item 1 Basic Principles, an Additional Agreement shall be required. When requesting an amendment to the Contract through an Additional Agreement, the Beneficiary shall send to the PO a justified application (free text) and supporting documents. The justified application shall be signed by the signatory of the funding agreement.

Additional Agreement to the Contract is mandatory in the following events:

1. Change in the term/duration of execution of the Contract

In such cases, the Beneficiary shall prepare and send a request for change of the deadline/duration of the project implementation to the PO. The Beneficiary shall justify in its request the reasons for the requested change, and indicate accurately and clearly the new term/duration of the project (in months) by attaching an updated Implementation Plan, which shall be compatible with the changed term/duration of the project **and shall not refer to a past period of time.**

2. Change in the total project amount, co-financing amount, indirect costs and/or rates

The Beneficiary shall initiate the procedure by submitting a request for amendment with a detailed justification, including a description of the reasons for the requested change, the expected impact on project implementation, at least one month before the date on which the requested change is due to take effect. The PO may agree to review a request submitted beyond the deadline only if there are objective and well-founded reasons. The PO shall announce its decision on the request within 10 days of the date of its receipt.

In such events, the Beneficiary shall prepare and send to the PO:

- An request for the requested change in the project amount necessarily justifying the reasons for the changes of each of the changed types of costs and how these changes will affect the relevant activities specified in the Contract. It is imperative to indicate the link between the activities carried out and the requested changes in the budget;
- A new Budget Form with the requested changes (UMIS 2020, excel document);
- Comparative budget table of the old and new budget.

3. Change of the organisation status (merger/reorganisation)

In such cases, the Beneficiary shall prepare and send a notice of change in the status of the organisation to the PO, and shall apply the following documents:

- Scanned document proving the change;
- The new data for the organisation;
- Declaration of Irregularities (annexed to the Contract) of the new person formally representing the Beneficiary – original;
- Partnership Agreement (annexed to the Contract) – original. The Agreement shall be signed by the Beneficiary and all project partners.

4. Change of Project Partner

The Beneficiary shall prepare and send to the PO a request for change of partner, justifying the reasons for the requested change and enclosing the following documents:

- The new data of the partner organisation;
- Partnership Agreement (annexed to the Contract) – original. The agreement shall be signed by the Beneficiary and all project partners.

IMPORTANT!

In the event of any changes in the applicable national legislation, the parties shall undertake to amend the contractual terms in accordance with that change.

The procedure for Contract amendment shall include an examination of the submitted request, assessment of the merits of the request and the presence of any obstacles to the conclusion of the

Supplementary Agreement. After the conclusion of the Supplementary Agreement, the PO shall make the necessary changes in UMIS 2020.

IMPORTANT!

Any amendment to contracts, approved by concluding an Additional Agreement, shall enter into force on the date of signing thereof by both parties and its registration into the MES registry system. In the event of an electronically signed Contract, it shall enter into force on the date of signing thereof by both parties with an electronic signature and registration with a number in UMIS 2020.

IV. SUSPENSION OF PAYMENTS UNDER THE CONCLUDED FUNDING AGREEMENTS

The PO shall make a decision on the temporary suspension of payments to the Beneficiaries in all events described in Article 13.1 of the Regulation, and for the projects, respectively, where:

- 1) Verified/reliable information shows that the progress of the project is not in line with the Contract;
- 2) Access to the requested project documents, sites and activities subject to funding, pursuant to Chapter 11 of the Regulation and the Contract, has not been granted or is limited;
- 3) The financial management of the project is not consistent with generally accepted accounting principles;
- 4) The PO has received information on alleged or actual irregularities that have not been reported by the Beneficiary and no measures have been taken to eliminate those and minimize the losses;
- 5) Implementation of the project is considered to be in violation of the national or European Union law.

The Programme Operator shall be entitled to suspend payments in the events of irregularities detected, for which no remedy measures have been taken within the specified period.

The Beneficiary may at any time produce documents or other evidence and ask the PO to reconsider its decision to suspend payments.

V. TERMINATION OF THE PROJECT FUNDING CONTRACT

1. The Contract shall be terminated if the Beneficiary has been declared bankrupt.

2. The PO shall have the right to terminate the Contract at its discretion if within the time limit specified by the Beneficiary, the Beneficiary has not taken any measures to rectify the circumstances that led to the suspension of payments under the terms of Chapter “Suspension of Payments” of the Contract.

- Any funds received in advance under the Project shall be refunded by the Beneficiary to the PO within one month of the PO’s decision to terminate the project;

- In certain events, the Beneficiary shall, by a decision of the PO, reimburse the funds received in advance, reduced by the reported eligible costs of the project, as reflected in UMIS 2020.

3. The PO may terminate the Contract if the Programme Agreement for funding the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme with the Financial Mechanism Committee or the Implementation Agreement on the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme between the National Focal Point and the Ministry of Education and Science have been terminated.

4. The PO may terminate the Contract also in the events, where:

- The Beneficiary has been convicted of fraud, corruption, involvement in criminal organisations or any wrongful act that infringes the financial interests of the European Community or the Donor States;

- The Beneficiary has declared untrue or incomplete data in order to obtain funding under the Contract or has submitted reports that are not consistent with the actual performance;

- The Beneficiary has changed its legal status or has reorganised, unless it has previously notified the PO thereof and the latter has given its written consent to the continued contractual relationship with the new or reorganised legal entity.

5. The Project Implementation Contract may be terminated by a joint decision between the PO and the Beneficiary as a result of circumstances that make it impossible to further perform the activities and achieve the objectives of the project.

VI. MONITORING OF THE IMPLEMENTATION OF THE PROJECTS

Monitoring of the project’s activities and outcomes is a systematic gathering of information and monitoring on the technical and financial implementation in order to verify the achieved results and objectives of the project included in the Contract.

The PO shall monitor, control, and systematically collect information on the physical and financial progress in the implementation of funding contracts. Verification of the activities and costs incurred by the beneficiaries is based on both the analysis and verification of the documents received by the Beneficiary, as well as the results of the on-the-spot inspections carried out by the PO.

Monitoring visits shall be carried out at the Beneficiary’s office and on the site of execution of the project activities (end users, place of events, place of delivery, etc.).

The PO shall carry out the monitoring function by the use of the **following tools**:

- Periodic progress reports;

- Performing on-the-spot inspections including verification of the accuracy of documents, ensuring compliance with the procedures, as well as the effective performance of the activities under the contracts signed, verification of the delivered services/equipment/construction works and the intended use of the provided services/equipment and constructed/reconstructed buildings and/or premises;

- Evaluation of the administrative capacity of the beneficiaries and taking the appropriate measures, if necessary;

- Independent monitoring and assessment at project level;

- Evaluation of the results achieved within the defined indicators;

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- Regular coordination meetings (if necessary);
 - Analysis and assessment of the risk of delay or any difficulties in the implementation of the project or its key components.

Monitoring by the PO aims to **certify**:

- The examination of the real, physical existence of the project;
- That the project activities are carried out in accordance with the description and deadlines agreed upon under the Contract (the activity implementation plan has been followed, the implemented activities are consistent with the planned activities, there is a correlation between the implemented activities and the results and objectives achieved under the project);
- The procedures and activities have been followed and effectively implemented under the contracts signed;
- Conformity of the goods/services delivered under the project contract, as well as their use as intended;
- The availability of original cost-justifying documents (including where the Beneficiary implements more than one project or receives funding from other donors);
- Correct and complete information is provided by the Beneficiary in the project reports regarding the physical and financial execution thereof;
- Compliance with the information and publicity requirements.

Reviews during the project execution

The PO shall identify and assess the relevant risks endangering the achievement of the expected project results. To this end, the PO shall use the risks originally defined in the project proposals, the risks updated by the Beneficiary on an annual basis, and the currently discovered and reported risks by the PO during the verification or a previous monitoring process.

Monitoring may have a various scope:

- full verification of a Beneficiary;
- verification of the technical and financial implementation;
- inspection of the equipment delivered;
- monitoring of activities;
- verification of a partner;
- meeting with the target groups;
- follow-up the implementation of recommendations from previous inspections.

The PO shall notify the Beneficiary with at least two-week prior notice of the date of the planned monitoring visit. Partners, target groups or other stakeholders may take part, if necessary, to cover all relevant aspects, according to the situation.

The responsible experts who have carried out the verification, shall complete a verification report. Within 14 days after the monitoring visit, the PO shall forward, through UMIS 2020, a copy of the

report to the Beneficiary for comments and/or additional information. The Beneficiary has 5 days to return the report and/or additional information. The PO shall get acquainted with the attached documents and/or comments, prepare and send a final report to the Beneficiary. Where any gaps or violations have been detected, the experts shall make recommendations for corrective actions to the Beneficiary. The findings and the related recommendations for corrective action (if any) regarding the monitoring report shall be followed up upon the submission of the next report unless there is an explicit requirement for immediate action by the Beneficiary to eliminate the violation.

IMPORTANT!

The PO may also perform unscheduled reviews!

Unscheduled reviews may be performed during the entire project implementation period. The reviews shall depend on the risk assessment of the projects and the presence of any indications of problems. These are aimed at detailed analysis of the situation and taking the appropriate measures.

Working meetings with the Beneficiary’s representatives

At the initiative of the PO or at the request of the Beneficiary, the PO may organise periodic meetings to report progress on the project. The meeting shall be planned minimum 10 days in advance and chaired by the Head of the PO or a designated PO representative. Periodic meetings for the progress of the project shall be convened in the following events:

- opportunity to discuss and solve emerging problems and establish the progress;
- availability of unspent funds under the project;
- identify results inconsistent with the planned activities;
- complete the project implementation phase.

At the regular meetings, the Beneficiary shall submit a statement on the implementation of the project until that time and the activities undertaken to implement the decisions made during the previous meeting, if applicable. The meetings will end with minutes of the reflected decisions, action measures, deadlines and responsible persons for their implementation.

Monitoring by the National Focal Point

The NFU has the right to monitor the projects funded under the EEA FM 2014-2021. On-the-spot inspections shall include a review of the relevant documentation, a review of the delivery and installation of the equipment, construction/reconstruction works, and other evidence of performance of the activities in accordance with their specifics. The NFU shall inform the PO and the Beneficiary of the upcoming inspection not less than 1 week in advance.

The NFU shall have the right to carry out “on-the-spot” inspections without a prior notice.

Within 10 working days after the monitoring visit, the NFU shall prepare and submit a report to the PO. The report shall contain the findings and recommendations for corrective action, if applicable. The NFP shall control the implementation of the corrective actions.

IMPORTANT!

The Beneficiary shall be subject to all described types of control by the PO, NFU, the AEUF EA, the CFM, the EFTA Audit Board (EFTA AB) and the external audit companies appointed by the CFM, FMO, PO, etc.

VII. REPORTS ON THE EXPENDITURE AND RESULTS BY THE BENEFICIARIES AND VERIFICATION BY THE PO

Reporting is an essential part of the project implementation. Reports are the source of information needed both for the monitoring and control on the progress of the projects, as well as for reporting the degree of achievement of its objectives and indicators. The project manager shall be responsible for completing these reports, although all members of the organisation and management team may contribute to the preparation thereof.

1. Time limits for reporting the incurred expenditure

Beneficiaries shall report their expenditures to the PO by at least two mandatory reports per year with the following deadlines:

1. For the Beneficiaries funded through calls for proposals for “Early Education and Care”, “Establishment of Youth Centres” and “Integrated Projects Scheme” – twice a year:
 - 1.1. For expenditure incurred in the period November 1 – April 30, the deadline for submitting a report to the PO is May 15;
 - 1.2. For expenditure incurred in the period May 1 – October 31, the deadline for submitting a report to the PO is November 15.
2. Restricted Call for project proposals “Youth Centers: A Powerful Factor for Local Development” with eligible beneficiaries Stara Zagora, Plovdiv, Vratsa and Dobrich Municipalities – twice a year:
 - 2.1. For expenditure incurred in the period January 1 – June 30, the deadline for submitting a report to the PO is July 15;
 - 2.2. For expenditure incurred in the period July 1 – December 31, the deadline for submitting a report to the PO is January 15.
3. For Beneficiaries funded through a small scheme for job creation – three times a year:
 - 3.1. For expenditure incurred in the period January 1 – April 30, the deadline for submitting a report to the PO is May 15;
 - 3.2. For expenditure incurred in the period May 1 – August 31, the deadline for submitting a report to the PO is September 15;
 - 3.3. For expenditure incurred in the period September 1 – December 31, the deadline for submitting a report to the PO is January 15.
4. Predefined projects “Rehabilitation Center for Children with Oncohematological Diseases”, and “Conceptual, Technical and Detailed Design for Construction of a National Multiprofile Pediatric Hospital” – twice a year:
 - 4.1. For expenditure incurred in the period January 1 – June 30, the deadline for submitting a report to the PO is July 15;

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- 4.2. For expenditure incurred in the period July 1 – December 31, the deadline for submitting a report to the PO is 15 January;
5. Predefined projects with international organisations or organisations from the Donor States as Project Promoters or Project Partners: “Development by Activating Local Potential (GALOP)”, “Building Capacity for Educational and Social Inclusion”, “Novel Approaches to Generating Data on Hard-to-reach Populations at Risk of Violation of their Rights” and “Innovative Community Care Models in Favour of People with Chronic Diseases and Permanent Disabilities” – twice a year:
- 5.1. For expenditure incurred in the period November 1 – April 30, the deadline for submitting a report to the PO is June 30;
- 5.2. For expenditure incurred in the period May 1 – October 31, the deadline for submitting a report to the PO is December 31.

Projects shall be reported through the Project Management and Reporting Module of UMIS 2020: the **E-Project Management** module is available at: <https://eumis2020.government.bg/Report>

Project management and reporting shall be performed according to the procedures outlined in the User Guide for the Project Management Module; the current version may be downloaded from “Help” section of UMIS 2020 at: <https://eumis2020.government.bg/Report/s/Home/Manual>

Reporting shall be performed electronically in UMIS 2020 by the Project Manager or a duly authorized person. Reporting shall include the following information provided by the Beneficiary:

- technical report on the implementation of the project activities;
- financial report;
- report on the indicators achieved;
- request for transfer of funds;
- risk assessment (once a year; for the Beneficiaries under VII.1.1, on November 15; for the Beneficiaries under VII.1.2, on January 15; for the Beneficiaries under VII.1.3, on January 15; for the Beneficiaries under VII.1.4, on January 15; and for the Beneficiaries under VII.1.5, on December 31).

IMPORTANT!

Digital copies of the original financial and accounting documents shall be uploaded in UMIS 2020. To avoid double funding, the accounting documents shall contain the text “The expenditure is made under Project (project title)” or only the index/registration number of the project in UMIS 2020, in compliance with the requirements of the Accounting Act. If it is impossible to type the text on the front of the document, the Project Manager shall co-ordinate the expenditure and include the relevant text in compliance with the requirements of the Accounting Act, aimed at non-violation of the integrity of the document.

The project report shall include documents consistent with the activities carried out, supported by financial and accounting documents and the necessary technical evidence of the activity carried out.

The expenditure included in the report shall comply with the basic eligibility principles, be invoiced, paid, and an actual delivery, service or construction works shall have been executed by the final date of eligibility for the reporting period concerned.

Beneficiaries are required to keep separate accounting of the project expenditures that would allow tracking of expenditure, which would ensure an adequate audit trail. In the event that such accountability cannot be provided, the Beneficiary shall maintain analytical data that would provide the same information and ensure that the project expenditures are separable, identifiable, easily identifiable and tracked. The accounting method selected for the project shall allow for collection of the necessary data for the financial management, monitoring, cost verification, audit and evaluation.

IMPORTANT!

Expenditure not submitted for verification in two consecutive periods shall be considered **ineligible**. “Two consecutive periods” shall mean the period for which the expenditure is to be reported and the next/second period. For example: if an expenditure incurred between January and June is not included in the statement for that period, the last possible statement in which the expenditure will be considered eligible is the statement for the period July-December of the same year.

IMPORTANT!

The exchange rate that will be used when converting project expenditure funded by the EEA FM 2014-2021 for the purposes of reporting to the PO is 1,9558 BGN/EUR. When preparing the reports, rounding of costs by activities to a whole euro shall be used.

2. Entry of contractor selection procedures and concluded contracts in UMIS 2020, and maintenance of an up-to-date External Award Plan

2.1. Contractor selection procedures and concluded contracts

Project reporting shall include the entry of data on the procedures for selection of contractor and contracts concluded with contractors. The specific steps for completing the data are described in the User’s Guide for the E-Project Management Module.

Data of **all external persons** involved in the implementation of the project **who will issue costs substantiation documents** or who are members of the joint venture/consortium project contractors, shall be entered. Upon the successful entry of data, the system will save the data, and the status will change to “Current” and become visible to the PO, i.e. **it is not necessary to resend the conducted procedure to the PO.**

IMPORTANT!

A legal person that has not been entered in this section, later on when filling in the information about the procedures and the information in the “Reporting documents”, such legal person could not be joined to the relevant procedure or expenditure!

Beneficiaries shall upload each public procurement pursuant to the PPA and CMD No. 118/2014 for selection of contractor and the respective signed contracts in UMIS 2020, module “Contracts”, section “Procedures for selection of contractor and concluded contracts”.

The Beneficiary shall send a notice of the uploaded administrative dossier to the PO via UMIS 2020, module “Correspondence”.

Within one month of concluding the external award contract, the Beneficiary shall submit through UMIS 2020 all documentation related to the procedure, including documents showing that there is no division of the subject of procurement and all other documents regarding the public procurement including public procurement decision, call, evaluation methodology, technical specifications, incoming bid register, the bids of all applicants, technical and price proposal, order for Committee appointment, minutes of the Committee’s work, signed contract and the annexes thereto constituting an integral part thereof, and other relevant documents.

2.2. External Award Plan

Within one month of signing a project implementation contract, the Beneficiary shall update the External Award Plan in UMIS 2020.

The Beneficiary shall notify the PO of any change in the External Award Plan within 5 business days after the change has been made.

The PO shall not perform ex-ante control on the Beneficiary’s documents for conducting public procurement.

3. Compilation of a package of reporting documents

To create a package of reporting documents, a user with the rights of a Project Manager needs to create it from the Contract dossier. The procedures detailed in the User Guide for E-Project Management module shall be followed to entering data in the relevant reporting documents. All data entered shall be saved as a draft, may be edited multiple times, and all members of the management team who have been given specific rights by the Project Manager may work on the report. The system will automatically load a part of the data by retrieving information from the Contract dossier.

NB!

Where the project Beneficiary/lead partner is a Bulgarian organisation, **all technical reports shall be issued in Bulgarian.** The main responsibility for the preparation thereof shall have the project management team. Beneficiaries are responsible for notifying the partners of the information included in the reports.

Reports shall contain sufficient information on all aspects of implementation within the report period. The report shall summarise and describe the activities performed during the previous period and include the estimated expenditure for the next reporting period.

3.1. Interim Technical Report

Interim Technical Reports shall contain full information on all aspects of the project implementation within **the report periods described above**:

- description and evaluation of the implementation of the project activities;
- implementation of the project indicators;
- relations with the partners and description of other forms of cooperation;
- information and publicity measures;
- risk analysis and assessment (submitted once a year).

The data of the project team members shall be entered in the relevant section of UMIS 2020. There are two options of entering the relevant information. One option is to add a new line with information about the activities performed by each team member for each date, using the “Add” button. The other option is to load a pre-filled table with information about all the activities performed by all team members, using the “Load from Excel” button. For this purpose, it is necessary to download the current format of the table from the technical report using the corresponding button in UMIS 2020.

It is recommended that after downloading the current Excel template, each member of the project team reports their work in a separate file. After the reported work for a certain period is accepted by the Project Manager, the files shall be uploaded to UMIS 2020. There should be an audit trail for the acceptance of the work reported, for example, this may be reflected in the minutes of meetings drafted by the management team for the implementation of the respective activity, or the monthly reports may be printed out and approved with a signature by the manager or an employer.

Interim Technical Reports describe the implementation of the activities and indicators only within the reporting period for which they were submitted. The numbering, name and sequence of the activities reported shall be consistent with the specified objectives and results, according to the application form, and give clarity about the implementation and the results achieved in the specific period.

“Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme has been developed in line with the results-based management and in order to achieve predefined indicators that highlight the progress in terms of the specific results (output indicators), as well as the quantitative impact assessment (outcome indicators).

“Outputs” is what has been created at the end of the process. These reflect the activities and the end results produced.

“Outcomes” represent the level of achievement, effectiveness and impact of interventions.

Both types of results are measured by indicators included in the Results Framework (<https://www.ceagrants.bg/programi/mestno-razvitic/dokumenti/normativni-dokumenti>), Annex I of the Programme Agreement.

In order to measure the implementation of the Programme, a number of **Core Indicators** are also available and all projects in a specific Programme area shall contribute to the achievement thereof.

The measures, baseline and target values of the respective indicators (key and specific) are determined at the beginning of the programming process and become an integral part of the project implementation framework during the preparation of the Guidelines for Applicants. Project proposals shall necessarily include the Beneficiary’s intentions to cover the estimated values. Reporting of the project implementation indicators in quantitative terms shall be carried out by the Beneficiaries in UMIS 2020 within the pre-established reporting periods for each request for payment/refunding.

Regarding the reporting of the contribution to the Core Indicators, it is necessary to comply with the requirements described in the Core Indicators Guidance 2014-2021 (<https://ecagrants.org/Media/Files/Core-Indicators-Guidance-14-21>) setting out the definition of the indicator, sources and methods of collecting data. Due to the sensitivity of some data collected on the end-users of interventions, the Financial Mechanism Office has developed a methodology for encoding the individual information.

It is possible for some or all supporting applications for which there is a restriction in UMIS 2020 (e.g. a file larger than the allowed one, etc.) to be presented on external media – in this case the **name of the files on the external media shall indicate the activity to which they refer** in UMIS 2020.

All programmes and activities funded under the EEA Financial Mechanism for the period 2014-2021 are subject to the principles of good governance; they shall be inclusive, responsible, transparent, effective and efficient and show zero tolerance for corruption. In this regard, the risk management performed by the PO is largely based on the risk assessment and control by the Project Promoters, as well as on the openness of the entities involved in the process of implementation of the various activities. Risk identification is a process involving experts with experience and accumulated expertise who can make reasonable predictions about the occurrence and impact of certain adverse events. Risk analysis methods include, but are not limited to: brainstorming, scenario analysis, workgroups, seminars, and statistical analysis. Once the risk has been identified and formulated, it shall be placed in the Excel template (used when submitting the project proposal form in Excel) for risk analysis and assessment. For any identified risk, the probability of its occurrence as well as its potential consequences shall be determined. The level of risk is the combined assessment of the probability of occurrence of the risk factor and the consequences thereof. The PO will use four levels of probability and consequences, as described below.

Risk Assessment Table

	ASSESSMENT				
Criteria	N/A	1	2	3	4
Probability of manifestation		Very unlikely to manifest	Unlikely to manifest	Likely to manifest	Manifestation is almost certain

Consequences for the Programme outcomes		Minimum	Moderate	Serious	Very serious
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The risk assessment is based on personal perception and often involves subjective judgment. As far as possible, the rating should be based on analyses of evidence, facts and objective data. When analyzing and assessing the consequences, it is necessary to assess how significant each risk is for achieving the expected outcomes, to what extent the risk may lead to the failure of the entire project. The initially submitted risk analysis shall refer to the entire period of project implementation, and for each subsequent update (on an annual basis), the risk assessment shall focus on the upcoming year. This is an important aspect of risk management and introduction of the necessary corrective measures with the relevant responsible persons.

Risk management and monitoring in a systematic and methodical way ensures that the focus is on the most important risks (not too much, not too little) and that the work to reduce these risks is regularly updated.

3.2. Interim Financial Report

The Interim Financial Report (IFR) includes all project expenditure for the reporting period and shall be compiled by filling in the applicable forms in UMIS 2020. The completed Interim Project Report (IPR) and the Inventory of the supporting documents in excel provided by the PO shall be attached to the IFR in UMIS 2020.

Scanned originals of the expenditure supporting documents shall be submitted with the financial statements, on which the text “The expenditure is made under Project” (name of the project) or only the index/registration number of the project in UMIS 2020 may be visible and according to the requirements of the Accounting Act. If the issuer of the supporting document is unable to type the required text, the Project Manager shall add it, and if there is not enough space on the front of the document, this may be indicated on the back with the appropriate signature. In this case, the document should be scanned on both sides.

1. Inventory – Documents in UMIS 2020

The inventory is a part of the Financial Statement. In the relevant section of the Financial Statement data shall be entered on all expenditure supporting documents relevant to the given reporting period. The Inventory shall include information on the name of the supplier or contractor, the number and type of the supporting document, the amount paid and reported in the relevant budget item of the project. Each expenditure shall be linked to both the relevant budget line and the specific activity.

After adding the supporting document, the type of the respective supporting document shall be selected from the drop-down menu, data filled in, and the type of the issuer (Beneficiary, Partner or Contractor) shall be indicated using the respective radio button. If a Partner/Contractor is selected, it shall also be indicated from the drop-down menu, and in the case of a Contractor, the respective contract concluded

therewith shall be indicated. If the required contract is missing in the drop-down menu, this means that it has not been entered in the contractor selection section or that version is not in “Active” status.

It is mandatory to attach a document to each expenditure supporting document, i.e. original supporting documents and other related documents that are subject to accounting for the project. In e-reporting, the original invoices shall be scanned.

The values shall be consistent with the enclosed documents and when entering data in UMIS 2020, these shall be entered in BGN to the second digit after the decimal point; when entering the data in electronic format (Excel), the values shall be entered in BGN and EUR (where applicable according to the templates).

The supporting documents shall be arranged in a sequence following the structure of the project budget in UMIS 2020.

The information in section Inventory – Documents in UMIS 2020 may also be entered by loading a pre-filled in table in excel (by using the button “Load from Excel”) that contains all information on any expenditure supporting document. The current format of the table shall first be downloaded from the financial statement using the appropriate button.

IMPORTANT!

If a part of the expenditure is incurred by a project partner, the Beneficiary shall summarize all costs and submit a general financial report for the implementation of the project.

2. Interim Project Reports (IPR) and Inventory of the expenditure supporting documents in PO's excel forms:

- Inventory of the expenditure supporting documents filled in the template provided by the PO in excel, following the structure of the detailed project budget in excel:
The Inventory of the expenditure supporting documents shall follow the logic and arrangement of the detailed project budget in excel. It shall be filled in in BGN and converted into EUR, according to a pre-set formula. The Beneficiary shall add the required number of lines below each budget line for each individual expenditure. The expenditure reported by the Beneficiary and the partner shall be reported in different columns for traceability purposes.
- Interim Project Report (IPR) – in the form provided by the PO in electronic format. The interim report on the project shall be prepared in BGN and EUR and shall consist of three parts:
 - General information about the project and Beneficiary, short description of the implementation and declarative part for the implementation of the PO's and EEA FM requirements.
 - Part A – Statement of expenditure by activity – the report shall contain the expenditure paid in BGN during the respective month of the report. The form will convert and accrue

the expenditure in EUR. The Beneficiary shall submit a brief information on the costs incurred for the specific activity, as well as in general on the report.

- Part B – Request for advance payment – Inventory of the required funds for the current and next period (according to the template) in EUR, deducting the received advance payment and the incurred costs. The Beneficiary shall briefly describe the planned costs during the respective period.

IMPORTANT!

The Beneficiary shall ensure the correct entering of the reporting periods and the request for advance payment, according to the concluded Project Implementation Contract.

The amount of expenses in the Inventory of expenditure supporting documents in excel shall be consistent with the amounts of the Interim Project Report (IPR), when applying the exchange rate of 1 EUR = 1.9558 BGN.

The expenditure described in UMIS 2020 and in excel shall be the same, and the arrangement shall follow the logic of the budgets in UMIS 2020 and excel that are an integral part of the Contract.

The subtotals for the activities in the Inventory of expenditure supporting documents (excel) shall correspond to the amounts reported for the activities in UMIS.

IPR amounts are rounded up to a whole EUR, and a total discrepancy between the report in UMIS 2020 and IPR up to +/- 2 EUR is allowed for each reporting period.

3.3. Request for advance payment

When submitting a Payment Request, Technical Report, Financial Report in UMIS 2020, the system does not allow for choosing an advance payment. Beneficiaries shall choose an interim payment by filling in the requested amount in BGN. The amount and payment period shall be consistent with the amount and period specified in Part B of the IPR.

3.3. Final report

The actual expenditure incurred in the last reporting period are reported in the final projects report. It is acceptable to report expenditure from the previous (penultimate) accounting period in the final report.

The Beneficiary shall prepare and submit a final project report within one month after the end of the final reporting period. The report, in addition to the documents supporting the expenditure incurred, shall contain, as a minimum requirement, the following:

- 1) Technical report for the entire period of project implementation (according to the PO form);
- 2) Final Balance Sheet for the project, analysis of the total incurred costs under the project and summary of accounting records (turnover sheets, general ledger, extract from the accounting system for acquired assets, etc.);
- 3) Evidence and analysis of the achieved objectives and indicators of the project vs the initial objectives and indicators; and
- 4) Evidence of ensured sustainability – commitment to funding, sustainability fund, insurance,

and declarations.

After being reviewed by the PO, the package of reporting documents may be:

- ✓ returned for revisions;
- ✓ rejected;
- ✓ approved.

If, after the review, the reporting documents package is accepted by the PO, the status of the package in the “Reporting documents” section will change to “Approved”. If after the review, the PO finds any inaccuracies, it may return instructions for revising a document from the package to the Beneficiary. In this case, the status of the package will be indicated as “Under review” and the Beneficiary may review the PO’s request for revision, revise the document, and resubmit the package.

Within one month after the approval of the final project report, the PO shall order the payment of the funds retained under the project.

4. Documents for reporting the incurred expenditure

For each activity carried out, the Beneficiary shall attach the following supporting documents to the interim or final report:

Documentation related to conferences, seminars, lectures, discussions, forums, exercises, clubs, study groups, training, courses, working visits, etc. conducted:

- expenditure supporting documents for the performed activity and cash receipts (if applicable);
- payment orders, bank statements, expense cash orders for the incurred expenditure;
- copies of attendance lists of participants from the target groups containing the contract number, name of the Beneficiary, project title, place and date of participation, full name of the participant, contact phone number, contact e-mail, a signature of the participant;
- pictures/video of the activities reported that clearly indicate the compliance with the information and publicity requirements;
- copies of presentations, materials, lectures, reports, etc., used in the activity, with the EEA FM 2014-2021 logo;
- copy of the package of materials for the participants;
- copy of the agenda/programme for the event;
- copies of the curriculum, syllabi, schedules, activity protocols, and a summary of the feedback forms;
- copy of the activity report (training) and a summary of the questionnaires (if applicable);
- protocols;
- certificates (if applicable);
- copies of information and publicity materials – posters, brochures, leaflets, media publications, etc.;
- copies of external contracts and the respective offers, take-over protocols signed with contractors (if applicable);

- copies of lecturers' reports;
- documents for pupils' trips according to Ordinance No. 2 of April 24, 1997 on organising and conducting children's and school recreation activities and tourism.

Documentation related to the purchase of materials and consumables:

- requests for purchase of materials and consumables signed by the project manager;
- invoice and receipt (if applicable);
- payment order, bank statement, expenditure cash order;
- copy of the delivery contract with the attached offer (if applicable);
- copy of take-over protocols – a protocol is not necessary only if the materials and consumables delivered are described in detail in the invoice.

Documentation related to the purchase of furniture and equipment:

- requests for purchase of furniture and equipment signed by the project manager (if applicable);
- copy of the delivery contract with a technical description of the equipment, model, type, number, etc. (if applicable);
- invoice;
- payment order, bank statement;
- copy of the take-over protocol with described models and serial numbers of the furniture and equipment (if applicable);
- copy of warranty cards;
- pictures of the equipment with stickers for visualisation in accordance with the Communication and Design Manual.

Documentation related to the employment under employment/service contracts:

- copy of the employment contract/order explicitly stating that the payment will be made under the project;
- job description showing the specific obligations directly related to the project implementation or management activities;
- documents proving that the determined remuneration is in accordance with the applicable legislation;
- selection papers proving that the selection has been made in compliance with the principles of transparency, equality and non-discrimination, provided that a person who is not an employee of the Beneficiary or was not subject to evaluation when submitting the project proposal is employed;
- reports by the employee describing the work performed and the hours worked;
- order by the Beneficiary's representative for additional remunerations and the respective amount thereof;
- payrolls;

- bank statements or payment orders;
- copy of the materials developed by the employee (if applicable).

Documentation related to business trips:

- copies of invitations for participation in the event;
- agenda of the event;
- business trip order explicitly stating that the expenditure will be paid under the project;
- a trip booklet/sheet (when traveling in a company car);
- copy of ownership certificate, average fuel consumption (when traveling with a private car);
- protocols for airline tickets, public transport tickets, fuel invoice;
- plane tickets and boarding passes;
- travel insurance (if applicable);
- accommodation invoices;
- documents for the paid and reported amounts for the person sent on a business trip (income cash order, expenditure cash order, advance report);
- documents related to the amounts paid to the person sent on a business trip;
- approved report for the work performed.

Documentation related to external contractors (legal and natural persons):

- copy of the expert work assignment;
- selection documents demonstrating that the selection has been made in compliance with the principles of transparency, equality and non-discrimination;
- copy of the contract with the external contractor;
- copy of the report on the service provided;
- copy of the materials developed by the external contractor;
- expenditure supporting document – invoice, receipt for paid amounts, etc;
- bank statement, payment order for the incurred expenses including insurance and taxes (if applicable);
- copy of the take-over report for the contractor's works or a signed take-over protocol.

Documentation for the execution of construction and installation works:

- copy of the contract for construction and installation works with the relevant bill of quantities (BoQ);
- replacement tables (if applicable);
- copy of the take-over protocol;
- copies of invoices, invoice inventories (if applicable);
- bank statement, payment order;
- documentation in accordance with the applicable laws and regulations;
- photos of the room/building before and after the construction and installation works.

Information and publicity:

- contracts with contractors (if applicable);
- invoices;
- take-over protocols;
- bank statement, payment order;
- copies of publications;
- copies of advertising materials (brochures, leaflets, stickers, posters, flyers);
- photos of advertising signs and billboards;
- electronic version of advertising materials, broadcasts, audio and video recordings (if applicable);
- evidence from websites and other electronic publications;
- evidence of press conferences and public events (attendance lists, photos, etc.)

IMPORTANT!

By signing the attendance lists, the participant confirms that he/she is familiar with the Beneficiary and PO policy for personal data protection and agrees that the Beneficiary and PO will store and process his/her personal data for the purposes of the event and project reporting, and that he/she is aware of the consequences of refusing to provide such data, and the right of access and revision of the data collected.

The attendance lists shall include all participants in the reported activity. Any **adult** who has **reached the age of majority** shall sign against his/her name. Minors taking part in the activity do not sign (their presence is certified by the signature of the accompanying person, e.g. the kindergarten teacher shall sign on the list of children attending an event). An attendance list shall be compiled for each day of the event if its duration is 2 or more days.

IMPORTANT!

The examples listed above do not cover all possible documents that the Beneficiary may attach depending on the specifics of the project being implemented and the activities set out therein.

Contracts for designation of contractors that have already been submitted to UMIS 2020 for subsequent control by the PO do not have to be submitted again.

For expenditure incurred pursuant to Article 20, para. 4 of the Public Procurement Act or Article 9 of CMD No. 118/2014, a **research of market prices** shall be done pursuant to Article 8.15.3 of the Regulation.

Any publications and products funded under the project should comply with the requirements stipulated in the Communication and Design Handbook (<https://www.eeagrants.bg/programi/mestno-razvitic/dokumenti/narchniczi>).

Expenditure shall be evidenced by the appropriate supporting documents that enable the transparent tracking of the payment and provide an adequate audit trail. Eligible expenditure is reported with the supporting documents specified in the Accountancy Act and the Instructions of the Ministry of Finance.

NB!

The PO shall perform a complete administrative verification of the documents submitted by the Beneficiary in accordance with the payments that have been made.

For all costs actually incurred, the beneficiaries shall provide the relevant supporting documents or other documents of equivalent supporting value. Payment orders for social security contributions paid at the expense of the employer, personal income tax, bank statements, etc. should also be submitted, together with other documents in proof that the payment has been made.

The documents for the reported expenditure shall be scanned copies of the original invoices.

To avoid double funding, the accounting documents shall contain the text “The expenditure is made under Project (title/index/project registration number in UMIS 2020)”, subject to the requirements of the Accountancy Act, and this may be indicated on the back of the document. If it is not possible to type the text on the front of the document, the project manager shall approve the expenditure and include the relevant text according to the requirements of the Accounting Act to avoid compromising the integrity of the document.

A report from an independent and certified auditor may be attached to the expenditure incurred by a project partner with a principal location in a Donor State or an international organisation or agency, certifying that the expenditure reported has been incurred in accordance with the Regulation, the national law and the applicable accounting practices of the state of registration of the project partner. Another method of proving the expenditure is through a report by a qualified and independent expert entitled to exercise budgetary and financial control over the organisation, who is not part of the team involved in the preparation of the financial statements and who shall certify that the reported expenditure has been incurred in accordance with the Regulation and the applicable accounting practices of the state.

In relation to expenditure incurred for public procurement, the beneficiaries are required to submit to the PO all documents related to the public procurement, including the decision on procurement, announcement, evaluation methodology, technical specifications, register of incoming proposals, the proposals of all applicants, technical and price proposal, an order for the appointment of Evaluation Committee for examination of the offers and the declarations under Article 103, para. 2 of the Public Procurement Act, minutes of meeting for the Committee’s work – signed by its members, notices to all applicants of the results of the Evaluation Committee’s work and the issuance of a decision or another act for designation of contractor, a signed contract with the annexes thereto, constituting an integral part thereof. The documentation shall be entered in UMIS 2020 within 30 days of the

completion of the procedure, but not later than the inclusion of an expenditure under the Contract in a request for payment.

IMPORTANT!

No supporting documents are required as an evidence of the indirect costs, calculated on a basis of a fixed rate pursuant to Article 8.5.1 (b), (c) and (d) of the Regulation.

Single expenditure or expenditure calculated using the “standard unit cost rate” method shall be evidenced by a reference to the included/applicable units.

To be eligible, the indirect costs shall be reported for not later than the end of the reporting period. Eligibility shall be proved by the attached accounting statements.

The eligibility requirements for the partner’s expenditure shall be described in the Partnership Agreement.

5. Verification and on-the-spot inspections

Verification is essential in the overall process of ensuring the legality and regularity of expenditure at project level. Verification by the PO shall cover the administrative, financial, technical and physical aspects of the projects.

According to Article 5.6 of the Regulation, the PO shall perform two types of examinations of the expenditure incurred by the beneficiaries: administrative examination (verification) and “on-the-spot” inspection.

The purpose of the verification and on-the-spot inspections is to verify the authenticity, compliance and accuracy of all documents reporting the expenditure incurred under the project, which will ensure their legality and necessity for the achievement of the project’s objectives. The PO shall carry out verification of the actual performance (construction works, delivery of goods or provision of services), as well as control on contracts, including procurement contracts. The PO shall verify the achieved project objectives and indicators.

5.1. Verification process by the PO

Verifications are performed in the Unified Management Information System for the EU Funds in Bulgaria – UMIS 2020.

The verification process includes verification of all project expenditure and aims to verify that they have been incurred in compliance with all eligibility principles and the applicable legislation and the Regulation.

Administrative verification shall be comprehensive and detailed, but there are some elements regarding the legality and regularity of expenditure that cannot be verified by administrative verification and shall be subject to on-the-spot inspections.

5.2. On-the-spot inspections carried out by the PO

On-the-spot inspection is intended to verify the quality of the project implementation and the achievement of the project in relation to the objectives set out in the project at the time of verification.

On-the-spot inspections aim to ensure that:

- The project is real;
- The deliveries of the product, service or construction and installation works are in full compliance with the project funding contract;
- There is a physical progress of the implementation;
- The information and publicity rules are observed;
- Original supporting documents are available (especially when the beneficiary implements more than one project at the same time or receives funding from other donors);
- The information on the physical and financial implementation of the project is accurate.

On-the-spot inspections are planned in advance to ensure that they will be effective. The commitments of the beneficiary to provide access to the reporting documentation shall be regulated in the project implementation contract.

The PO shall have the right to perform unscheduled on-the-spot inspections during the performance of the activities without notice (e.g. at risk of fraud, forgery of documents, etc.).

6. Eligibility of expenditure. Conditions for eligibility of expenditure.

To be eligible, the expenditure shall meet the following conditions:

- The expenditure has occurred between the first and last eligibility dates for a project pursuant to the funding agreement;
- The expenditure is related to the subject matter of the funding agreement and is specified in the project budget;
- The expenditure is proportional and necessary for the implementation of the project;
- The expenditure is related to the main objective of the project and the achievement of the expected results, in a manner consistent with the principles of economy, efficiency and effectiveness;
- The expenditure is identifiable and verifiable through the available primary accounting records, reported by the Beneficiary and/or the project partner, and consistent with the applicable accounting standards of the state in which the Beneficiary and/or the partner are registered;
- The expenditure corresponds to the requirements of the applicable tax, insurance and labour legislation.

IMPORTANT!

The deadline for eligibility of expenditure is April 30, 2024, unless another deadline is set out in the project implementation contract.

Expenditure incurred by the Beneficiary shall be supported by an invoice, duly executed payment order/bank statement and a document certifying the actual execution of delivery, services or construction and installation works. Exceptionally, expenditure for which an invoice has been issued in the last month of eligibility will also be deemed to have been made within the eligibility period if it has been paid within 30 days after the final date of eligibility of the project expenditure. Indirect costs and depreciation costs shall be considered incurred at the time of their inclusion in the accounts by the Beneficiary and/or the project partner.

When purchasing equipment under Article 8.3, bullets “b” and “c” of the Regulation, necessary for the implementation of the project, the accrued depreciation for the period of eligibility of the project costs or, in special cases, the value of the actual depreciation of the asset, shall be considered eligible cost. In certain circumstances, the total value of the purchased equipment may also be recognised (such circumstances are described in detail in Item 6.1. herein, section “Specific requirements for direct costs”).

Regarding the projects implemented by Beneficiaries that are budget organisations, the accrual of depreciation is regulated by Instruction No. 5/September 30, 2016 of the State Treasury Directorate, Ministry of Finance, which defines the conceptual model for application of the national accounting standard (AS 4 Depreciation reporting).

The Beneficiary’s accounting principles and audit procedures shall be organised so as to allow for an analytical accounting of the received funding and project expenditure, and an easy access to the primary accounting documents.

6.1 Types of eligible costs

6.1.1. Eligible direct costs

According to Article 8.3.1 of the Regulation, the eligible direct costs under a project are the costs incurred by the Beneficiary and/or the project partner, reported in accordance with the usual accounting principles and internal rules of the organisation, such as costs directly related to the implementation of the project that are directly accountable. In particular, the following direct costs are considered eligible, provided that they satisfy the general principles of eligibility of expenditure under Article 8.2 of the Regulation, namely:

Expenditure of the project **management** team: salaries for the project team, administrative expenses, expenses for stationery and consumables necessary for the needs of the team, business trips in the country and abroad for project management purposes.

NB!

Organisation and management costs shall not exceed the rate of the total eligible costs under the project, determined for the relevant procedure in the Application Guidelines.

- Costs for the staff involved in the implementation of the project, consisting of gross salaries and respective social contributions at the expense of the employer, as well as other additional

costs, part of the remuneration, in accordance with the project budget and the Beneficiary's usual remuneration policy.

According to Letter No. 0103-236/25.04.2019 received from the NFP (CCU Directorate at the CMA), with the purpose of adopting a common approach on behalf of the PO in verification of the costs for salaries, the eligible expenditures pursuant to Article 8.3.1. of the Regulation on the Implementation of the EEA FM and Norwegian Financial Mechanism 2014 – 2021 are the costs for the staff involved in the project implementation, consisting of the gross salaries and the corresponding mandatory social insurance contributions, as well as any other statutory costs, part of the remuneration, provided that these are in accordance with the **usual remuneration policy of the Beneficiary and the partner**. The respective costs for salary are eligible, as much as they relate to the costs for activities that the respective public institution would have not carried out if the project had not been implemented.

Only the costs for the **hours actually worked** under the respective project are eligible, which shall be reported through **hourly reports or other appropriate system for recording the time worked** and supported accordingly by evidence of their validity and reliability. If the employee is working on a **full-time** basis on the respective project, the relative contract or letter of appointment shall clearly **indicate the respective project**, in which case the submission of hourly reports is not required.

Working **outside the normal working hours** under an official service or employment contract as overtime may be applied by exception only if it is necessary for the implementation of the project, has a specified time period and is in accordance with the usual payment policy of the Beneficiary and any conditions arising from the national law.

When determining the eligible expenditure, the provisions of the Ordinance on the salaries of the servants in the state administration, in particular Article 5, para. 2 and para. 3, Article 19, item 6, Article 25, para. 7 and para. 8 and Article 25a, shall be taken into consideration. It is explicitly stipulated in Article 25a that for determining additional remuneration, the **hourly basis**, on which the person receives remuneration for performance of his/her job according to the **job description**, shall be taken into account.

With regard to the employment contract, the provision of Article 113 of the Labour Code should be taken into consideration, according to which the maximum duration of the working time under an employment contract **for additional work** plus the working hours under the main employment contract may not exceed 48 hours per week (i.e. in case of full-time work the allowable additional hours is 8 hours per week or up to 32 hours per month). Following an **explicitly stated written consent**, workers and employees may work more than 48 hours/week, without violating the requirement for continuous minimum rest between the working days (12 hours) and working weeks (48 hours); thus, the amount of additional work may reach up to 80 hours per month.

- Travel, per diems and accommodation expenses for the staff involved in the project.
In certain events, the PO may approve the use of a “lump sum” for business trip expenses, respecting the principle of proportionality. The funds planned shall be estimated pursuant to

the Ordinance on business trips in the country and the Ordinance on business trips and specialisations abroad, as well as when choosing the most economical route and vehicle.

According to Clarification No. 2-1347 of May 25, 2009 by the National Revenue Agency, in cases where the contracting authority pays the expenses for business trips to the individuals, these shall represent an element of the remuneration under the contract, i.e. when determining the remuneration under the contract, the contracting authority shall also include that cost or a narrative agreeing on whose account the business trip expenses shall remain. Therefore, if a person employed under a procurement/manufacture agreement has been sent on a business trip, the costs for the business trip are only eligible if they are expressly mentioned in the contract. In the absence of such an arrangement, the presumption that the nature of the contract (providing the result of an activity, either a product or service) involves the inclusion of all costs, including business trips expenses, i.e. business trip expenses shall not be separately paid, shall apply.

- Costs for equipment and furniture: include the cost for the purchase of equipment and furniture, directly related to the implementation of the project activities, which are necessary to achieve the objectives, as well as are detailed in the project proposal.

IMPORTANT!

The total cost of construction and repair works and the costs for equipment shall not exceed the rate of the total eligible costs under the project as defined in the Application Guidelines.

- Costs for the purchase of land and real estates under the provision of Article 8.6 of the Regulation, including costs for construction and installation works, costs for state and/or municipal fees and the necessary supervision thereon;
- Costs for materials and consumables, provided they are related to and required for the implementation of the project;
- Costs under external award contracts related to the project activities awarded pursuant to the applicable public procurement legislation and the Regulation. Costs under external award contracts shall be paid in compliance with the national legislation on public procurement;
- Costs arising directly from specific requirements imposed by the funding contract for each project, including, but not limited to, information and publicity expenditure, audit costs, etc.

Specific requirements for the direct costs

When funding construction and installation works:

- The Beneficiary shall not change the ownership and purpose of the buildings subject to funding for a period of at least 5 years after the approval of the final project report; within this period, these will be used for the project purposes;
- The Beneficiary shall insure, in an insurance company licensed in Bulgaria, the buildings subject to funding, against the normal insurance risks (such as theft, fire, etc.) both during the

project implementation and for a period of at least 5 years after the approval of the final project report);

- The Beneficiary shall provide sufficient resource for the maintenance of the buildings for a period of at least 5 years after the approval of the final project report.

When funding the entire value of purchased equipment:

- The Beneficiary shall not change the ownership and purpose of the acquired equipment/asset for a period of at least 5 years after the approval of the final project report and within this period it will be used for the purposes of the project;
- The Beneficiary shall insure, in an insurance company licensed in Bulgaria, the equipment/asset acquired against the normal insurance risks (such as theft, fire, etc.) both during the implementation of the project and for a period of at least 5 years after the approval of the final report project (Article 8.3.2, b of the Regulation);
- The Beneficiary shall provide sufficient resource for the maintenance of the acquired equipment/asset for a period of at least 5 years after the approval of the final project report.

The specific requirements for the fulfilment of the above obligations shall be described in the Contract. The PO may exempt the beneficiaries from the specific sustainability requirements if, after analysing the available information, the PO considers the continued use of the asset economically unprofitable/inefficient.

6.1.2. Eligible indirect costs

According to Article 8.5 of the Regulation, eligible indirect costs are the costs that may not be identified by the Beneficiary and/or the project partner as directly related to the project, but may be identified and justified through its accounting system as incurred in direct connection with the eligible direct costs under the project. These may not include eligible direct costs. The amount of indirect project costs shall be determined as a fair share of the total indirect costs of the Beneficiary or partner. Indirect costs may be calculated based on one of the following methods:

- based on the actual indirect costs of those beneficiaries and partners who have analytical accounting that allows for specific identification of the indirect costs;
- a flat rate of up to 25% of the total eligible direct costs, excluding direct eligible costs for external contractors and the cost of resources provided by third parties, which are not used on the Beneficiary's or partner's site. When applying this method, the rate shall be calculated based on a fair and verifiable methodology or a method that is common in state funding of schemes for similar projects and beneficiaries;
- a flat rate of up to 15% of the eligible direct costs for the staff, where the PO is not required to develop a method for determining the applicable rate;
- a flat rate (%) of the eligible direct costs calculated based on the existing methods and ratios applicable in the EU practice for the same or similar projects and beneficiaries;

-
- if the Beneficiary or project partner is an international organisation or agency, the indirect costs may be determined in accordance with the rules on indirect costs applied in these organisations, pursuant to the specific provisions of the Programme Agreement.

The method of calculating indirect costs and the maximum value thereof shall be described in the Contract. The method of calculating the indirect costs of the project partner shall be specified in the Partnership Agreement.

7. Ineligible costs

- interest on loans, debt service charges and penalties for late payments;
- fees for financial transactions and other purely financial expenses;
- provisions for losses or potential future liabilities;
- currency exchange losses;
- refundable VAT;
- costs covered by other sources;
- fines, penalties and litigation costs, except where an appeal that is an integral part of the achievement of the project's objectives is necessary;
- excessive or unreasonable expenditures;
- costs incurred as a result of a change in the project proposal that has not been reported and approved by the PO or has been reported in untimely manner.

8. Eligible costs under the Bilateral Relations Fund

Under the Memorandum of Understanding signed between the Donor States and the Republic of Bulgaria, the Programme budget has a dedicated bilateral development fund amounting to EUR 100,000 for each of the programmes financed under the EEA FM 2014-2021.

Fund resources are earmarked to find partners and develop partnerships before signing the project implementation contracts.

According to Article 8.8 of the Regulation, eligible activities that may be funded under the Bilateral Relations Fund are:

- Activities aimed at strengthening the bilateral relations between the Donor States and the Beneficiary State;
- Seeking partners to implement donor partner projects before or during the preparation of the project proposal, the development of such partnerships and the development of a project proposal;
- Networking, exchange of experience and knowledge, technology, know-how and good practices between organisations in the Beneficiary States, Donor States and international organisations;
- Activities aimed at strengthening the bilateral cooperation, exchange of experience and best practices between the Programme Operator and similar organisations from the Beneficiary and

Donor States, as well as international organisations, with at least one of the participants being from the Donor States;

- On certain occasions, the PO may approve the use of a “lump sum” for business trip expenses (travel, daily allowance and accommodation) according to the principle of proportionality;
- Eligible costs under the Bilateral Relations Fund are travel, accommodation, meals, per diems, rent of halls, translation and other costs necessary to hold the meetings between potential/future partners.

9. Specific conditions for purchasing property and land

Expenses for purchases of land and real estate pursuant to Article 8.6 of the Regulation are eligible provided that they comply with the national law and the following requirements:

- A direct relation between the purchase of land/real estate and the project objectives shall be substantiated;
- The purchase of real estate and/or land shall not exceed 10% of the total eligible costs of the project;
- There should be an assessment report by an independent qualified assessor or a legally nominated institution, confirming that the purchase price does not exceed the market value and the property is free of encumbrances. In the event of purchase of a real estate, the report shall confirm that the building meets the national requirements (or that, as a result of the project implementation, it will meet these requirements).
- The property or land will be used for project purposes and for a period specified in the project implementation contract. The ownership shall be transferred to the Beneficiary and the property or land may not be sold, leased or mortgaged for a period of at least 5 years after the completion of the project or longer, if explicitly stated in the contract (the FMC may remove this limitation if this would lead to an unjustified burden on the Beneficiary).
- The property or land may be only used for the purposes of the project. The buildings may be used for provision of services by the public authorities, if such services are directly related to the project objective;
- The purchase of real estate and/or land shall be explicitly approved by the Programme Operator before the purchase;
- The purchase of real estate and/or land shall be included in the original project proposal and its budget (the contract for its implementation, respectively) and not in its subsequent amendments and annexes.

The term “property” shall mean a building (built or under construction), as well as the respective property rights on the land on which it is built.

The requirements for ownership and the restrictions on the sale, rental and mortgage described above shall also apply to buildings that have been built, repaired or renovated with the financial support of the EEA FM 2014-2021.

Mortgage restrictions shall not apply when the mortgage is established in favour of the PO or NFP in order to ensure the fulfilment of the other conditions in the relevant requirement (Article 8.6.1 (d) of the Regulation).

The value of the property or land already owned, directly or indirectly, by the Beneficiary or the project partner(s) is ineligible for funding. The purchase of land or property is also ineligible, where it is carried out for speculative purposes, or where funds have been received from the national budget or other external donors (i.e. double funding).

10. Simplified costs/Standardised scale of unit costs

If the Application Guidelines provide for an opportunity to use simplified costs for a project, this may take place using a standardised scale of unit costs. In such case, the amount shall be defined either:

- According to the rules for application of similar scales of unit costs applicable in the European Union practice for similar projects and organisations; or
- According to the rules for application of similar scales of unit costs applicable to similar projects, funded entirely by a Beneficiary State, where the Beneficiary or the partner is registered or operating in, or funded by a Donor State, where the project partner is registered and operating.

The use of standardised scales of unit costs, the values thereof and how they shall be applied, should be described in the partnership agreement and in the project funding contract.

11. VAT handling under the VAT Act

The Value Added Tax shall be handled pursuant to the Instructions of the Minister of Finance included in DNF-3/December 23, 2016 on handling the value added tax as eligible expenditure for the implementation of projects under the Operational Programmes co-financed by the European Regional Development Fund, The European Social Fund, the Cohesion Fund of the European Union and the European Maritime and Fisheries Fund for the financial framework 2014-2020.

Beneficiaries are responsible for administering the process of VAT estimation as an eligible expenditure under the EEA FM, “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, in terms of payments made for deliveries of furniture and equipment, and services received, and construction and implementation works executed under the contracts. The Beneficiaries shall observe the Instructions of the Minister of Finance on determining the VAT as refundable, in the preparation of payment claims, in the documentary accounts, as well as in all other obligations of the Beneficiary. Ineligible costs for refundable VAT shall not be considered as own co-financing by the Beneficiary.

Beneficiaries shall determine value added tax as **refundable** pursuant to § 1 (1) of the Supplementary Provision of Decree No. 189 of the Council of Ministers of July 28, 2016 (**ineligible cost** for funding by the EEA FM, respectively), if the following conditions are simultaneously available: the Beneficiary is a registered person under the VAT Act, except where the person is registered under Article 97a, Article 99 and Article 100, para. 2 of the VAT Act (registration for provision of services and

registration for intra-Community acquisition) and the supplier of the goods and/or services required for the implementation of the EEA FM project is a registered person under the VAT Act.

In respect of delivery of goods and/or services where:

- the deliveries of the goods and/or services are used for the purposes of the taxable deliveries made by the Beneficiaries under the previous paragraph, for which, according to Article 69 of the VAT Act, the person has the right to deduct a tax credit, or
- Beneficiaries under the previous paragraph are entitled to deduct a partial tax credit in respect of the tax on supplies of goods and/or services funded under the EEA FM, which are used both for deliveries, for which the person is entitled to deduct the tax credit, as well as for deliveries or activities, for which there is no such right. The tax for the delivery of goods and/or services in respect of which the registered person is entitled to a partial tax credit under Article 73 of the VAT Act, shall be considered refundable VAT up to the amount of the partial tax credit.

Beneficiaries shall determine the value added tax as **non-refundable (eligible cost for funding by the EEA FM, respectively)**, where:

- The Beneficiary is not registered under the VAT Act;
- The Beneficiary is registered under the Article 97a, Article 99 and Article 100, para 2 of the VAT Act (registration for delivery of services and registration for intra-Community acquisition);
- The Beneficiary is a registered person under the VAT Act on grounds other than those specified in the previous item and the delivery of goods and services funded by the EEA FM is intended for:
 - making exempt deliveries of goods and/or services under Chapter IV of the VAT Act, or
 - making free deliveries of goods and/or services;
 - activities other than those explicitly listed in Article 3, para. 5, item 1 and item 2 of the VAT Act.

The Beneficiary is a registered person under the VAT Act and has no right to deduct a tax credit for the received deliveries of goods and/or services funded under the EEA FM pursuant to Article 70, para. 1, items 4, 5 of the VAT Act.

Beneficiaries are required to keep detailed accounts sufficient to identify and track refundable and non-refundable value added tax under a specific grant agreement.

Upon submission of the first interim or final payment claim to the PO, the Beneficiaries shall declare their status as a registered or non-registered persons under the VAT Act. Beneficiaries shall submit a new declaration regarding the change of their status upon any change in their VAT status, and shall submit the payment claim after that change. For the non-refundable value added tax included in the request (eligible expenditure under the EEA FM), the Beneficiaries shall submit to the PO a copy certified as a “true copy” of the purchase log for the relevant tax periods under Article 72, para. 1 of the VAT Act showing that they have not used a tax credit.

Beneficiaries should maintain and provide information on the amount of non-refundable value added tax included as an eligible cost under the project.

12. Advance payment requests

12.1 First advance payment request

The necessary documents that need to be filled in in order to make the first advance payment transfer of funds after signing a contract are as follows:

- Advance payment request filled in in UMIS 2020;
- Financial identification form as specified in the Request for advance payment, certified by the respective bank and signed by the Beneficiary's representative according to the template – in original. It is presented once with the first claim and then only when a change occurs;

The PO may request revision of the documents submitted, if necessary.

12.2 Interim or final payment request

IMPORTANT!

Data in the interim advance payment or final payment request shall be entered after the financial and technical report has been completed.

The Beneficiary shall submit the following documents:

- Interim or final payment request filled in in UMIS 2020;
- Interim project report (IPR) with properly filled in data that should be consistent with the funds reported and the request in UMIS 2020;
- Financial identification form – if such document has been submitted at an earlier stage and there is no change, it will not be submitted at this stage;
- Interim/Final Report entered into UMIS 2020;
- Declaration of VAT status – If such document has been submitted at an earlier stage and there is no change, it will not be submitted at this stage;
- Statement of the tangible fixed assets and fixed intangible assets purchased – only for the final payment;
- Turnover, general ledger, analytical payroll;
- Payment documents (receipts, payment orders certified by a bank/bank statements, cash receipts, etc.) proving the payments made;
- A copy of the purchase log pursuant to Instructions DNF-3/December 26, 2016 (if applicable).

NB!

The PO may request revision of the documents submitted, if necessary!

If the Beneficiary generates revenue from the project activities during the project implementation period as a consequence of the funding provided, such revenue shall be declared when reporting the project costs, and deducted from the requested funding.

There is no need to reduce the eligible amount of funding if the Beneficiary has provided sufficient evidence that the following requirements have been met:

- The expected revenues do not exceed the maintenance costs and are used in accordance with the requirement: The economic benefits shall be used in a manner that supports project objectives;
- The revenues generated within the approved project will be used/reinvested by the Beneficiary only for the sustainability of the objectives and results achieved by the project.

13. Audit

Project costs are subject to auditing according to the Bulgarian legislation. Project auditing obligation is described in the Application Guidelines for the respective call and is included in the project implementation contracts.

The following shall be a subject to auditing by an external auditor:

1. Predefined project 1 “GALOP – Growth through the activation of local potential”. The Contractor is the National Association of Municipalities in the Republic of Bulgaria;
2. Predefined project 2 “Innovative community care models for people with chronic diseases and permanent disabilities”. The Contractor is the Bulgarian Red Cross;
3. Predefined project 3 “Recovery centre for children with oncohematological diseases”. The Contractor is Kostinbrod Municipality;
4. Predefined project 4 “Conceptual, technical and detailed design for construction of a National Multiprofile Pediatric Hospital”. The Contractor is the Ministry of Health;
5. Predefined project 5 “Capacity building for educational and social inclusion”. The Contractor is the Center for Educational Integration of Children and Students from Ethnic Minorities (after the approval of the amendment to the Programme Agreement);
6. Predefined project 6 “New approaches to generating data for hard-to-reach populations at risk of breaching their rights”. The Contractor is the National Statistical Institute.

In the projects listed above, the external auditor shall be appointed by the Beneficiary.

All projects worth more than EUR 500,000 funded through project selection schemes shall also be audited by an external auditor. In such cases, the external auditor shall also be appointed by the Beneficiary.

The PO has the right to request an additional audit (an external auditor, respectively) for each project (including a project under € 500,000) that has been determined as a high-risk project.

VIII. ACCOUNTING, RIGHT OF ACCESS AND STORAGE OF DOCUMENTATION

The Beneficiary shall maintain accurate and regular documentation and accounting records that reflect the project implementation using an appropriate electronic documentation system and double-entry bookkeeping. These systems may be an integral part of the Beneficiary’s current accounting system or an addition to that system, so as to provide a separate accounting analyticity for the project activities only. This system shall be implemented in accordance with the national law. The accounts and costs

associated with the project shall be clearly identified and verified. Project accounting shall allow for collection of the data necessary for financial management, monitoring, auditing, evaluation and verification, and these data shall be available until the expiry of the storage periods for the documentation.

The Beneficiary shall submit to the PO an excerpt from the accounting system showing the analytical accounting of the project expenditure based on the funding agreement. Where such a reference to the accounting software is not possible, the Beneficiary shall describe the analytical levels for all accounts used.

The Beneficiary shall allow the PO, NFP, the AEUF EA, the CFM, the EFTA Audit Board and the external audit companies to verify the project implementation by examining the documentation thereon or by on-the-spot inspections (if necessary) based on the expenditure supporting documents attached to the accounts, accounting records and other documents relating to the project funding.

To this end, the Beneficiary shall ensure an access to the project sites, including access to its information systems, as well as any documents and databases related to the financial and technical management of the project, to the staff or representatives of the PO, NFP, AEUF EA, FMC, EFTA Audit Board and the external audit companies, and make all the necessary efforts to facilitate their work. The access provided to the inspection staff shall be confidential to any third parties, without prejudice to their legal public obligations. The documents shall be kept in an accessible location and filed in a manner that facilitates verification, and the Beneficiary shall inform the PO of their exact location.

The Beneficiaries shall ensure that their employees' rights to carry out audits, inspections and surveys are exercised on an equal basis, under the same conditions and in accordance with the same rules, and in respect to its partners and subcontractors.

All documents regarding the expenditure and audits necessary for an adequate traceability of documents shall be kept in accordance with the requirements of the Regulation.

IMPORTANT!

For any unresolved irregularities, the PO shall apply the Ordinance on indicating irregularities that represent grounds for financial corrections, and the percentage indicators for determining the amount of the financial corrections under the Management of the Funds of the European Structural and Investment Funds Act (MFESIFA) (Annex 2), according to the signed Memorandum of Understanding on the Implementation of the EEA FM 2014-2021, the Ratification of the Memorandum of Understanding Act, the Programme Agreement for the Implementation of the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, signed between the NFP and FMC, the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme Implementation Agreement signed between the NFP and MES and the special conditions of the Regulation.

IX. PAYMENTS

The PO shall make the payments according to the provisions of the funding agreement. An advance payment will be made at the amount specified in the respective Application Guidelines. The first advance payment will be made within one month after signing the funding agreement, provided that the requirements set out in the Guidelines have been met.

Subsequent payments will be made within one month after the approval of the interim project reports. The PO has the right to refuse payment to the beneficiary if there is any doubt that the proposed costs significantly exceed the usual ones. The PO has the right to make extraordinary payments in unforeseen circumstances.

The final payment will be made within one month after the approval of the final report.

The amount of the final payment will be calculated by deducting the advance and interim payments from the verified total eligible costs of the project.

Payments to the beneficiaries will be made in Bulgarian leva. If it is necessary to make payments in foreign currency, the provisions of item 55 of the Instruction of the Minister of Finance, VAT No. 12/2014 shall be observed.

The PO will make payments after verifying the reports submitted with the request for funds transfer.

According to Chapter 9, Article 9.6 of the Regulation, the PO requires the Beneficiary to provide to each interim report, in addition to the actual costs incurred, an estimate of expenditure covering the funds needed to secure payments under the project for the next reporting period. The maximum amount of advance/interim payments may not exceed 90 % of the total eligible costs of the projects.

In the event of the small grant scheme for private organisations, legal entities and individuals, the maximum value of the advance payment may not exceed 20 % of the total eligible costs of the project. Interim payments will be made after verification of the funds actually spent and deduction of the

respective advance payment. The total amount of advance and interim payments may not exceed 90 % of the total eligible costs of the project.

The retained funds will be released after verification of the final project report and after the PO makes sure that the Beneficiary has met all general and specific project requirements.

The final payment will cover the total eligible costs reported under the project, taking into account all advance and/or interim payments received by the Beneficiary, all co-funding by sources other than the EEA FM, along with the applicable national co-funding, as well as any funds reimbursed by the Beneficiary to the PO.

Beneficiary	Advance payment	First payment	Second payment	Third payment	Final payment/ Refunding
Municipalities, national and local authorities, NGO	20 %	25 %	25 %	20 %	10 %
International organisations	40 %	25 %	15 %	10 %	10 %
Organisations funded through the small grant scheme	20 %	-	-	-	80 %

The amounts paid by the PO will be transferred to the corresponding bank account of the project beneficiary indicated in the financial identification form.

In order to make payments to the beneficiaries, the PO will observe the procedure determined by the Council of Ministers Decision No. 592/ August 21, 2018 on payments by budget spending units under contracts. For this purpose, before a payment is made to a Beneficiary, the PO requires an electronic confirmation by the National Revenue Agency (NRA) and the Customs Agency for the lack of liabilities under paragraphs 1 and 2 of the Decision.

The responsible officer will enter the payment in UMIS 2020 within 3 working days of making the payment to the Beneficiary.

X. REFUNDING BY THE BENEFICIARY

IMPORTANT!

The Beneficiary shall bear the full financial responsibility for managing the funds under the Project Implementation Contract. The Beneficiary shall manage the funds received in compliance with the European and national legislation on financial management.

Where funds have been identified for refunding as a result of unverified or uncertified expenditure by the relevant control or audit authorities, these funds are due by the beneficiary in full at the time of these have been established.

In the event of any undue payments under a contract due to a technical error in the amount paid or in bank details of the Beneficiary, the Beneficiary shall immediately take the necessary actions for the recovery of the unduly received amount.

Reimbursable funds under concluded contracts may be deducted from any subsequent request for advance/interim or final payment.

In cases where, due to uncertified costs, unfulfilled activities or termination of the contract, the amount of the advance payment exceeds the reported and verified costs or the entire amount paid is due, the PO shall send to the Beneficiary a request for refunding. The Beneficiary shall reimburse the funds within 14 days of receipt of the request for refunding, unless otherwise explicitly indicated.

The amounts to be refunded by the Beneficiary may be deducted from any amounts owed to the PO by the Beneficiary. The PO will require a voluntary refunding of the amounts due by the Beneficiary through a notification. The notification to the Beneficiary shall indicate the amounts due, the time limit for their refunding, which may not exceed 14 days, details of the bank account to which the amounts are to be reimbursed, the possible penalties if the claim for refunding has not been executed within the specified time limit, and the terms for notifying the PO of the refunding by the Beneficiary.

If the Beneficiary has failed to return the requested amounts within the specified time limit, the PO shall undertake actions for the collection thereof pursuant to Article 3, para. 1, item 3 of the National Revenue Agency Act or by court order, having the right to compensation for delayed payment in the amount of the statutory interest for the period of delay, plus the amount of the interest due from the date of payment made by the PO to the Beneficiary's bank account indicated in the financial identification.

NB!

Any bank fees related to refunding of amounts due to the PO shall be entirely at the expense of the Beneficiary.

If the Beneficiary has failed to meet the reimbursement deadline, this will be treated as "irregularities".

XI. IRREGULARITIES DURING THE IMPLEMENTATION OF THE PROJECT

"Irregularity" is any violation of:

1. the legal framework of the EEA FM 2014-2021 referred to in Article 1.5 of the Regulation on the implementation of the EEA FM 2014-2021;
2. the provisions of European Union law; or

3. the provisions of the national legislation concerning any stage in the implementation of the EEA FM 2014-2021, in particular, but not limited to, the implementation and/or budget of any programme, project or other activities funded by the EEA FM 2014-2021.

Irregularities may occur in the event of violation of the tender procedures, as well as non-observance of the provisions of contracts concluded under the projects.

Upon signing the contract, the beneficiaries shall certify with a declaration that they are familiar with the definition of irregularity and fraud and how to report them.

An irregularity report is any information received on an irregularity (including information from an anonymous source). This information shall indicate the specific project, the funding programme, the administrative unit and the description of the irregularity. The report may be received by official correspondence, by e-mail, by telephone or by any other possible form of communication.

On the Programme website of the Unified Information Portal for the EEA FM and NFM, there is an “Irregularities” button through which information may be submitted, if there is any suspicion of irregularity or an irregularity is detected, in strict observance of the information confidentiality. Such an opportunity is available on the website of the Ministry of Education and Science.

During the inspections of irregularities or fraud notices, the Head of the PO may take precautionary and corrective measures, provided that this is objectively necessary, as follows:

- Suspend the payment of the amounts affected by the suspected irregularity pursuant to the provisions of the relevant articles of the contracts;
- Suspend the term for approval of the activities/expenditure affected by the suspected irregularity, included in the interim or final reports, representing grounds for payment to the beneficiary, pursuant to the provisions of the relevant articles of the General Conditions of contracts;
- Send a written proposal to the Beneficiary to suspend the whole project or any part thereof, based on the General Conditions, by concluding an additional agreement due to the occurrence of extraordinary circumstances as a consequence of the verification of the irregularity notice. In this case, the period for which it is proposed to suspend the implementation of the project shall be specified in the proposal of the Head of the PO. In the above cases, the irregularity officer(s) shall prepare a notification letter to the beneficiary on the actions taken by the PO.

The Programme Operator may perform “on-the-spot” inspections (including unscheduled inspections) to verify the facts and circumstances related to the subject of the irregularity notice. When performing an “on-the-spot” inspection on a signal of irregularity, a protocol of findings from the inspection shall be drawn up, which shall be signed by the officials participating in the inspection, as well as by the representative of the beneficiary. The facts and circumstances established on the spot, subject to the suspected irregularity, shall be recorded in the protocol. The protocol shall be attached to the irregularity notice file.

The inspection on a signal for irregularity shall be completed within 3 months from the date of its receipt. In case of factual and legal complexity, the Head of the PO may extend the term of the inspection by up to 3 months.

If irregularities leading to financial corrections are identified, the PO will take corrective action on a voluntary and/or compulsory recovery of the funds.

The procedure for recovery of the misused funds (irregularity detected, financial correction imposed, as well as other grounds specified in the contract/funding order) is detailed in Ordinance H-3 dated May 22, 2018 of the Minister of Finance (SG No. 44 May 29, 2018) laying down the rules for payments, verification and certification of expenditures, refunding and write-off of irregular expenditures and the accounting of the financial year for the Operational Programmes and European Territorial Cooperation Programmes.

1. Subsequent actions by the PO

1.1. Refunding the amounts due

Procedures for refunding and write-off of irregular expenditures are detailed in Ordinance No. H-3 dated May 22, 2018 laying down the rules for payments, verification and certification of expenditures, refunding and a write-off of irregular expenditures, and the accounting, deadlines and rules for closing the financial year for the Operational Programmes and European Territorial Cooperation Programmes.

Provided that the Beneficiary has been unjustifiably paid, overpaid, or any ineligible costs have been verified, or any funds have been illegally received or misused, the PO shall demand their return within 14 days from the establishment thereof. As a minimum requirement, the notice shall contain at least the following information:

- the amount due;
- grounds for recovery;
- a period for its refunding, which may not exceed 14 days;
- the relevant bank accounts to which the refund shall be made;
- the penalties envisaged in case of refusal to refund the due amount within the indicated period, including forced collection;
- the procedure of notification of the PO by the Beneficiary.

The PO shall take all necessary measures to conduct administrative or judicial proceedings in accordance with the contracts concluded for the purpose of recovering incorrectly paid amounts.

2. Procedure of forced collection of receivables arising from irregularities

Within 10 days of expiry of the term of voluntary reimbursement, the PO shall prepare and collect documents for the purposes of forced collection of receivables, in the cases where the Beneficiary refuses to refund the funds due within the statutory or agreed time limit. The responsible authority for procedural actions is the National Revenue Agency (NRA).

IMPORTANT!

If any irregularities leading to financial corrections are identified, the PO shall take corrective actions for voluntary and/or forced reimbursement of the funds.

XII. INFORMATION AND PUBLICITY

Informing the general public about the funding provided by the EEA FM 2014-2021 through the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, including national co-financing, is the responsibility of each Beneficiary who has signed a funding agreement under the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme. The Beneficiaries’ obligations regarding the information and publicity requirements are detailed in Annex III – Information and Publicity to the Regulation.

All information and the relevant materials created by the Beneficiaries shall be in line with the EEA FM 2014-2021 Communication and Design Handbook (https://www.eeagrants.bg/assets/resourcedocuments/1671/EEA%20Grants_Communication%20manual.pdf). The manual includes detailed technical requirements for the use of the logo, billboards, plates, posters, publications, websites and audio-visual material.

Any information (printed, distributed on the Internet or through audio-visual material) provided by the Beneficiary shall contain the following:

- the logo of the EEA FM 2014-2021 (which may be downloaded, in different formats, from the Programme’s website at: <https://www.eeagrants.com/dokumenti/drugi>);
- the title of the project.

The Beneficiary shall inform the PO of any public event planned under the project at least two weeks in advance.

The Beneficiary agrees that the data related to the project implementation will be used in the information systems and archives for the purpose of administering the EEA FM 2014-2021.

1. Preparation of Communication Plan

The Communication Plan shall contain at least the following:

- objectives and target groups, including stakeholders at a regional and/or local level;
- strategy and measures for information and publicity, including activities, communication tools and a timetable for the implementation thereof;
- at least three information activities with information on the progress, outcomes and achievements of the project, such as seminars or conferences with the stakeholders, a press conference or event, including launching new project activities or completing the already started. For projects with a grant of less than 500,000 EUR, two (2) information events are foreseen;

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- taking measures to disseminate the project information and its funding on the Internet or through the development of a website or through a dedicated website on an existing website;
 - all beneficiaries shall regularly update the information on the website in Bulgarian and English;
 - all projects that receive a minimum of 150,000 EUR from the EEA FM 2014-2021 and/or have a partner from a Donor State shall develop a website on which they shall regularly upload information about the project's progress in Bulgarian and English;
 - the information published on the website shall include data on the project, its progress, achievements and results, cooperation with the Donor States, photographs, contact information and a clear statement of the contributions from the EEA FM 2012-2021 and the Donor States;
 - information on the administrative structures and persons responsible for the implementation of the information and publicity measures, including a contact person;
 - indicators for the evaluation of information and publicity measures.

2. Implementation of Communication Plan

The Beneficiary shall ensure that the information and publicity measures are implemented in accordance with the approved Communication Plan and reach the general public, media and stakeholders at regional and local level.

The organisers of information events (conferences, seminars, fairs, exhibitions, etc.) in connection with the implementation of the EEA FM 2014-2021 are committed to making the support of the EEA FM 2014-2021 and the Donor States explicit and visible.

During the implementation of projects for which the total funding exceeds EUR 50,000 and the activity is related to a site, infrastructure or construction and repair activities, the Beneficiaries shall place a billboard at the site of each project activity in accordance with the Communication and Design Manual.

The Beneficiary shall replace the billboard with a prominently displayed information board of an appropriate size according to the Communication and Design Manual no later than six months after the end of the project.

Beneficiaries shall ensure that everyone involved in the project implementation has been informed about the funding of the relevant project and the EEA FM 2014-2021.

3. Design and visualisations

All Beneficiary's information and publicity materials related to the EEA FM 2014-2021 shall be in line with the requirements of the Communication and Design Manual. It describes the exact technical requirements for the use of the EEA FM 2014-2021 logo on billboards, plates, posters, publications, websites and audio-visual material.

When creating documents, i.e. reports, analyses, publications, website, etc. in compliance with the requirements of the Communication and Design Manual, the Beneficiary shall include the relevant text, as described below.

Examples:

- for the documents created, “The content of the document reflects only the opinions of its authors and the “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme Operator is not responsible for the use of any information contained in the document.”;
- for publications, “The Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme Operator is not responsible for the content of the publication and how the information contained therein may be used.”;
- for the publications on the project website, “The publications of the website reflect only the opinion of the authors and the “The Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme Operator is not responsible for the content of the information.”

XIII. PERSONAL DATA PROTECTION

Under the funding agreement, it is the obligation of the parties thereto to maintain the confidentiality of all data related to its implementation and reporting in accordance with the provisions of Regulation (EU) 2016/679 of April 27, 2016 of the European Parliament and the Council (hereinafter referred to as the “General Regulation”). In execution of the contract concluded with the PO, the Beneficiary shall be considered as:

1. Personal data administrator (e.g. in its capacity as an employer with regard to the data necessary for the regulation of employment relationship, as a contracting authority under procurement contracts for selection of contractors/subcontractors, service providers, etc.);
2. Data processor, except where acting as an administrator collecting data on behalf of the PO in accordance with the instructions given by the PO (when processing data related to, for example, the characteristics of the target group’s representatives such as gender, ethnicity, social status, etc.).

Anywhere herein, all actions mentioned in the definition of Article 4 (2) of the General Regulation shall be considered as processing: “**processing**” shall mean any operation or cumulative operations carried out with personal data or a group of personal automatically or otherwise, i.e. collecting, recording, organising, structuring, storing, adapting or modifying, retrieving, consulting, using, disclosing by transmission, distribution, etc. by which data becomes available, arranging or combining, restricting, deleting or destroying.

Data processing is subject to the principles set out in Article (5) of the General Regulation. For this purpose, the processor shall:

- collect data in a lawfully, in good faith and transparently;
- collect data in accordance with the objectives of the signed contract and report on the implementation of the project within the relevant procedure under which the funding has been provided. Processing incompatible with these purposes is not allowed;
- collect data limited to the minimum necessary data according to the scope of participation of the target group representatives or the contractors and subcontractors;

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- keep the data up-to-date and take all reasonable measures to ensure the timely deletion or revision of inaccurate personal data, taking into account the purposes and time limits for which these are processed and stored;
 - store the data in a form that allows the identification of the subject for a period not longer than necessary for the purposes of the contract. The data storage period is specified in the contract;
 - ensure an appropriate level of security for the personal data during their storage, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, by applying appropriate technical or organisational measures, taking appropriate security measures pursuant to Article 32 of the General Regulation. For this purpose, the beneficiary shall adopt rules according to the definition under Article 4 (20) of the Regulation. These may be codes of conduct, certification mechanisms, etc., adequately ensuring the above obligations.

Personal data are processed by the beneficiary under the contract concluded with the PO in the Unified Management Information System of the EU Structural Instruments in Bulgaria (UMIS 2020) maintained by the Central Focal Point for the period of storage. The storage period is five years from the date of approval of the final report by the PO. The storage period shall be determined pursuant to Article 8.14. (1) and (2) of the Regulation. The storage period shall be extended until the finalisation of any audits, protests or court proceedings concerning the project implementation.

The Beneficiary may include another data processing contractor, who will only process data for the purposes and within the scope of the specific contract, or designate persons for the processing of personal data (e.g. under a contract for which data collection is necessary). The Beneficiaries shall provide in the contracts signed with such contractors the respective limitations on the processing period, the nature, objectives and type of data, the subjects whose data will be processed, that they are committed to maintain confidentiality or are legally bound to observe confidentiality, as well as ensure the rights of data subjects pursuant to Article 27 and 28 (para. 4) of the General Regulation; provide a requirement to ensure sufficient guarantees for the implementation of appropriate technical and organisational measures so that the processing complies with the requirements of the Data Protection Regulation. The Beneficiary shall inform the PO of any such persons, as well as their replacement or inclusion of new persons, and how he has ensured the compliance of the processing process with the instructions given by the PO herein. The PO is not responsible for any data outside the specified scope. By virtue of the contract concluded, the Beneficiary shall ensure that the above rules on data processing and its partners (if any) shall be complied with. Therefore, all partner organisations shall also be considered as personal data processors and administrators, where applicable. The Beneficiary shall not provide personal data to any third country or international organisation, except where he is obliged to do so according to the EU legislation or the member-state law applicable to data processors. In this case, the processor shall inform the PO of this requirement prior to processing, unless the applicable law prohibits such disclosure on important grounds of public interest. The Beneficiary shall support, through appropriate technical and organisational measures, the fulfilment of the PO's duty in protecting the rights of the data subjects under the General Regulation. The Beneficiary shall assist the PO in

fulfilling the obligations under Articles 32-36 of the General Regulation according to the type and scope of the processed data.

The Beneficiary shall provide the PO, as well as the national control, certification and audit authorities with access to the data in order to exercise their authority. Where applicable, the Beneficiary shall delete or return to the PO all personal data after the completion of the processing services, and delete any existing copies without prejudice to the terms and conditions for the storage thereof. The Beneficiary shall notify the PO in the event of verification or request for an access beyond the specified control. For the reporting and execution of the contract, the following categories of personal data shall be processed:

- ✓ ID data: full name, contact phone number, UCN, ID card number and date of issue, address including e-mail address, place of birth, gender, origin;
- ✓ Health status;
- ✓ Economic identity: place of work or lack thereof;
- ✓ Social identity: diploma, documents for additional qualification;
- ✓ Ethnicity;
- ✓ Social status.

The Beneficiary shall ensure the observance of the data subjects' rights:

- ✓ Awareness;
- ✓ Access to their own personal data;
- ✓ Revision (if the data is inaccurate)
- ✓ Deletion of personal data (the right to “be forgotten”);
- ✓ Limitation of personal data processing by the processor and/or administrator, where applicable;
- ✓ Transferability of personal data;
- ✓ Objection to the processing of one's personal data;
- ✓ The data subject is also entitled not to be the subject of a decision based solely on automated processing including profiling, which would have legal consequences for the data subject or would similarly affect him/her significantly;
- ✓ Right to judicial or administrative protection if the rights of the data subject have been violated.

XIV. REQUIREMENTS FOR THE CONTENT OF THE PROJECT DOSSIER KEPT BY THE BENEFICIARY

In general, the project documentation consists of the technical and financial implementation and the procurement award/designation of contractors. The supporting documents are classified as follows:

- ✓ For the technical and financial implementation – chronologically, by activities, as described in the project proposal;
- ✓ For the documentation under the Public Procurement Act -- for each award carried out according to the External Award Plan (if applicable).

For each project, the Beneficiary shall prepare a dossier (labelled with the contract number, project title, Beneficiary's name and the place of execution), which shall contain all documentation related to the project, as follows:

- Label
- Inventory of documents;
- A contract with all annexes thereto;
- Requests for amendments and supplementary agreements to the Contract, as well as any amendments to the Contract without a supplementary agreement, if applicable;
- Information on all publicity measures taken;
- PO's monitoring reports from on-the-spot inspections;
- Audit reports;
- Reports of established irregularities, if applicable;
- Other correspondence, if applicable.

An integral part of the project dossier are all project reports submitted and the original supporting documentation:

- Interim and final reports;
- Requests for interim payments/requests for transfer of funds and the relevant annexes thereto: technical report and the original supporting documentation; financial statement and the original supporting and other documentation; the original documentation for awarding public procurements pursuant to the Public Procurement Act;
- Requests for advance and final payments and relevant annexes thereto.

All project documentation shall be stored either in original or certified "true copies" copies on generally accepted data carriers. The documentation shall be stored in accordance with the requirements of the Accountancy Act. The Beneficiary shall keep all documents related to the implementation of the project for a period of five years from the date of approval of the final project report.

IMPORTANT!

The Beneficiary shall implement the project in accordance with the current version of the Guidelines. Any changes to this Guidelines and the annexes thereto will be published on the Unified Information Portal for EEA FM and NFP for Bulgaria in the subpage of the "Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups" Programme (<https://www.ecagrants.bg/programi/mestno-razvitic/dokumenti/narchniczi>).