*[Translation from Bulgarian]*

***Appendix F***

**FINANCIAL MECHANISM OF THE EUROPEAN ECONOMIC AREA 2014-2021**

**MINISTRY OF ENERGY**

**RENEWABLE ENERGY, ENERGY EFFICIENCY, ENERGY SECURITY PROGRAMME**

**Call for Project Proposals**

**NUMBER: BGENERGY-2.001**

**Procedure "Use of geothermal energy for heating or for heating & cooling in state or municipal buildings”**

**GRANT CONTRACT**

|  |  |
| --- | --- |
| **CONTRACT REGISTRATION NUMBER:** | **…** |
| **PROJECT TITLE:** | **…** |
| **NAME OF THE BENEFICIARY** |  |

On this day, .................. in Sofia, by and between:

Ministry of Energy, in its capacity as Program Operator for the RENEWABLE ENERGY, ENERGY EFFICIENCY AND ENERGY SECURITY Programme (Programme), financed by the Financial Mechanism of the European Economic Area 2014 - 2021 (EEA FM), represented by ....................................................................................., [position] and

............................................................................................., *[position*], Finance, Property Management, Information and Communication Services Directorate,

hereinafter referred to as the Programme Operator, on the one hand,

and

[*full name of the Beneficiary*], [*legal status*], [*UIC*], with its registered office ................................................................................................ ............, represented by [*full name and position of the representative*], hereinafter referred to as the Beneficiary, on the other hand,

Pursuant to Art. 7.6 of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021 and Decision ......... of the Head of the Programme Operator of the Programme with regard to a project proposal with input number: UMIS ........................

this contract was concluded as follows:

**Section I**

**SUBJECT AND TERM OF THE CONTRACT**

**Art. 1. (1)** By this Contract, the Programme Operator shall provide the Beneficiary with a Grant for the execution of the Project: [*project number and title*], hereinafter referred to as the "Project", and the Beneficiary accepts the Grant and undertakes to fulfil the project.

**(2)** The Beneficiary shall execute the Project as approved by the Programme Operator (The project proposal) with a place of execution [*details the place of execution*].

**Art. 2.** The Programme Operator shall provide the Grant, and the Beneficiary shall implement the Project under the terms of this Contract, the General Terms and Conditions, and the appendices, an integral part thereof.

**Art. 3.** This Contract shall enter into force on the date of its signature by both parties and shall remain valid until such time as all obligations under it have been completed unless terminated earlier.

**Art. 4. (1)** The term of execution of the Project shall be ......................... months from the beginning of the execution.

**(2)** The implementation of the Project shall start from the date of conclusion of this Contract and end with the completion of all activities of the Project, as approved by the Programme Operator, within the term under para. 1.

**(3)** No extension of the term under para. 1 may include a period after 30 April 2024.

**Art. 5. (1)** The Beneficiary shall implement the Project with the following Partner(s):

- [*full name of the partner as per its registration*], with its headquarters at .................. and registered address at: ......................... [*registered address*], with UIC or an equivalent official registration number, if any .........................

- ..........................................

- ..........................................

**(2)** The relationship between the Beneficiary and the Partner(s) shall be governed by a Partnership Agreement (Appendix 5).

**(3)** Without prejudice to the exceptions provided for in this contract, the costs incurred by the Project Partner shall be subject to the same rules and restrictions as apply to the costs incurred by the Beneficiary of the Project.

**(4)** Upon a forthcoming change to this Contract that affects the Partner(s), the Beneficiary shall provide proof that the Partner(s) have been notified of the intended change.

***OR***

**Art. 5.** The Beneficiary shall execute the Project without Partners.

**Section II**

**LEGAL FRAMEWORK FOR THE AWARDING OF THE GRANT**

**Art. 6. (1)** The following documents lay down the legally binding framework for the awarding of the Grant under this Contract:

* 1. Regulation on the implementation of the EEA Grants 2014-2021 (the “Regulation”);
  2. Memorandum of Understanding on the implementation of the EEA Grants 2014-2021 between the Republic of Bulgaria and Iceland, the Principality of Liechtenstein and the Kingdom of Norway, signed on 9 December 2016, ratified by a law adopted by the 43rd National Assembly on 13 January 2017 (promulgated, SG No. 8/2017);
  3. The Programme Agreement between the Financial Mechanism Committee and the National Focal point of the Republic of Bulgaria for the Financing of the Renewable Energy, Energy Efficiency, Energy Security Programme, signed on 21.06.2018.
  4. Programme Implementation agreement of the Renewable Energy, Energy Efficiency, Energy Security Programme between the National Focal point (NFP) and the Ministry of Energy, signed on 27.07.2018.
  5. Guidelines (rules, instructions, etc.) adopted by the FM Committee.

**(2)** In fulfilling its obligations under this Contract, the Beneficiary shall also comply with:

1. The applicable national legislation;

2. The applicable provisions of European Union law;

3. The applicable instructions of the Ministry of Finance, published on the Programme's website;

4. Other legally binding documents referred to in the General Terms and Conditions;

5. Beneficiary's Guide under the Programme.

**(3)** By signing this Contract, the Beneficiary declares that he / she is aware of the contents of the indicated in para. 1 and para. 2 agreements, normative acts and rules and accepts the ensuing conditions for the implementation of the Project.

**(4)** The acts from the legal framework under para. 1 shall take precedence over the acts under para. 2.

**(5)** Any act or omission by a party to this Contract as well as a Beneficiary Partner that is incompatible with the applicable agreements, regulations and rules shall be considered a breach of the Contract.

**Section III**

**AMOUNT OF THE GRANT**

**Art. 7. (1)** The total value of the Project is in the amount of BGN.................. [*in numbers and words*] or EUR ...................... [*in numbers and words*] excluding VAT.

1. The maximum amount of the grant awarded is BGN...................... [*in numbers and words*] or EUR ...................... [*in numbers and words*], according to the budget of the project proposal approved by the Programme Operator .
2. The Beneficiary shall provide (if applicable) own contribution to the Project in the amount of BGN ............ ................................ [*in numbers and words*] or EUR ............. ............................... [*in numbers and words*], according to the budget of the project proposal approved by the Programme Operator.

**OR**

**(3)** According to the budget of the project proposal approved by the Programme Operator the Beneficiary shall not provide own contribution for the Project.

1. In calculating the indirect (overhead) costs under this contract, the method under аrt. 35, para. 2, item …… [*specify the specific item 1, 2, 3 or 4*] of the General terms and conditions and their maximum amount under the Project are:
2. For the Beneficiary – BGN ............................................ [*in numbers and words*] or EUR ............................................ [*in numbers and words*];
3. For the Partner – BGN ............................................ [*in numbers and words*] or EUR ............................................ [*in numbers and words*];

**OR**

**(4)** The Project does not provide for indirect (overhead) costs.

**(5)** The intensity of the grant shall be up to ...... per cent of the eligible costs of the Project.

**(6)** The funds shall be transferred to a bank account specified by the Beneficiary.

**(7)** To the Partner .................. [*full name of the partner as per its registration*] is implemented the "non-aid" regime.

**OR**

**(7)** To the Partner .................. [*full name of the partner as per its registration*] is implemented the regime established by the Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013).

**Art. 8. (1)** The Beneficiary shall cover all ineligible costs incurred in carrying out the Project activities and the costs of additional activities systematically related to the eligible activities with its own means.

**(2)** Should the agreed amount of eligible costs be exceeded as a result of price increases, poor planning, etc., the necessary additional costs shall be provided at the expense of the Beneficiary.

**Section IV**

**REPORTING OF THE BENEFICIARY, ELIGIBLE COSTS, VERIFICATION AND PAYMENTS**

**Art. 9.** The Beneficiary is required to provide the Programme Operator with full and regular reporting on the implementation of the Project as follows:

1. Interim reports on the Project, prepared according to a template, in accordance with the General Terms and Conditions and the Beneficiary's Guide, within the following deadlines:

1.1. Until 10 May for activities performed between 1 January and 30 April;

1.2. Until 10 September for activities performed between 1 May and 31 August;

1.3. Until 10 January for activities performed between 1 September and 31 December.

2. Final Report on the Project, prepared in accordance with the General Terms and Conditions and the Beneficiary's Guide - within 2 months after the completion of the Project implementation according to Art. 4, para. 1.

**Art. 10. (1)** The costs of implementing the Project shall be considered eligible when they are actually executed by the Beneficiary or the Partner(s) for eligible activities, provided in the budget of the approved project proposal, comply with the criteria according to Art. 8.2 of the Regulation and fall into the categories and cover the conditions for direct eligible costs under Art. 8.3 of the Regulation, for standard amounts of unit costs according to Art. 8.4 of the Regulation or for indirect costs under Art. 8.5 of the Regulation.

**(2)** The starting date of eligibility of the costs of the Project shall be the date of signature of this Contract, and the final date shall be the date on which the period referred to in Art. 4, para. 1 expires.

**(3)** Exceptionally, expenditure in respect of which an invoice has been issued after the final date of eligibility shall also be deemed to have been incurred within the eligibility period if the payment is made within 30 days of the final date of eligibility.

**(4)** Detailed rules on eligibility of expenditure and rules for proof of expenditure are laid down in the General Conditions.

**Art. 11. (1)** Payments under this Contract shall be made at the request of the Beneficiary and under the terms and conditions of the Beneficiary's General Terms and Conditions.

**(2)** Payments under this Contract shall be made subject to availability of limits as follows:

1. Advance payment;

2. Interim payment(s);

3. Final payment.

**Art. 12. (1)** The advance payment shall amount up to 30% of the amount of the grant awarded according to Art. 7, para. 2.

**(2)** The advance payment shall be made within one (1) month after submission of a request for an advance payment through UMIS 2020 with attached:

1. Promissory note;

2. Financial identification;

3. Declaration for de minimis and state aid (if applicable).

**(3)** The Promissory note shall be in the amount equal to the amount of the advance payment and be payable at request. It shall be prepared following a sample provided by the PO.

**(4)** The collateral under para. 2, item 1 shall be submitted to the Programme Operator also in the original.

**Art. 13. (1)** An interim payment shall be made after submission of a request for interim payment via UMIS 2020 within 10 working days after the approval of the respective interim report.

**(2)** The total amount of the advance and the interim payments may not exceed 80% (eighty per cent) of the grant awarded under Art. 7, para. 2 of this Contract.

**(3)** The Beneficiary may not submit an application for interim or final payment before fulfilling his /her obligation under Art. 16, para. 2, item 14.

**Art. 14. (1)** A final payment shall be made after submitting a request for final payment through UMIS 2020 within 10 working days after approval of the final report.

**(2)** The amount of the final payment shall be calculated by deducting from the total project verified costs financed by the grant, the advance and the interim payments made.

**Art. 15**. In the process of verification, the Programme Operator shall check the compliance of the implemented activities with the project proposal and the contracts with the contractors.

**Section V**

**RIGHTS AND OBLIGATIONS OF THE PARTIES**

**Art. 16. (1)** The Beneficiary shall fulfil all foreseen activities under the Project in accordance with the project proposal.

**(2)** In carrying out the activities of the Project, the Beneficiary shall be obliged to:

1. Comply with all applicable requirements under Art. 6 and this Contract;
2. Ensure the implementation of the activities in accordance with the objectives, the results and the indicators;
3. Spend the grant funds efficiently and in accordance with the principles of sound financial management;
4. Apply in the selection of contractors the activities under the Public Procurement Act and the Regulation for Application of the Public Procurement Act .
5. To ensure sustainability of the results under the Contract for a period of at least 5 years after the completion of the Project. Within this period, the Beneficiary is obliged to fulfill its obligation not to transfer ownership of the building (respectively each of the buildings included in the project), in which as a result of the implementation of this Contract the site is built, not to change the purpose of the assets, acquired as a result of the implementation of the Project, as well as not to conclude contracts of any kind with third parties and / or perform other actions that could lead to a significant change in the results of the Project;

or

5. To ensure sustainability of the results under the Contract for a period of at least 5 years after the completion of the Project. Within this period, the Beneficiary is obliged to make the necessary building (respectively each of the buildings included in the project), in which as a result of the implementation of this Contract the site was built, not to be provided for management within the meaning of Art. 14, para. 3 of the State Property Act to another administration or another body, not to change the purpose of the assets acquired as a result of the implementation of the Project, as well as not to conclude contracts of any nature with third parties and / or perform other actions that could lead to a significant change in the results of the Project;

1. In the cases when the total value of the purchased equipment is eligible under the Project in accordance with Art. 8.3.1, b. "C" of the Regulation and / or the Project has incurred expenses for the purchase, construction, reconstruction or overhaul of a building - to insure the equipment and / or the building against theft, intentional acts of third parties, fire and other natural disasters and other relevant risks for the duration of the Project and for at least 5 years after the completion of the Project;
2. In the cases under item 6 and for the period under the same item, provide adequate resources for the maintenance of the equipment and / or the building on a yearly basis. Information on the resources provided shall be submitted to the Programme Operator by 31 January for the current year;
3. Notify the Programme Operator of any circumstances that would affect the performance of the activities or obligations arising from this Contract;
4. Ensure a high level of transparency and accountability, as well as respect for the principles of good governance, sustainable development and gender equality;
5. Maintain a separate accounting system or adequate accounting at the analytical level in respect of all expenses related to the implementation of the activities in accordance with the Bulgarian accounting rules;
6. Bear full responsibility for possible damages caused by the Partner or third parties in the process of implementing the Project activities;
7. Provide upon request, to the Programme Officer, the Certifying Authority (CA), the FMO / FM Committee, the National Focal point, the National Audit Authorities and the Audit Authorities of the donor countries and other audit and supervisory bodies designated by the FMO, all documentation and information related to the implementation of the Project activities. The Beneficiary shall ensure that the information provided to the Programme Operator or other interested parties is complete and correct.
8. Ensure appropriate information and publicity measures in accordance with the Information and Publicity Plan included in the approved project proposal and the Communication and Design Handbook - Annex 3 to the Regulation.

**(3)** The site according to par. 2, item 5 includes constructed drilling, water intake facilities, leading pipeline (s), connecting the building / s with the borehole (s) or existing water supply infrastructure, other facilities necessary in connection with the geothermal energy source, heat pump (s), system for heating or for heating and cooling for the use of geothermal energy and energy from other renewable sources, incl. heat exchangers, pumps, radiators, convectors, pipe fittings, etc., means for measuring and controlling the consumption of heat energy.

**Art. 17. (1)** During the implementation period of the Project, the Programme Operator shall be obliged to:

1. Inform the Beneficiary in due time of any changes in the requirements of the FMO and the donor countries regarding the individual aspects and / or stages of the implementation of the Project activities;

2. Provide assistance to the Beneficiary with a view to the successful implementation of the Project activities, including the need to consult the FMO on specific issues.

**(2)** The Programme Operator shall have the right to suspend or terminate the financing of the Project when such a decision has been made by the Programme Operator, the NFP or the FMO, as well as requesting the reimbursement of amounts paid or offsetting amounts, payable by and to the Beneficiary, under the terms and conditions set out in the General Terms and Conditions.

**Art. 18.** The Programme Operator, the NFP and the FMO shall not be held responsible for the implementation of the Project activities.

**Section VI.**

**MONITORING AND VERIFICATION. ARCHIVE**

**Art. 19.** The Programme Operator shall apply procedures to verify the execution of the Project and the costs incurred by the Beneficiary (monitoring and verification), on papers and on site under the terms and conditions set out in the General Terms and Conditions. The Beneficiary undertakes to provide full access to the Project documentation and the place of implementation of the Project activities.

**Art. 20.** The Beneficiary is required to keep the Project documentation for the duration of the Project and for a period of 3 years from the approval by the FMO of the Final Programme Report and in the case of minimum or state aid - years from the awarding of the grant, and not less than the specific term stipulated for certain documents under the Bulgarian legislation. When making administrative, pre-trial or judicial proceedings related to the implementation of the Project, the Beneficiary shall, in addition to the obligation under the preceding sentence, keep the records for at least 1 year after the date of the completion of the proceedings.

**Section VII.**

**NON-PERFORMANCE OF THE CONTRACT. IRREGULARITIES**

**Art. 21. (1)** In the event of any finding of any irregularity, other non-fulfilment of a condition or obligation under this Contract, including the General Terms and Conditions, or an Appendix thereto, the Programme Operator shall impose a financial adjustment amounting to a certain amount or a percentage on the value of the actually executed and eligible for verification of project costs, respectively, require the recovery of amounts unduly paid and wrongly received.

**(2)** In determining the amount of the financial correction, the Programme Operator shall use as a reference the Guidelines for the determination of financial corrections to be made by the European Commission in relation to the costs financed by the EU under the principle of shared management for non-compliance with public procurement rules, approved by Decision C (2019) 3452 of 14.05.2019, taking into account the specificities of the FM Regulation of the EEA.

**(3)** The terms and procedure for imposing financial corrections and for recovering amounts unduly paid and wrongly received are defined in the General Terms and Conditions.

**(4)** The Programme Operator may terminate the Contract unilaterally without notice:

1. In the cases under Art. 16, para. 3;

2. If, within 10 (ten) months from the conclusion of this Contract, the Beneficiary fails to submit an approved design, where such was not submitted by the submission of the project proposal.

3. in the cases specified in the General Terms and Conditions

**(5)** Upon termination under the hypothesis under para. 4 the Programme Operator shall not owe any indemnity and the Beneficiary shall be obliged within 14 days of receipt of the notice of termination to repay all sums received under the Contract.

**Section VIII.**

**FINAL PROVISIONS**

**Art. 22. (1)** Amendments to this Agreement may be made only by mutual consent of the Parties, under the terms and conditions laid down in the General Terms and Conditions.

**(2)** Notwithstanding the foregoing provision, the Programme Operator may unilaterally alter the General Terms and Conditions and the content of the templates published on the website. In the event of a change in the General Terms and Conditions or in some of the templates, it shall enter into force 14 days after notification to the Beneficiary.

**Art. 23. (1)** The Programme Operator shall send notifications to the Beneficiary through the UMIS system, as applicable.

**(2)** Any correspondence relating to this Contract shall be made through the UMIS system, as applicable, and in other cases in writing and sent to the following addresses:

For the Programme Operator:

Ministry of Energy

Head of the Programme Operator for

the Renewable Energy, Energy

Efficiency and Energy Security Programme,

8, Triaditsa Str., 1000 Sofia,

e-mail address eeagrants@me.government.bg

For the Beneficiary:

…………………………………

**Art. 24.** In the event of non-compliance between the provisions of the Contract and those of the Appendices, the provisions of the Contract shall prevail. In the event of a discrepancy between the provisions of the General Terms and Conditions and those of the other Appendix, the General Terms and Conditions shall prevail.

**Art. 25.** For matters not covered by this Contract, the provisions and requirements of the regulations referred to in Art. 6 shall apply.

This Contract is drawn up in two (2) originals in Bulgarian and two (2) originals in English, one for the Programme Operator and the Beneficiary. In case of inconsistency between the two languages, the Bulgarian language shall be the leading language.

**Appendices integral part of this contract:**

* 1. General Terms and Conditions
  2. Application Guidelines under an Open call “Use of geothermal energy for heating or for heating & cooling in state or municipal buildings”
  3. Project proposal, including design
  4. Partnership Agreement (if applicable) (Appendix O to the Guidelines)
  5. Declaration of absence / presence of double funding (Appendix N to the Guidelines)
  6. Declaration for de minimis and State aid (if applicable) (Appendix M and/or Appendix T to the Guidelines)
  7. 8. Declaration of Irregularity and Fraud Definitions (Appendix E to the Guidelines)
  8. 9. Declaration on VAT status (Appendix J to the Guidelines)
  9. 10. Application for providing the project’s team leader a profile with access to UMIS (Appendix Q to the Guidelines)
  10. 11. Application for providing to the beneficiary’s experts a profile with access to UMIS (Appendix R to the Guidelines)
  11. 12. Power of Attorney or other Authorization Document (if applicable)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **For the Beneficiary:** | **For the Programme Operator:** | | **Name:** | **Name:** | | **Position:** | **Position:** | | **Signature:** ………………………………………… | **Signature:** ……………………………………………….. | | **Date:** | **Date:** | |

*[only for budget organizations]:*

**Name: Name:**

**Position: Position:**

*person person*

*with right of second signature with right of second signature*

**Signature: Signature:**

**Date: Date:**