*[Translation from Bulgarian]*

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

**MINISTRY OF ENERGY**

**RENEWABLE ENERGY, ENERGY EFFICIENCY AND ENERGY SECURITY PROGRAM**

**OPEN PROCEDURE FOR SELECTION**

**NUMBER:**

**Pre-defined project: "Feasibility study on the use of hydropower potential in existing water supply systems and on enhancing the potential of existing small hydroelectric power plants in water supply systems"**

**GRANT CONTRACT**

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

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

The Ministry of Energy, in its capacity as Program Operator for the RENEWABLE ENERGY, ENERGY EFFICIENCY AND ENERGY SECURITY Program (the “REEEES Program”), financed under the Financial Mechanism of the European Economic Area 2014 - 2021 (EEA FM), represented by ..................................................................................., Deputy Minister of Energy ............................................................................................., [*position*], Finance, Property Management, Information and Communication Services Directorate,

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

and

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

pursuant to Art. 7.6 of the Implementing Regulation of the Financial Mechanism of the European Economic Area 2014-2021 and Decision ......... of the Program Operator Program Manager of the REEEES Program concerning the Project Proposal with incoming number: UMIS ........................

this contract was concluded for the following:

**Section I**

**SUBJECT AND TERM OF THE CONTRACT**

**Art. 1. (1)** By this Contract, the Program 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 Program Operator (Annex A) with a place of performance [*details the place of performance*].

**Art. 2.** The Program 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 annexes, which shall constitute an integral part thereof.

**Art. 3.** This Contract shall enter into force on the date of 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 starts from the date of conclusion of this Contract and ends with the completion of all activities of the Project, as approved by the Program Operator, within the time limit under par. 1.

(3) No extension of the term under para. 1 may include any period after 30.04.2024.

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

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

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

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

**(2)** The relationship between the Beneficiary and the Partner shall be governed by a Partnership Contract (Appendix C).

**(3)** Without prejudice to the provisions of Art. 10, para. 5, 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, the Beneficiary shall provide proof that the Partner has been notified of the intended change.

**Section II**

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

**Art. 6. (1)** The following documents establish the legally binding framework for the award of a grant under this Contract:

* 1. Protocol 38c to the EEA Agreement on the Financial Mechanism of the European Economic Area 2014-2021;
  2. Regulation on the implementation of the EEA FM 2014-2021 (the “Regulation”);
  3. Memorandum of Understanding on the implementation of the EEA FM 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);
  4. The Program Agreement between the Financial Mechanism Committee and the National Coordination Unit of the Republic of Bulgaria for the Financing of the Energy from Renewable Sources, Energy Efficiency, Energy Security Program, signed on 21.06.2018.
  5. The Agreement for the Implementation of the Energy from Renewable Sources, Energy Efficiency, Energy Security Program between the National Coordination Unit and the Ministry of Energy, signed on 27.07.2018.
  6. 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 Program's website,

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

5. Beneficiary's management under the REEEES Program.

**(3)** By signing this Agreement, the Beneficiary declares that he / she is aware of the contents of the specified 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 any act or omission of the Beneficiary’s Partner, which is incompatible with the applicable agreements, regulations and rules, shall be deemed to be a breach of the Contract.

**Section III**

**AMOUNT OF THE GRANT**

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

**(2)** The maximum grant amount shall be BGN [*in figures and words*] or EUR [numerical and word], according to the budget approved by the Program Operator (Appendix B).

**(3)** According to the budget approved by the Program Operator (Annex B), the Beneficiary shall not provide for own contribution.

**(4)** The maximum eligible indirect (overhead) costs of the Project shall be:

1. For the Beneficiary - ............................................ [*in figures and words*] or ............................................ [*in figures and words*] euro and / or ............% of the total eligible costs of the project;

2. For the Partner - ............................................ [*in figures and words*] or ............................................ [*in figures and words*] euro and / or ............% of the total eligible costs of the project.

**(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.

**Art. 8. (1)** The Beneficiary shall cover all ineligible costs incurred in the implementation of the Project by 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**

**BENEFICIARY REPORTING, ELIGIBLE EXPENDITURE, VERIFICATION AND PAYMENTS**

**Art. 10. (1)** The costs of implementing the Project shall be considered eligible when they are actually incurred by the Beneficiary or the Partner, comply with the criteria according to Art. 8.2 of the Regulation, fall into the categories and meet 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 Terms Conditions.

**(5)** The eligible indirect (overhead) costs of the Beneficiary shall be calculated using the method - ..............................

**(6)** The eligible indirect (overhead) costs of the Partner shall be calculated using the method - ..............................

**(7)** The Partner can prove the costs incurred by submitting the report by an independent auditor.

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

(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 be up to 30% of the amount of the grant awarded pursuant to Art. 7, para. 2.

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

1. Bank guarantee / promissory note;

2. Financial identification;

**(3)** The collateral under para. 2, item 1 shall be submitted to the Program Operator and 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 90% (ninety percent) of the grant awarded under Art. 7, para. 2 of this Contract.

**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 the advance payments made and the interim payments made from all of the project's total project-financed costs.

**Art. 15.** In carrying out the verification, the Program 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 be obliged to fulfil all envisaged activities under the Project in accordance with the Project proposal.

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

1. To observe all applicable requirements contained in the documents under Art. 6 and this Contract;
2. To ensure the implementation of the activities in accordance with the objectives, the results and the indicators;
3. To spend the grant funds efficiently and in accordance with the principles of sound financial management;
4. To apply in the selection of contractors the activities of the Project, the Public Procurement Act and the Implementation Rules of the Public Procurement Act.
5. To ensure sustainability of contract results for a minimum of 5 years after completion of the Project. Within this period, the Beneficiary shall be required not to conclude contracts of any kind with third parties and / or to perform other actions that could lead to a significant change in the results of the Project.
6. To notify the Program Operator of any circumstances that may affect the performance of the activities or obligations arising from this Contract;
7. To ensure a high level of transparency and accountability, as well as respect for the principles of good governance, sustainable development and gender equality;
8. To 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;
9. To bear full responsibility for possible damages caused by the Partner or third parties in the process of implementing the Project activities;
10. To provide upon request to the Programmer, the Certifying Authority (CA), the FM Office / Committee, the National Focal Point, the National Audit Authorities and donor audit bodies and other audit and controlling bodies designated by the EEA FM, all documentation and information related to the implementation of the Project activities. The Beneficiary shall ensure that the information provided to the Program Operator or other interested parties is complete and correct.
11. To 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;
12. Not to use the results of the project for economic purposes.

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

1. To inform the Beneficiary in due time of any changes in the requirements of the EEA FM Office and the donor countries regarding the individual aspects and / or stages of the implementation of the Project activities;

2. To provide assistance to the Beneficiary with a view to the successful implementation of the Project activities, including the need to consult the EEA FM Office on specific issues.

**(2)** The Program Operator shall have the right to suspend or terminate the financing of the Project when such a decision has been made by the Program Operator, the National Focal Point or the Financial Mechanism Office, as well as to request reimbursement of sums paid or to offset the amounts payable by and to the Beneficiary under the terms and conditions set out in the General Terms and Conditions.

**Art. 18.** The Program Operator National Focal Point and the EEA FM Office shall not be held responsible for the implementation of the Project activities.

**Section VI.**

**MONITORING AND VERIFICATION. ARCHIVE**

**Art. 19.** The Program Operator shall apply procedures to verify the execution of the Project and the costs incurred by the Beneficiary (monitoring and verification), on paper and on site under the terms and conditions set out in the General Terms 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 shall be required to keep the Project documentation for the duration of the Project and for a period of 3 years from the approval by the Financial Mechanism Office of the Final Program Report and in the case of the provision of minimum or state aid, a minimum of 10 years from the granting of the aid, 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 an irregularity or other non-fulfilment of a condition or obligation under this Contract, including the General Terms Conditions, or an annex thereto, the Program Operator shall impose a financial correction amounting to a certain amount or a percentage on the value of the actually incurred and eligible for verification project costs, respectively, require the recovery of amounts unduly paid and wrongly received.

**(2)** In determining the amount of the financial correction, the Program 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 С (2019) 3452 of 14.05.2019 г, 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 Conditions.

**(4)** In the cases under Art. 21, para. 3 The Program Operator unilaterally terminates the Agreement without notice and without paying any compensation. The Beneficiary is obliged to reimburse all the amounts received under the contract within 14 days of receipt of the notice of termination.

**Section VIII.**

**FINAL PROVISIONS**

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

**(2)** Notwithstanding the foregoing provision, the Program Operator may unilaterally alter the terms and conditions and the content of the templates published on the REEEES Program page. In the event of a change in the Terms of Service or in some of the templates, it shall enter into force 14 days after notification to the Beneficiary.

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

**(2)** Correspondence relating to this Contract is through the UMIS system, as applicable, and in other cases in writing and sent to the following addresses:

For the Program Operator:

Ministry of Energy

Program Operator Manager on the

Renewable Energy,

Energy Efficiency and Energy Security Program

Sofia, 1052, 8, Triaditza Street,

e-mail address ..................................

For the Beneficiary:

.......................................

**Art. 24.** In the event of non-compliance between the provisions of the Contract and those of the Annexes, 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 Annexes, the General Terms and Conditions shall prevail. In case of discrepancy between the Application Form and the Budget of the Project, the Project Budget shall be applied with priority.

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

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

**Annexes - an integral part of this Contract:**

General Terms and Conditions

Appendix A: Project proposal

Budget B: Project Budget

Appendix C: Partnership Agreement (if applicable)

Appendix D: Declaration of absence / availability of double funding

Appendix E: State and Minimum Aid Statement (if applicable)

Appendix F: Declaration on the determination of irregularity and fraud

Appendix G: Statement on VAT Act status

Appendix H: Power of Attorney or other authorization document (if applicable)

Appendix J: ........................... (other documents referred to in the relevant Guidelines and specific to the procedure, if applicable).

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

*(for budget organizations only):*

**Name: Name:**

**Position: Position:**

*Person (persons) Person (persons)*

*entitled to second signature entitled to second signature*

**Signature: Signature:**

**Date: Date:**