



**APPROVED BY:**

**HEAD OF PROGRAMME OPERATOR**

**FINANCIAL MECHANISM OF THE EUROPEAN ECONOMIC AREA 2009-2014**

**MINISTRY OF ENERGY**

**BILATERAL RELATIONS FUND**

**PROGRAMME BG04 "ENERGY EFFICIENCY AND RENEWABLE ENERGY"**

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## **INTRODUCTION**

Financial Mechanism of the European Economic Area (FM EEA) has two main objectives: to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen the bilateral relations between the Donor States of the European Economic Area – Iceland, Liechtenstein and Norway and the 16 Beneficiary States.

Programme BG04 "Energy Efficiency and Renewable Energy" (Programme BG04) is one of the Programs financed by the FM EEA, which will contribute to achieving the overall objectives of the Mechanism.

Bilateral relations between the parties are often related to political, economic and cultural ties. Strengthened bilateral relations are characterised by cooperation in various fields between institutions and persons at administrative and political level as well as in the private sector, academia and civil society.

The operational definition of "enhanced bilateral relationship" is "Cooperation, shared outcomes and increased awareness and understanding between Donor and Beneficiary countries, as a function of the EEA Financial Mechanism".

Four categories of outcomes can be identified for both the Donors, and the Beneficiaries:

- Cooperation between Donors and Beneficiaries at various levels – with a contribution to strengthening the cooperation between institutions and citizens in the countries.
- Shared results – with a contribution to the resolution of specific issues through shared experience, knowledge, know-how and technologies and collaboration towards shared outcomes such as the development of policies, laws, strategies or new practices.
- Awareness and understanding – the improved collaboration and joint initiatives bring the people and institutions together, creating space for greater awareness and understanding between people, institutions, governments and the general public.
- Broader-scope effects – common initiatives within the scope of Programme BG04, work on common challenges and/or common initiatives in international organizations.

The bilateral relations fund is operated and managed by the Programme Operator of Programme BG04: the Ministry of Energy (ME) in collaboration with the Partner under Programme BG04, and on behalf of the donor: the Water Resources and Energy Directorate (NVE), the Kingdom of Norway.

The Programme Operator will be supported by a Cooperation Committee, established pursuant to Article 3.3 of the Regulation on the implementation of the EEA FM 2009-2014 (the Regulation). The Cooperation Committees is chaired by a representative of the PO and includes

representatives of the PO. Representatives of the Norwegian Foreign Office /Royal Norwegian Embassy in Sofia/, the National Focal Point /NFP/ to the Council of Ministers and the Office of FM of EE take part as observers.

The Cooperation Committee has the following obligations and tasks: gives advice on the selection criteria and the texts for calls for proposals, reviews the progress made towards achieving the Programme BG04 outcomes and objectives, examines the results of the implementation of the Programme BG04, reviews the annual Programme reports, makes proposals for funding of activities under the Bilateral Relations Fund on reviewing the annual Programme reports, advising the PO of any revisions of the Programme BG04 if necessary, provides information and advice about eligibility of project partners on the part of the Donor, etc.

### **1. PURPOSE AND SCOPE OF THE BILATERAL RELATIONS FUND**

The Fund for Bilateral Relations at programme level under Programme BG04, hereinafter referred to as "the Fund", is established pursuant to Article 3.6 of the Regulation on the implementation of the FM EEA 2009-2014 (the Regulation), the Agreement on Implementation of Programme BG04 between the Financial Mechanism Committee and the National Focal Point (NFP) to the Council of Ministers (CoM) and the Agreement on Implementation of Programme BG04 between the NFP to CoM and the ME, acting as PO.

The Fund aims to promote the cooperation between Bulgarian organizations and organizations in the Donor States through exchange and transfer of knowledge, experience and best practices in the field of Programme BG04.

The Fund will support the setting-up of a network of experts, exchange, sharing and transmission of knowledge, technologies, experience and best practices in the Donor countries.

The total amount of funds in the Fund is **251,228 EUR** /according to the Guidelines for application of 7 October 2014/, which represents **1.6%** of the eligible costs of the Programme BG04 (15 600 288 EUR)/.

The Fund will provide EUR 191 115 (for the previous period the funds drawn from the Fund is EUR 10 113).

EUR 50 000 is intended to be used, at the initiative of a member of the Cooperation Committee and the proposal of the Cooperation Committee to the Programme Operator, to carry out joint events with the participation of representatives of donor countries to encourage and motivate partnerships.

## **2. ELIGIBILITY OF APPLICANTS SUBMITTING CLAIMS FOR SUPPORT**

Eligible applicants submitting claims for support are:

- Legal entities from Bulgaria;
- Legal entities from THE Kingdom of Norway, Iceland and Liechtenstein.

Potential beneficiaries will receive a grant only once.

### **General criteria for non-eligibility of Applicants:**

Applicants cannot participate in a call for submission of a request for assistance, including those provided for in these Guidelines support schemes and to receive grants persons who, on the date of submission of the request for support:

- they are bankrupt or subject to bankruptcy proceedings, liquidation, having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- they have been convicted of an offence concerning their professional conduct by a judgment which has been enforced;
- they have been guilty of grave professional misconduct proven by any means which the PO may justify, including by decisions of the European Investment Bank and international organizations;
- they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes under the Bulgarian legislation;
- they have been the subject of a judgement which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the European Union's financial interests;
- they are currently subject to an administrative penalty – namely, suspension for up to 10 years of participation in the award of contracts and procedures for grant funds from the European Community budget because of:
  - being found guilty of serious misrepresentation in supplying the information required as a condition of participation in a contract procedure, or failing to supply such information, or;

- for being declared to be in serious breach of contract for failure to comply with their contractual obligations under contracts financed by the European Union budget;
- are subject to a conflict of interest within the meaning of Article 57 of Regulation (EC, Euratom) No. 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Regulation (EC, Euratom) No. 1605/2002 of the Council, including also:
  - i. who and/or where a member of the management or supervisory body and temporarily performing such duties, including procurator or commercial agent is a related party<sup>1</sup> within the meaning of § 1, item 1 of the Supplementary Provisions of the Law on the Prevention and Detection of Conflict of Interest with the Minister of Energy or with senior employees in the ME;
  - ii. with which a person under a labour contract in the ME within one year of termination of service is in employment or other contract for management or control functions or in which such person is a partner, owns shares or stock or is manager or member of the governing or control body;
  - iii. the limitations under item ii apply also to applicants who are related to companies for which circumstances of the preceding paragraph are present;
  - iv. is a person or is represented by a person under labour/officio contract in the ME within one year of termination of service;
  - v. conflict of interest exists also when the person providing advice to the applicant falls under items i – iv.
- have deliberately submitted false information to obtain a grant under this procedure or failed to supply the required information.
- fall under the prohibition of Regulation (EC) N° 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union in respect of “de minimis’ aid /OB L 352 of 24.12. 2013/ and more specifically their activity or if the activity for which the fund is needed concerns:
  - i. aid granted to undertakings operating in the fishery and aquaculture products covered by Regulation (EC) N° 104/2000 of the Council of 17 December 1999 regarding the common organization of the markets of fish products and aquaculture products (OJ L 17, 21.1.2000, p. 22);

- ii. aid granted to undertakings operating primary in production of agricultural products;
- iii. aid granted to undertakings engaged in the processing and marketing of agricultural products in the following cases:
  - Where the amount is determined on the basis of price or quantity of such products purchased from primary producers or put on the market by the undertakings;
  - When the aid is conditional on being partly or entirely passed on to primary producers.
- iv. Aid for activities related to exports to third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure related to the export activity;
- v. Aid is dependent upon the use of domestic products compared to imported ones;
- vi. the undertaking failed to comply with the ruling of the European Commission for the recovery of unregulated State aid as provided in Article.9 of the Implementing Regulations of the Law on State Aid.

### **3. ELIGIBILITY OF ACTIVITIES**

The proposed activities should directly relate to the achievement of the goals of the Fund.

Eligible activities under the Fund are short-term initiatives within the scope of Programme BG04 that are leading to the strengthening of Bilateral Relations between Bulgaria and the Donor States such as:

- Visits and workshops with the objective of sharing know-how, experience and results achieved in the field of programme BG04;
- Advisory services by legal persons from donor in the field of programme BG04.
- Visits and participation in seminars and conferences within the scope of programme BG04.
- Activities under this scheme shall be made no later than 31 October 2017.

### **4. ELIGIBILITY OF COSTS**

100% grants are provided under the Fund, but not more than 4,000 EUR. The funds will be reimbursed after carrying out the activities in BGN or EUR, depending on the approved Request

for Support from the Fund, based on Request for Reimbursement of Payment accompanied by all required documents (Annex 4).

Requests for Reimbursement of Payment must be submitted to the PO within one month after the completion of the last activity approved as per the Request for Support. The Request for Reimbursement, accompanied by all required documents must be submitted to the PO within one month following the completion of the most recent approved activity, but not later than 30 November 2017.

The Fund shall provide a 100 % grant where it is granted on the initiative of a Member of the Cooperation Committee and proposed by the Cooperation Committee to the PO. The funds will be reimbursed after carrying out operations in BGN or EUR, depending on the proposal and the cost supporting documents.

**These are the following maximum amounts of unit costs by type of expenditure:**

- Travel expenses, including international and domestic transport up to EUR 700 for a single journey in both directions;
- Allowance per individual of EUR 35 per day and hotel costs are eligible up to EUR 145 per night.
- Participation fees abroad, if any, in total of up to EUR 800 per participant, including;
- Organisation of individual meetings with potential partners in Bulgaria, totalling up to EUR 300 (interpretation services, including room and equipment hire, coffee breaks).

The travel expenses, accommodation and daily allowances for Applicants shall meet the Requirements of the Ordinance on Business Trips and Specialized Studying abroad, which are in force at the time of approval of the Request.

Maximum amounts of unitary costs by type of expenditure also apply to applicants from the Member States of the European Economic Area — Iceland, Liechtenstein and Norway and the 16 beneficiary countries.

The journey may be done by air, train, car or bus. When travelling by air, Participants are entitled to economy class ticket. When travelling by train Participants are entitled to an additional ticket for a seat in first class sleeping car in cases of distance more than 350 km. When travelling by personal or company car within the country of the place of destination, the Participant is paid the equivalent of the spent fuel based on consumption rates specified by the manufacturer of the vehicle, the concomitant charges for toll roads and parking associated with the car.



The Grants are provided on the basis of recovery of actual and PO-verified costs supported by relevant cost-accounting documents.

The costs are considered eligible (meeting the criteria of these Guidelines) by the date on which the Request for Support has been approved.

The maximum amount of unit values by type of expenditure **does not apply** where grants are granted on the initiative of a member of the Cooperation Committee and proposed by the Cooperation Committee to the PO.

## **5. STATE AID REGIME**

The applicable regime of state aid provided under the Fund is "de minimis" (minimal aid) regime under 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" (OB L 352 of 24.12.2013). The Commission Regulation (EU) No. 1407/2013 is applied from 1<sup>st</sup> January, 2014.

The allowable maximum grant of a "single undertaking" is based on the accumulation of other de minimis aid received by the Applicant for the past three fiscal years (the current fiscal year and the two preceding fiscal years), where the cumulative aid should not exceed the BGN equivalent of 200,000 EUR (391,166 BGN) calculated with the official exchange rate BGN-EURO (1 EUR = 1.95583 BGN), and in case the Applicant is operating in the "road freight transport", such amount is 100,000 EUR (195,583 BGN).

Data on "de minimis" aid received must be properly identified by the Applicants in the "State Aid Declaration" standard form (Annex 6). The minimal aid shall be deemed to be received by the time of conclusion of the Grant Agreement between PO and the beneficiary under the Fund (Annex 8). The declaration of state and "de minimis" aid is an integral part of the required Application documents according to these Guidelines.

**IMPORTANT:** The total amount of Grants provided to a single undertaking in connection with procedures or individual aid declared under "de minimis" regime (minimal assistance) shall not exceed the BGN equivalent of 200,000 euro (391,166 BGN) over any period of three consecutive fiscal years. The total "de minimis" aid granted to any single undertaking performing road freight transport for hire or reward shall not exceed 100,000 euro (195,583 BGN) over any period of three fiscal years. This "de minimis" aid shall not be used for the acquisition of road freight transport vehicles.

The "de minimis" aid may be cumulated with "de minimis" aid granted in accordance with Commission Regulation (EU) No. 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid to

undertakings providing services of general economic interest (OB L 114, 26.4.2012, p. 8) up to the ceiling laid down in that Regulation. It may be cumulated with "de minimis" aid granted in accordance with other "de minimis" regulations up to the relevant ceiling laid down in Regulation (EU) No. 1407/2013 of 200,000 EUR (391,166 BGN).

The "de minimis" aid shall not be cumulated with state aid granted in relation to the same eligible costs or with a state aid for the same risk finance measure, if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission. The "de minimis" aid which is not granted for or attributable to specific eligible costs may be cumulated with other state aid granted under a block exemption regulation or a decision adopted by the Commission.

In determining whether the maximum threshold and the maximum aid intensity allowed under these Guidelines are observed, as described below will be taken into account the aggregated amount of public support measures for the aided activity, regardless of whether that support is local, regional, national or Community sources.

In case of unlawful paid "de minimis" aid the Beneficiary shall recover the funds with interests since the date the support has been received.

**NOTE:** According to Regulation (EU) No. 1407/2013 "single undertaking" means all enterprises having at least one of the following relationships with each other:

- a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) one enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in Article 1, para. 1, letters a) - d) of Regulation (EU) No. 1407/2013, through one or more other enterprises shall also be considered to be a single undertaking.

**State aid regime applicable under these guidelines shall not apply to applicants from donor countries (Norway, Iceland and Liechtenstein) and they do not submit declaration about State and de minimis aid (Annex 6).**

## **6. PROCEDURE FOR GRANTING AID**

The aid is to be granted, following a procedure carried out on application for support or on the initiative of a member of the Cooperation Committee and a proposal by the Cooperation Committee to the PO:

I. The procedure conducted in the application for Request for Support shall include the following steps:

1. Submission of a Request for Support (Annex 1) describing the planned activities for the initiative and its relevance/contribution to strengthening Bilateral Relations;
2. Evaluation of Requests for Support in the order of their receipt;
3. Notifying the Applicant on the Decision taken by PO regarding the Approval/Disapproval of the Request for Support;
4. Conclusion of a Grant Agreement between the PO and the Beneficiary;
5. Reporting of activities and expenses;
6. Reimbursement of the Payments by the PO.

The granting of aid is subject to the submission by the applicant of the following set of documents:

1. Letter addressed to the Head of the PO, with attached all required documents specified in these Guidelines;
2. Request for Support (Annex 1) describing the planned activities for the initiative and its relevance/contribution to strengthening Bilateral Relations, containing brief justification for how the planned activities will contribute to the strengthening of Bilateral Relations;
3. Financial statement (Annex 2);
4. Eligibility of Applicant/Beneficiary Declaration (Annex 5);
5. Declaration about State and de minimis aid if applicable (Annex 6);
6. Declaration concerning the prevention and cessation of conflict of interest (Appendix 7).
7. Any other documents in support of the request — invitation from the organisers of the event (if applicable), travel reservation, hotel reservation, fees, etc.

The request for support should be received by the PO no less than **20 days prior to** the first eligible activity and before 1 October 2017.

The circumstances of the declarations filled out in accordance with Annexes 5, 6 and 7 are subject to re-confirmation when signing the Contract for grants and the submission of the Request for reimbursement.

The request for support may not be completed by hand.

A complete set of documents (request for support and the annexes thereto) provided for in these Guidelines must be submitted by hand, by express delivery, courier, by post in a sealed envelope/package, intact and shall be registered in the record-keeping of the ME, addressed to the Head of the Project Operator at:

**Sofia 1040, 8 Triaditza Street**

Documents may be sent by e-mail to the following e-mail address: [eerebg04@me.government.bg](mailto:eerebg04@me.government.bg), signed with a qualified electronic signature of the official representative of the applicant or authorised person.

The envelope containing the application must be marked "Application for support under the Fund for bilateral relations under the BG04 "Energy efficiency and renewable energy".

In the case of discrepancies in the request submitted in Bulgarian and English version, the leading version is the English language.

Requests for support shall be accepted continuously until the budget of the Fund.

II. The award of a grant under the initiative of a member of the Cooperation Committee and a proposal by the Cooperation Committee to the PO, the following steps shall be taken:

1. Taking a decision by the Cooperation Committee;
2. Presentation of a proposal of the Head of PO, describing the actions foreseen under the initiative and its relevance/contribution to strengthening bilateral relations;
3. Approval by the Head of the PO;
4. Reporting of activities and submission of cost supporting documents;
5. Reimbursement of PO's expenditures.

## **7. EVALUATION OF REQUESTS FOR SUPPORT**

The evaluation of submitted Requests for Support will be done by two evaluators on yes/no principal. In case of missing documents the Applicant will be invited to submit the required documents within 5 days. In cases where there is a difference in the evaluation given by the

two evaluators, the proposal for decision will be taken by the Cooperation Committee through a remote meeting.

The Requests for Support received will be assessed against the criteria as described in Annex 9. Decision for the funding of initiatives will be taken by the PO after the proposal by the Cooperation Committee.

The PO will hold weekly meetings of the assessment team for the evaluation of Requests for Support. Applicants with approved Requests for Support will be notified within 10 days from the date of submission of the Request for Support.

The Applicants with a complete set of documents submitted will be notified for the Decision of the PO via the method (email/fax/courier) they have specified in the Request for Support.

Decision to reject a given Request for Support is taken on the following grounds:

- the Request for Support is incomplete or one or more of the requested supporting documents have not been submitted within the prescribed deadline;
- Applicant does not meet the requirements for eligibility;
- the expenditures are not eligible according these Guidelines;
- the financial resources of the Fund have been exhausted.

## **8. REIMBURSEMENT OF EXPENDITURES AND REPORTING BY THE BENEFICIARY**

The PO reimburses to the Beneficiary 100% of the approved and verified expenditures and not more than the approved Budget under the Request for Support. The reimbursement will be made upon submission of the following documents:

1. Request for Reimbursement of Payment (Annex 4);
2. Report on the completed activities, including information necessary for public presentation of the results from activities (Annex 3);
3. Eligibility of Applicant/Beneficiary Declaration (Annex 5);
4. State Aid Declaration (Annex 6);
5. Annex 7: Declaration concerning the prevention and cessation of conflict of interest;
6. Supporting documents (originals of the following documents: order for travel tickets, boarding passes, an invoice for accommodation, an invoice for the fee paid to participate (Invoices should indicate the name of programme BG04), documents related to the event, etc.;

Requests for reimbursement will be accepted until one month after the last request for support approved activity and no later than 30.11.2017.

Payments are made in BGN or euros at the flat rate of the Bulgarian National Bank EUR 1 = 1.95583 BGN.

**9. REIMBURSEMENT OF COSTS AND REPORTING IN PROVIDING SUPPORT ON THE INITIATIVE OF A MEMBER OF THE COOPERATION COMMITTEE AND BY A PROPOSAL OF THE COOPERATION COMMITTEE TO THE PROGRAMME OPERATOR**

The beneficiary shall reimburse 100 % of the approved and verified expenditure and not more than the amount proposed by the Cooperation Committee and approved by the PO. Reimbursement will be made on production of the following documents:

1. Protocol on the activities of the Cooperation Committee, approved by the PO;
2. Accompanying documents, for example: a travel order, tickets, boarding passes, invoice for accommodation, invoice for paid participation fee, documents related to the event, etc.;

Payments are made in BGN or EUR at the fixed rate of the Bulgarian National Bank, EUR 1= 1.95583 BGN.

**ANNEXES:**

1. Annex 1: Requests for support of business travels;
2. Annex 2: Financial statement for the support scheme for travel;
3. Annex 3: Report on the activities undertaken;
4. Annex 4: Request for reimbursement of payment;
5. Annex 5: A declaration of eligibility of the applicant/beneficiary;
6. Annex 6: Declaration about State and de minimis aid (if applicable);
7. Annex 7: Declaration concerning the prevention and cessation of conflict of interest;
8. Annex 8: Agreement on awarding a grant;
9. Annex 9: Criteria for eligibility of requests for support;
10. Annex 10: Checklist on administrative compliance.