**APPLICATION GUIDELINES**

**for the Pre-defined Project “Grow through Activating Local Potential - GALOP”**

**DEFINITIONS:**

**“Annex”**: a document amending or supplementing the terms and conditions of a concluded project contract;

**“Donor Partnership Project”**: a project implemented in close cooperation with project partner(s) whose primary location is in one of the Donor States;

**“Donor Programme Partner”**: a public entity in a Donor State designated by the FMC advising on the preparation and/or implementation of a programme, and/or participating in the implementation of a programme;

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

**“Eligible expenditures”**: expenditures which can be approved in a project, in the according to the Article 8.2 “General principles on the eligibility of expenditures”, Article 8.3 “Eligible direct expenditures in a project”, Article 8.4 “Standard scales of unit costs”, Article 8.5 “Indirect costs in projects” and Article 8.6 “Purchase of real estate and land” of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014 – 2021;

**“Evaluation”**: a systematic, objective and independent assessment of the design, implementation and/or results achieved in the programmes and projects with the aim to determining the relevance, coherence and consistency, effectiveness, efficiency, impacts and sustainability of the financial contribution;

**“Excluded costs”**: expenditures which cannot be approved in a project and cannot be included in a claim for reimbursement, in the meaning of Article 8.7 “Excluded Costs” of Regulation on the implementation of the European Economic Area Financial Mechanism 2014 – 2021;

**“Financial Mechanism Committee”** (hereinafter referred to as the FMC): the committee established by the Standing Committee of the EFTA States to manage the EEA Financial Mechanism 2014 – 2021;

**“Financial** **Mechanism Office”** (FMO): the office assisting the FMC in managing the EEA Financial Mechanism 2014-2021. The FMO, which is administratively a part of the European Free Trade Association, is responsible for the day-to-day implementation of the EEA FM 2014-2021 on behalf of the FMC and serves as a contact point;

**“International Partner Organisation”** (IPO): international organisation or body or an agency thereof, involved in the implementation of the EEA Financial Mechanism 2014 – 2021, designated by the FMC;

**“Irregularity”**: any infringement of the legal framework of the EEA Financial Mechanism or any provision of European Union law or of 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 financed by the EEA Financial Mechanism 2014 – 2021;

**“Monitoring”**: the observation of programme and project implementation in order to ensure that agreed procedures are followed, to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective action;

**“National Focal Point”**: a national public entity (the Central Coordination Unit Directorate within the Administration of the Council of Ministers of the Republic of Bulgaria) designated by the Beneficiary State to have the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2014 – 2021 and implementing the MoU;

**“Non-governmental organisation** (NGO): a non-profit voluntary organisation established as a legal entity, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions and political parties are not considered NGOs;

**“Project grant/Project financing”**: a grant awarded by a programme operator to a project promoter to implement a project;

**“Programme”**: a structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA Financial Mechanism 2014 – 2021 and aimed at achieving agreed objectives and outcomes;

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

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

**“Programme grant”**: the financial contribution from the Donor States to a programme;

**“Programme implementation agreement”:** an agreement between the Programme Operator (PO) and the National Focal Point (NFP), regulating the implementation of a particular programme.

**“Programme Operator”**: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, having the responsibility for preparing and implementing a programme;

**“Programme Partner”**: a public or private entity, commercial or non-commercial, as well as non-governmental organisation, international organisations or agencies, actively involved in, and effectively contributing to the implementation of a programme;

**“Project”:** an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. Without prejudice to Article 6.5 of Regulation on the implementation of the European Economic Area Financial Mechanism 2014 – 2021, projects are selected by the Programme Operator.

**“Project contract”**: an agreement between the programme operator and the project promoter/beneficiary regulating the implementation of a particular project;

**“Project grant/Project financing”**: a grant awarded by a programme operator to a project promoter to implement a project;

**“Project Partner”**: a natural or legal person actively involved in, an effectively contributing to, the implementation of a project. It shares with the Project Promoter a common economic or social, goal which is to be realised through the implementation of that project;

**“Project Promoter/Beneficiary”:** a natural or legal person having responsibility for initiating, preparing and implementing a project;

**“Project proposal”**: a proposal for the award of a grant financed from EEA FM 2014-2021, which includes an application form and other requisite supporting documents;

**ABBREVIATIONS**

DPP Donor Programme Partner

ЕЕА European Economic Area

ЕЕA FM European Economic Area Financial Mechanism

EU European Union

FMC Financial Mechanism Committee

FMO Financial Mechanism Office

IPO International Partner Organisation

NFP National Focal Point

PO Programme Operator

VAT Value Added Tax

**1. Programme title:**

“Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups”

**2. Programme area:**

РА 10: Local Development and Poverty Reduction

**3. Title of the operation:**

“Grow through Activating Local Potential - GALOP”

**4. Territory of the project implementation:**

Republic of Bulgaria

**5. Objectives and target groups:**

**5.1. Overall objective:**

Supporting the socio-economic development in disadvantaged Bulgarian municipalities through a more effective use of local resources and potential.

**5.2. Specific objectives:**

Prepare local development strategies by using existing resources and activating local potential;

Support municipalities, local business and non-governmental sector in the preparation and realization of business plans and projects to implement the strategies;

Transfer successful development models between Bulgarian and Norwegian municipalities;

Change the national regulatory framework to promote economic activity and innovation based on local potential.

**5.3. Target groups:**

The municipalities of the Republic of Bulgaria are main target group.

The project will also engage local communities, as well as national authorities responsible for managing regional development in the country.

**6. Demarcation with similar projects/programmes:**

The project under current procedure should be in accordance to the Partnership Agreement between the Republic of Bulgaria and the European Commission outlining the assistance from the European Structural and Investment Funds (ESIF) for the period 2014-2020, which prioritises Community-led Local Development (CLLD). The local development strategies under the CLLD funded by the European Structural and Investment Funds are developed under guidelines provided by the relevant managing authorities (including a **framework** and a set of **eligible** development **measures** related to a specific financial resource).

The NAMRB project under this procedure should clearly describe how it differs and/or complements other similar measures, such as the above-mentioned measures under the CLLD, encouraging the economic development of the municipalities based on the long-term activation of their own assets without a planning framework and choice of measures.

**7. Expected results and indicators:**

**7.1. Expected results:**

**Overall results:**

Increased social and economic development in disadvantaged municipalities;

Enhanced collaboration between beneficiary and partners from donor countries

**Specific results:**

Demonstration of successful models in Bulgaria and Norway and identification of the best ones for transfering in other municipalities;

Identification of the unused resources of Bulgarian municipalities and selection of pilot municipalities with unrealized own potential for economic upswing;

 Design of strategies for local development based on identified local assets in pilot municipalities as well as preparation of working projects for their implementation;

 Prepared model/strategic planning approach for activating local potential for the benefit of the local economy;

Ensuring Internet access to the project results and the investment profiles of the Bulgarian municipalities.

Exchange of best practices with Norwegian partners in order to attract investors, preparation of communication strategies and local marketing;

Prepared amendments to the legal framework for promoting economic activity and innovation, based on local potential.

**7.2. Indicators**

- Study of successful economic local development practices conducted - 1;

- Number of strategies for effective local economic development drafted - 10;

- Level of satisfaction with the partnership – up to or above 4.5 (Scale 1 – 7)

- Number of individuals from beneficiary country participating in exchanges with donor countries – 40;

- Number of NAMBR staff that took part in the study trip (disaggregated by gender, Donor State) – 10;

- Number of individuals from donor countries participating in exchanges with Bulgarian partners - 10;

- Partnership agreement between project promoter and donor states entities signed and implemented - 1.

**8. Total cost of the component:** EUR 1 200 000

**9. Minimum and maximum amount of the project grant:**

Minimum grant amount: **EUR 500 000**

Maximum grant amount: **EUR 1 200 000**

**10. Co-financing rate:**

Co-financing in not required.

**11. Eligible applicants / project promoters:**

Project promoter/Beneficiary, pre-defined in the Programme Agreement: **National Association of Municipalities of the Republic of Bulgaria (NAMRB).**

The applicant is directly responsible for the project implementation.

For this purpose, the applicant should prove:

* **Administrative capacity:**

The project organisation and management team must correspond (in terms of number and professional experience of team members) to the nature and volume of the activities set out. The team leader should have at least 3 years of experience in the management of projects of similar nature and budget and the team members should have participated in at least one project financed under European Union funds and other international sources.

The applicant should present the CVs of the team members in evidence of availability of administrative capacity.

* **Financial capacity:**

The applicant must be financially sound. The applicant should submit an Annual Financial Statement for the last completed financial year.

* **Operational capacity:**

The applicant must have successfully implemented at least one project of a similar nature and/or budget in the past three years.

This information should be included in the description of the applicant in the Application Form. Copies of relevant contracts for the similar activities over the last three years could be required in order to proof the operational capacity.

**12. Eligible partners:**

**12.1.** From Bulgaria: *Not Applicable*;

**12.2**. From the donor states: Norwegian Association of Local and Regional Authorities - KS*;*

When the project partner/s are receiving financial support for their activities in the project, they are also subject of verification in terms of administrative, financial and operational. Therefore, they could be also asked to present documents, proving the respective capacity.

When submitting the project proposal, the applicant shall present a Partnership Agreement signed by the authorised representatives of the relevant organisations **or** a letter of intent (of the foreign partner) and before the conclusion of the project implementation contract (or at the latest before the advance payment) the applicant shall present the Partnership Agreement **signed by the partners** (Annex No. 1 hereto).

The **Partnership Agreement** shall contain the following:

а) provisions on the roles and responsibilities of the parties;

b) provisions on the financial arrangements between the parties, including but not limited to which expenditures the project partners can get reimbursed from the project budget;

c) provisions on the method of calculating indirect costs and their maximum amount;

d) currency exchange rules for such expenditure and its reimbursement;

e) provisions on audits on the project partners;

f) a detailed budget;

g) provisions on dispute resolution.

The partnership agreement shall be in **English – according to the model enclosed herein.**

The eligibility of the expenditures incurred by the project partners shall be governed by the same limitations which would apply if the expenditure was incurred by the project promoter.

The establishment and actualisation of relations between the beneficiary and the project partners shall comply with the applicable national and European procurement legislation and with Article 8.15 of the Regulation.

**13. Eligible activities:**

**13.1. General requirements:**

All activities financed by EEA FM 2014-2021 shall have the following characteristics:

* They shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities;
* They shall follow the principles of good governance; they shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero tolerance towards corruption;
* They shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection;
* They shall follow a risk management approach.

**13.2. Eligible activities in the specific pre-defined project:**

- management activities – up to 7 % of total project costs;

- communication and publicity activities;

- audit activities;

- local development activities;

- activities for sharing of good practices;

- activities for strengthening bilateral relations.

**13.3. Mandatory project activities:**

-Study of successful practices from Bulgaria and Norway using the local potential and resources to stimulate economic development and employment;

- Identification of underused resources of Bulgarian municipalities and selection of 10 pilot municipalities for implementation of local development strategies;

- Design of 10 strategies for local development through activating the existing resources in partnership with the local community, NGO and business stakeholders and preparation of business plans for implementation of the strategies

- Preparation of sample development models, based on activating local capacities; promotion of good practices exchange between local authorities;

- Sharing experience in attracting investors and partners to implement local strategies;

- Providing Internеt access to the project results and the investment profiles of the municipalities;

- Ensuring sustainability of project results by systematized proposals for amendments in the legal framework contributing for local development and the utilization of local potential.

1. **Risk analysis**

In the Application Form (point 11) the applicant shall describe possible risks, the likelihood of occurrence thereof and the effect they would have on the achievement of the project results, as well as the measures envisaged to prevent or address such risks.

1. **Eligible expenditures:**

**15.1. General principles on the eligibility of expenditures**

Only eligible expenditures will be considered to be funded.

They are determined on the basis of the following requirements of the Regulation on the implementation of the EEA Financial Mechanism 2014 – 2021, Article 8.2 “General principles on the eligibility of expenditures”:

- the expenditures are incurred between the first and the final dates of eligibility of a project, as specified in the project contract;

- they are connected with the subject of the project contract and they are indicated in the detailed budget of the project;

- they are proportionate and necessary for the implementation of the project;

- they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcomes, in a manner consistent with the principles of economy, efficiency and effectiveness;

- they are identifiable and verifiable in particular through being recorded in the accounting records of the Project promoter and/or Project partner is established and according to generally accepted accounting principles in the accounting records of the project Beneficiary and/or Partner and determined according to the applicable accounting standards of the country where the Beneficiary and/or Partner is established;

- they comply with the requirements of applicable legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services or works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility of project expenditures. Indirect costs (overheads) and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project promoter and/or Project partner.

Where equipment/furniture is purchased, only the portion of depreciation corresponding to the duration of the period of eligibility of project expenditures or, in special cases, the rate of actual use of the asset may be considered eligible expenditure.

The Project promoter’s accounting principles and auditing procedures must permit cost accounting of expenditures and revenue declared in respect of the project and easy access to the basic accounting records and secondary accounting documents.

**15.2. Eligible expenditures of the specific pre-defined project**

According to Article 8.3 of the Regulation**, the eligible direct expenditures** for the project are those expenditures which are identified by the project promoter and/or the project partner, in accordance with their usual accounting principles and internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly.

The following direct expenditures are eligible providing that they satisfy the criteria set out in Article 8.2 of the Regulation:

**1. Management Costs**

- The cost of the staff assigned to manage the project, comprising actual salaries and social security charges, as well as other costs included in the remuneration, according to the project promoter’s /project partner’s usual policy on remuneration. The corresponding salary costs of staff of national administration are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project were not undertaken.

- Travel expenditures (in Bulgaria) for staff managing the project. Planned expenditures should be budgeted according to the Ordinance on business trips in Bulgaria and the Ordinance on business trips and specialisations abroad, as well as selecting the most economical route and mode of transport.

**2. Cost related to the implementation of the project**

- The cost of staff assigned to implement the project activities, comprising actual salaries and plus social security charges and other statutory costs included in the remuneration, provided that this corresponding to the project promoter’s/ project partner’s usual policy on remuneration. The corresponding salary costs of staff of national administration are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project were not undertaken;

- Travel expenditures for the staff involved in the implementation of the project. Planned expenditures should be budgeted according to the Ordinance on business trips in Bulgaria and the Ordinance on business trips and specialisations abroad, as well as selecting the most economical route and mode of transport;

- Exchange of experience and developing of partnership relations – travel, accomodations, subsistence allowances, fees for participation, rent halls, coffee-breaks, according to the Ordinance on business trips and specialisations abroad or internal rules (national legislation) of Project Partner, as well as selecting the most economical route and mode of transport;

- Costs of equipment, software and furniture. In case the Programme Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may, by way of exception from the rule contained in paragraph 4 of Article 8.2 of the Regulation, be eligible;

- Costs of consumables and supplies, provided that they are identifiable and assigned to the project;

- Costs entailed by other contracts awarded by a Project Promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement and this Regulation. When expenditures are incurred for external contractors, the national procurement legislation shall apply;

- Costs arising directly from requirements imposed by the project contract for each project, including but not limited to costs of information and publicity, audit, etc.

Where the entire purchase price of equipment/asset is eligible, PO shall impose specific requirements to the Project Promoter:

- The Project Promoter undertakes to keep the equipment/asset in its ownership and not change its intended purpose for a period of at least 5 years following the approval of the final project report and to ensure that the equipment/asset will be used for the benefit of the objectives of the project for the same period;

- The Project Promoter undertakes to get the equipment/asset property insured in a licensed in Bulgaria company against normally insurable incidents (such as theft, fire, etc.) both during project implementation and for at least 5 years following the approval of the final project report (Art. 8.3.2, (b) of the Regulation);

- The Beneficiary undertakes to ensure appropriate resources for the maintenance of the equipment/asset for at least five years following the approval of the final project report.

The specific requirements for the implementation of the above obligations shall be specified in the project contract.

**3. Indirect costs**

According to **Article 8.5 of the Regulation, eligible indirect costs** are eligible costs that cannot be identified by the Project promoter and/or the Project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall indirect costs (overheads) of the Project Promoter or the project partner. Indirect costs may be identified according to one of the following methods:

- based on actual indirect costs for those Project promoters and Project partners that have an analytical accounting system to identify their indirect costs as indicated above;

- a flat rate of up to 25% of total direct eligible expenditures, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or the Project partner. When this method is applied, the rate shall be calculated on the basis of a fair, equitable and verifiable method or a method applied under schemes for grants funded by the State for similar types of projects and project promoters;

- a flat rate of up to 15% of direct eligible staff costs without there being a requirement for the PO to perform a calculation to determine the applicable rate;

- a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in EU policies for similar type of projects and Project Promoters;

- in the case of Project Promoter or project partner that are international organisation or bodies or agencies thereof, indirect costs may, in line with specific provisions in the programme agreement, be identified in accordance with the relevant rules established by such organisations.

The method of calculating the indirect costs and their maximum amount shall be determined in the project contract. The method of calculation of indirect costs of a project partner shall be stipulated in the partnership agreement.

1. **Excluded costs**

According to Article 8.7 of the Regulation, the following costs shall not be considered eligible:

* Interest on credits, debt service charges and the late payment fees;
* Charges for financial transactions and other purely financial costs;
* Provisions for losses or potential future liabilities;
* Exchange losses;
* Recoverable VAT;
* Costs that are covered by other sources;
* Fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project;
* Excessive or reckless expenditure.

According to Article 9.3.5 of the Regulation on the implementation of EEA FM, expenditure that are not reported in two consecutive reporting periods shall be considered ineligible. For the purposes of this requirement, two consecutive reporting periods shall be: the period in which the expenditure are due to be reported and the second period following the first one.

1. **Instructions on completing the budget:**

**17.1. The budget is an element of the Application Form in UMIS 2020 and includes a Budget section and a Financial Planning section.**

* The budget (provided in the Application Form)should cover all eligible expenditures for the implementation of the project, not only the grant. Expenditures incurred by partners are governed by the same rules and requirements as those for the Beneficiary. Therefore, they shall be described in the budget. Furthermore, the financial commitments between the partners should be detailed in the Partnership Agreement.
* The budget shall be presented in 2 versions: (1) in Bulgarian leva – in the respective section in UMIS 2020 and (2) in Euro & Bulgarian leva – according to the template provided under item 26.1. (9) of this Application Guidelines (to be attached in UMIS2020). Values shall be rounded up to the second decimal point. For expenditure planning purposes, a rate of **1 euro = 1,9558 leva** shall be applied.
* When completing the Budget, the applicant shall plan all expenditures. When completing Indirect costs, the reporting method thereof should be described. Beneficiaries are not required to complete the Indirect Costs line if they have not envisaged spending under this method.
* The total value of the expenditure necessary for the implementation of an activity should be given in the Application Form, Implementation Plan/Project Activities section, Value box. The total amount of the planned expenditures broken down by activity should correspond to the values planned in the budget.
* When completing the budget, the applicant should follow the budgetary framework, however **new types of expenditure** other than the indicated ones **may be added**.

**All costs shall be completed in the relevant lines with VAT included for the budget items where it is unrecoverable in the meaning of** Minister of Finance Instructions NFD No. 3/23.12.2016 regarding the treatment of VAT as eligible expenditure in the implementation of projects under the operational programmes co-financed from the European Regional Development Fund (RDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF) of the EU in the 2014-2020 programming period and a declaration to that effect is enclosed by the applicant.

**17.2. Financial information – sources of finance / Financial plan**

The system carries forward automatically the total budget amount from the Budget section to section Financial information – sources of finance in the Application Form.

The applicant should complete the following boxes in the table:

* Co-finance by the beneficiary/partners **(funds from budget organisations)** – if own contribution is envisaged in the project budget. If own contribution is not envisaged, the box shall not be completed.
* Co-finance by the beneficiary/partners (funds from **beneficiaries that are not budget organisations**) – if own contribution is envisaged in the project budget. If own contribution is not envisaged, the box shall not be completed.

Both parts of the Application Form referring to the project budget (Budget section and Financial information – sources of finance section) must be completed!

The Budget must not include expenditures which are not justified and linked to a specific activity in the project proposal.

All costs covered by the project budget should correspond to the description of the activities in the Application form. Activities should identify objectives that are specific, measurable, achievable, relevant and timed. The achievement of those objectives is monitored through performance and result indicators for each activity.

The planned expendirutes should correspond to the project activities and their implementation phases. The resources for the implementation of the activities should be planned in the appropriate quantity and quality and at the best price and shall be specified in the description of the relevant activity.

When budgeting for expenditures, there should be optimal balance between the resources used to reach the specific targets identified and the achievement of the results planned.

1. **Applicability of de minimis/state aid rules (if relevant)**

The financing ensured by the Programme for the project **"Growth through Activating Local Potential" - GALOP** is not considered as state aid.

The information should be structured and supplemented so that it is clear that, for the purpose of implementing the project activities, NAMRB does not act as an enterprise and the activities are not market oriented.

If the implementation of the project requires some economic activities which are not under the legal monopol of the applicant, the above mentioned activities should be executed by organizations selected under an open, transparent and nondiscriminatory public procedure in accordance with points 89-96 of the Commission Notice on the Notion of State Aid, according to the art.107, § 1 of the Treaty of the Functioning of the European Union.

1. **Principles of implementation of the pre-defined project**

This component is implemented pursuant to the horizontal principles laid down in the „Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups“ Programme.

According to the Regulation on the implementation of EEA FM 2014 – 2021, all programmes and activities funded by the EEA FM 2014 – 2021 shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities.

All programmes and activities funded by the EEA FM 2014 – 2021 shall follow the principles of good governance: they shall be participatory, inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption.

All programmes and activities funded by the EEA FM 2014 – 2021 shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection.

All programmes and activities funded by the EEA FM 2014 – 2021 shall follow a results based and risk management approach.

**All horizontal principles shall be observed and applied in the design and implementation of the activities of each project proposal.**

**Equal opportunities and non-discrimination**

The project shall ensure equal opportunities and non-discrimination on grounds or gender, race, skin colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, property status, origin, disability, age or sexual orientation, taking account of the needs of the different target groups at risk of such discrimination.

**Gender equality**

Respect for the principle of equality between women and men shall be ensured throughout the design and implementation of the project.

**Sustainable development**

The Beneficiary/Project promoter shall envisage specific measures and allocate resources for ensuring sustainability of project outcomes.

1. **Project duration:**

**The implementation of the project activities should be completed within 36 months.**

1. **Submission of the pre-defined project**

The project shall be submitted via the Unified Management Information System - UMIS 2020.

The project proposal shall be designed, submitted and registered in UMIS 2020 as follows:

The applicant shall log into UMIS via the e-service module at:  [**https://eumis2020.government.bg**](https://eumis2020.government.bg/)**/**

The applicant shall register in the system as a new user (if applicable) whereupon it shall have access to the system with a user name (e-mail) and a password.

The applicant should bear in mind that the e-mail with which it registers as a user in UMIS 2020 is associated with applicant’s profile. The communication (correspondence) with the applicant during the evaluation of the project proposal shall be effected electronically, via applicant’s profile in UMIS 2020 from which the relevant project is submitted and changes to the profile specified are not possible.

The applicant shall select **BGLD Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups Programme**, from the menu of available open submission procedures. Then the applicant shall download a new project proposal for the relevant application procedure.

The applicant shall complete the Application form following the Guidelines on submitting project proposals (here enclosed User Guide for module “E-application” and also available at: <https://eumis2020.government.bg/bg/s/Home/Manual>). The system offers an option for correcting, saving and supplementing the form while it is in editing mode (draft). Each form can be saved locally, in a special format file which can only be opened by UMIS 2020. The system permits a locally saved application form file to be downloaded and edited by another user registered in the system, when necessary.

The applicant shall attach the additional documents required by PO (as specified in clause 24 of the Application Guidelines) in a special section in the Application form. There is no need for these documents to be signed with qualified electronic signature (QES) if they are scanned copies of the originals (already signed on paper).

The applicant shall indicate in the system when it finalises the Application form. Before finalising the Application form, the applicant can check it for errors using the button “Check form for errors” from the menu at the bottom of the screen.

The system permits saving of the created Application form on applicant’s work computer, having it signed with QES by one or several representatives of the applicant and attaching the generated files.

If the steps described above are correctly fulfilled, the applicant shall send the Application form and the documents thereto via the system.

The system will register the submitted project proposal and will generate a registration number.

The system will send notification that the project proposal is registered with the relevant registration number to the specified e-mail address of the user.

Videos showing in detail the process of registration of an applicant in UMIS 2020, the process of creation of a project proposal and the process of signing with QES and submitting the project proposal are available at:

https://www.youtube.com/watch?v=-yFYWpsnT54

<https://www.youtube.com/watch?v=pX7nhlxmJAI>

<https://www.youtube.com/watch?v=__rq_vJCi7>A

**Pending completion of the work of the evaluation committee**, the applicant may withdraw its project proposal by submitting to PO a request in writing on paper carrier signed by at least one representatives of the applicant and stamped and this shall be recorded in UMIS 2020 by a system user having the relevant access rights. The proposal withdrawn shall not be examined by the evaluation committee.

The Application form must be filled in **English (as the information entered in must be added in Bulgarian to the other attachments).** The Application formmust be completed carefully and as clearly as possible so that it can be properly evaluated. Any errors or non-conformities made during the completion of the Application Form may result in rejection of the project proposal.

When evaluating the project proposals, the evaluation committee may request the applicants to submit additional information or document (only the Application Form may not be additionally requested because it must be completed and presented at the submission of documents). Communication with applicants shall be effected through the Unified management information system - UMIS 2020, via applicant’s profile and its associated user e-mail address.

1. **Deadline for submission of the pre-defined project**

The deadline for submission of the project proposal is April 15 2019, 18 h.

1. **Procedure for evaluation of the pre-defined project:**

While the pre-defined project concept note is approved by the donors in advance and included in the Programme Agreement, when the final (detailed) project version is submitted, the Programme Operator should verify that the project meets the general requirements of Article 7.4. of the Regulation, as well as the specific requirements identified in the Application Guidelines for the corresponding pre-defined project.

The head of PO shall designate a committee to make the evaluation of the pre-defined project, identifying the specific tasks and responsibilities of each committee member and the deadline by which the committee is to complete its work. Representatives of NFP and FMO shall be invited to take part in the evaluation process as observers.

The project shall be evaluated in accordance with the criteria and the methodology in the evaluation grid hereto attached. The criteria shall be coordinated with the Programme Operator’s partners and shall not be changed during the procedure.

The evaluation shall be made in UMIS 2020 and shall be documented by completion of evaluation tables.

The evaluation of the pre-defined projects shall include the following two phases:

* According to Article 6.5.3 of the Regulation, PO shall examine all documents submitted for the project to verify that they comply with EU and national legislation. If any document is missing or is not submitted in the required form, the applicant shall be granted reasonable time (not less than a week) to submit it.
* The quality of the pre-defined project shall be evaluated by two independent evaluators (at least one of whom shall be an external expert to the Programme Operator). Each evaluator shall verify project’s compliance with the criteria published in the Application Guidelines and shall reflect his/her judgement in the relevant evaluation sheet. If any explanations are required from the Beneficiary, the evaluators may request them in writing. The Beneficiary shall also submit the explanations in writing (not later than one week after being requested to do so). All of the correspondence exchange shall be in UMIS 2020.

Evaluators may at any time examine the information declared by the applicants/the Bulgarian partners and request explanations about the documents submitted in accordance with the List of documents submitted at each application phase included herein.

The date specified in UMIS 2020 shall be considered to be the date of receipt of the requests for documents. The requests for submission of additional documents and explanations shall be sent via UMIS 2020. **Applicants should therefore regularly check their UMIS 2020 profile**.The applicant shall provide additional explanations and/or documents via UMIS as a reply to a question of the evaluation committee. The reply shall be signed with a qualified electronic signature (QES) via UMIS. The date of arrival in UMIS shall be considered to be the date of presentation of the documents/information.

**NB**! **After the deadline for reply to a question of the evaluation committee or for provision of additional explanations and documents, UMIS 2020 does not permit the sending of a reply.**

A video showing the whole process of giving a reply on a question of the Evaluation committee is presented at the web address hereunder. The video also shows the options of signing the reply with QES, depending on the electronic signature provider.

[https://www.youtube.com/watch?v=x6T0AavwC6](https://www.youtube.com/watch?v=x6T0AavwC68)8

The technical process of submission of additional information/documents is detailed in the System Operation Manual available at:

[https://eumis2020.government.bg/bg/s/Home/Manua](https://eumis2020.government.bg/bg/s/Home/Manual)l

On the basis of the project evaluation, the Head of PO shall prepare a decision for funding of the pre-defined project, containing information about the total amount of the awarded grant, the corresponding co-financing by the Beneficiary, as well as recommendations (if any) by the evaluating experts to be included in the project contract.

PO shall notify the applicant about the approval decision in writing and start the respective procedures for conclusion of a Project Contract, including (if necessary) the PO check of the current legal and financial status of the applicant and its partner/s.

The project implementation conditions are described in the **Guidelines for Beneficiaries** for the implementation of projects under “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, financed by the EEA FM 2014 – 2021.

During the implementation of the project activities, the Beneficiary shall comply with all requirements in the Guidelines for Beneficiaries, the contractual obligations and the terms of the Regulation on the implementation of EEA FM.

Sums unduly paid and over-paid shall be reimbursed and amounts wrongly received or badly used shall be recovered pursuant to Article 3 (1) 3) of the National Revenue Agency Act and Section II of Minister of Finance Ordinance No. Н-3/22.05.2018 laying down rules for payment, verification and certification of expenditures, recovery and writing off of irregular expenditures and for accounting, as well as the deadlines and rules for closing the financial year under the operational programmes and the European territorial cooperation programmes.

1. **List of the documents required at the application stage:**

In addition to the completed **Application Form** in UMIS 2020, applicants shall present the following documents which shall be uploaded in the project proposal section of UMIS 2020.

1. **Notarised power of attorney** (for the state and municipal authorities – a certified copy of an order) authorising a person representing the applicant (if relevant) with regard to the submission of the project proposal and signing of the form with QES – scanned and uploaded in UMIS 2020. Where an organisation is jointly represented by several persons, the declarations shall be signed by all of them.
2. **Application form** in Bulgarian, with the same content as the completed form in UMIS 2020 in English.
3. **CVs or description of professional experience** of the project management team members – according to a model form downloadable from <http://europass.cedefop.europa.eu/bg/documents/curriculum-vitae>, signed, scanned and uploaded in the system.
4. **Declaration for legal conformity of applicant/partner (for public organizations)** – It shallbe completed by all persons empowered to represent the applicant/partner, whether jointly or severally, and designated as such in a constituent instrument, where such circumstances are not registrable. The declaration shall be signed by each person on paper carrier, scanned and uploaded in UMIS 2020. A declaration on behalf of the legal representative may not be signed by the authorised persons because it is used to declare data in a personal capacity or data for the relevant legal person, misrepresentation whereof is punishable as a criminal offence and the liability for that is also personal.
5. **Declaration for legal conformity of applicant/partner (for NGOs/legal entities)** – It shallbe completed by all persons empowered to represent the NGО/legal person, whether jointly or severally, and are registered in the commercial register or the register of non-profit legal persons, or are designated as such in a constituent instrument, where such circumstances are not registrable. The declaration shall be signed by each person on paper carrier, scanned and uploaded in UMIS 2020. A declaration on behalf of the legal representative may not be signed by the authorised persons because it is used to declare data in a personal capacity or data for the relevant legal person, misrepresentation whereof is punishable as a criminal offence and the liability for that is also personal.
6. **Declaration for identical copies of documents.** It shall be completed by the Beneficiary using an attached form.
7. **Declaration on the participation of consultants** in the project proposal design. It shall be completed by the Beneficiary using an attached form.
8. **Declaration on VAT treatment.** It shall be signed by all organisations – applicant and partners that will use project funds.
9. **Partnership Agreement**, according to Annex No. 1 hereof **or a letter of intent** if the partner is from a Donor State. The partnership agreement or the letter of intent shall be drafted in English if the partner is from a Donor State.
10. **Balance sheet for the preceding year** (for candidates and partners from Bulgaria) – It shall be scanned and uploaded in UMIS 2020. The financial statements shall comply with Article 25 of the Accounting Act. The financial statements shall be signed by the manager of the undertaking and by the individual who has drawn it up, or by the representative and/or manager of the accounting firm, when the financial statement is drawn up by such firm. The financial statements shall specify the name of the person and shall bear the stamp of the undertaking and stamp of the accounting firm.
11. **Certificate of registration of the organisation** (for donor project partners) in the relevant organisation registers (if applicable), mandate of the person representing the organisation in the collaboration.
12. Copies of contracts and additional documents proving **the operational capacity of the Project Promoter.**
13. Copies of contracts and additional documents proving **the operational capacity of the Project Partner.**
14. Documents proving **the financial capacity of the applicant and the partner** (if applicable).
15. **Budget in euro and BGN,** in accordance with an attached form.
16. **Documents submitted before signing of the contract:**

***NB****!* ***Upon any change in the circumstances declared in the applying phase, the Beneficiary and its partners shall present updates of all documents submitted in the applying phase****.*

**25.1. Documents submitted by the applicant:**

1. **Irregularities Declaration.** The declaration may ONLY be signed by the legal representatives of the project promoter, not by authorised persons. Where an organisation is represented jointly by several persons, the declaration shall be signed by all of them;
2. **Financial identification form** – using the template of the servicing bank;
3. **Partnership Agreement** – an update of this agreement is presented in case of changes inccured in the initial parameters of the Partnership Agreement as a result of the evaluation of the project proposals of the Bulgarian and the international partner. A copy of the Partnership Agreement signed in English, authenticated by signatures and marked “True copy”, as well as a translation into Bulgarian shall be submitted.

**Important!** The submission of the signed **Partnership Agreement** is a mandatory requirement in order to ask for an advance payment.

**25.2. Documents submitted by the Donor Programme Partner:**

The Donor Programme Partner shall submit **Irregularities Declaration**.

**26. Annexes to the Application Guidelines**

**26.1. Annexes to be completed at the time of applying:**

1. Application Form in English (in UMIS 2020) – same information should be attached in UMIS 2020 in Bulgarian)
2. CVs of the project promoter`s team members
3. Declaration for legal conformity of the applicant/partner (for public organisations).
4. Declaration for legal conformity of of the applicant/partner (for NGOs/legal entities)
5. Declaration for identical copies of documents.
6. Declaration on the participation of consultantsin the project proposal design.
7. Declaration on VAT treatment.
8. Partnership Agreement (Annex No. 1 hereof) or a Letter of intent (for a foreign partner)
9. Detailed budget in BGN and EUR.

**26.2. Documents required at the time of signing of the agreement:**

1. Project contract
2. Financial identification form – using the template of the servicing bank
3. Irregularities Declaration (by the applicant and the partner/s)
4. Additional supporting documents at the time of signing of the contract (if requested by the PO)

**26.3. Reference documents:**

1. Regulation on the implementation of EEA FM 2014 – 2021;
2. Guidelines for Beneficiaries for the implementation of projects under “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, financed by the European Economic Area Financial Mechanism 2014 – 2021;
3. UMIS 2020 Operation Manuals: <https://eumis2020.government.bg/bg/s/Home/Manual>
4. Communication and design Manual;
5. Pre-defined project evaluation table;
6. Indicators table under the current procedure.