

**THE SWISS-BULGARIAN COOPERATION PROGRAMME**

**THEMATIC FUND AGREEMENT**

**BETWEEN**

**THE SWISS AGENCY FOR DEVELOPMENT AND COOPERATION (SDC)  
OF THE SWISS CONFEDERATION**

**AND**

**THE MONITORING OF EU FUNDS DIRECTORATE  
OF THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BULGARIA,  
AS THE NATIONAL COORDINATION UNIT (NCU)**

**AND**

**THE MINISTRY OF EDUCATION AND SCIENCE  
OF THE REPUBLIC OF BULGARIA,**

**AND**

**THE MINISTRY OF LABOUR AND SOCIAL POLICY  
OF THE REPUBLIC OF BULGARIA,**

**AND**

**THE MINISTRY OF ECONOMY  
OF THE REPUBLIC OF BULGARIA**

**ON**

**THE GRANT FOR THE PROJECT “SWISS SUPPORT FOR THE INTRODUCTION OF THE DUAL-  
TRACK PRINCIPLES IN THE BULGARIAN VOCATIONAL EDUCATION SYSTEM”**

**30TH OF APRIL, 2015 – 30TH OF JUNE, 2019**

**IN ACCORDANCE WITH THE FRAMEWORK AGREEMENT BETWEEN THE SWISS FEDERAL  
COUNCIL AND THE GOVERNMENT OF THE REPUBLIC OF BULGARIA CONCERNING THE  
IMPLEMENTATION OF THE SWISS-BULGARIAN COOPERATION PROGRAMME TO REDUCE  
ECONOMIC AND SOCIAL DISPARITIES WITHIN THE ENLARGED EUROPEAN UNION, SIGNED ON  
7 SEPTEMBER, 2010**

*The Swiss Agency for Development and Cooperation of the Swiss Confederation, hereinafter referred to as “SDC”,*

*The Monitoring of EU Funds Directorate of the Council of Ministers of the Republic of Bulgaria, hereinafter referred to as “NCU”, together with the Ministry of Education and Science of the Republic of Bulgaria, hereinafter referred to as “MES” and the Ministry of Labour and Social Policy, hereinafter referred to as “MLSP” and the Ministry of Economy of the Republic of Bulgaria, hereinafter referred to as “ME”,*

*Referring to the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Bulgaria concerning the implementation of the Swiss-Bulgarian Cooperation Programme to reduce economic and social disparities within the enlarged European Union, signed on 7 September, 2010,*

*Considering the Swiss Grant for the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” in favour of Bulgaria in the context of the Swiss-Bulgarian Cooperation Programme,*

*have agreed as follows:*

## Article 1 Definitions

In this Thematic Fund Agreement for the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” (hereinafter referred to as the “Project”), unless the context or the relevant provisions of the Framework Agreement otherwise require, the terms listed below shall have the following meaning:

- 1.1 “Framework Agreement” means the Agreement between the Swiss Federal Council and the Government of the Republic of Bulgaria concerning the implementation of the Swiss-Bulgarian Cooperation Programme to reduce economic and social disparities within the enlarged European Union, signed on 7 September, 2010;
- 1.2 “Swiss-Bulgarian Cooperation Programme” (SBCP) means the bilateral Programme for the implementation of the above mentioned Framework Agreement;
- 1.3 “Contribution” means the non-reimbursable financial contribution granted by Switzerland to Bulgaria;

- 1.4 Thematic Fund Agreement for the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”, hereinafter referred to as “Agreement”, means the present Agreement between the Swiss Agency for Development and Cooperation and the Monitoring of EU Funds Directorate, Council of Ministers, acting as the National Coordination Unit, the Ministry of Education and Science of the Republic of Bulgaria, the Ministry of Labour and Social Policy and the Ministry of Economy of the Republic of Bulgaria, which lays down the rights and obligations of the Contracting Parties regarding the implementation of the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”;
- 1.5 "National Coordination Unit" (NCU) means the Bulgarian unit in charge of the coordination of the Swiss-Bulgarian Cooperation Programme. In reference to the Framework Agreement, Art. 9, Bulgaria has authorized the Monitoring of EU Funds Directorate, Council of Ministers to act on its behalf as the NCU for the Swiss-Bulgarian Cooperation Programme;
- 1.6 “Grant” means the non-reimbursable financial contribution provided by Switzerland under this Agreement;
- 1.7 “Contracting Parties” to this Agreement are the SDC on the side of Switzerland and the NCU, the MES, the MLSP and the ME on the side of Bulgaria;
- 1.8 “Project” means an individual project or a programme. A programme consists of several projects linked by a common theme or shared objectives;
- 1.9 “Activity” means specific assistance for, inter alia, projects, scholarships, partnerships and knowledge transfer provided within a Thematic Fund;
- 1.10 “Project Management Unit” (PMU) is the separate staff unit hosted by the Ministry of Education and Science, that supports the management and monitoring of the project, and the agreed activities as part of the Thematic Fund. The PMU will work under the supervision of the SDC and the MES;
- 1.11 “Audit Authority” means the institution established to the Minister of Finance responsible on the Bulgarian side for the control of the use of financial resources of the Swiss-Bulgarian Cooperation Programme;
- 1.12 “Executing Agency” means any legal public or private entity, as well as any organisation recognised by the Parties and mandated to implement Supporting Measures;
- 1.13 “Activity Agreement” means an agreement between the MES and the Executing Agency for the implementation of an Activity agreed upon as part of the Thematic Fund;
- 1.14 "Irregularity" means any breach of Bulgarian law, the Framework Agreement, this Agreement and/or related contracts as a result of an act or omission, which has led or could lead to prejudicing the general budget of the Swiss-Bulgarian Cooperation Programme through unjustified expenditure;

- 1.15 “Operative Partnership Group” means a nominated cluster of partners (schools, companies and other relevant stakeholders) with the task of supporting the implementation of the Project on local level. The Operative Partnership Group (OPG) will ensure the cooperation between schools and companies and will gather representatives of the professional school, the companies, local authorities, school’s board of trustees and students’ parents.

## Article 2

### **Objectives and Scope**

- 2.1 The objective of the Agreement is to support Bulgaria to create a replicable model and to build the capacity for implementing the dual-track vocational education in the country.
- 2.2 This Agreement channels the Swiss contribution to the Project aiming at reaching this objective.
- 2.3 On behalf of SDC and MES, a PMU shall manage the Grant and shall contribute to the implementation of the Project, according to the following documents, forming an integral part of this Agreement and listed by order of precedence in terms of legal applicability:
- (a) the Framework Agreement and its Annexes, particularly Annex 4;
  - (b) the present Agreement;
  - (c) the Indicative Budget for the implementation and management of the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” (Annex 1);
- 2.4 For all matters which are not settled in this Agreement the relevant provisions of the Framework Agreement and its Annexes shall be applicable.
- 2.5 In case of discrepancy between the provisions of this Agreement and the ones of the Framework Agreement, the provisions of the Framework Agreement shall prevail.

## Article 3

### **Amount and Utilization of the Grant to the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”**

- 3.1 Switzerland shall provide a Grant in Swiss Francs amounting to a maximum of CHF 3’000’500.- (three million and five hundred Swiss Francs) in favour of Bulgaria for the implementation and management of the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” as defined in Art. 2 of this Agreement. The Grant finances the implementation of the activities listed in the Indicative Budget for the implementation and management of the Project (see Annex 1). This amount covers also any possible taxes and fees due in accordance with the applicable law and regulations, subject to Article 3.7.

- 3.2 The Swiss Grant comprises of two components, as described in Annex 1. Swiss contribution amounting to CHF 765'000.- (seven hundred sixty five thousand Swiss Francs) is earmarked for the Endowment Fund for financing Activities (Endowment Fund), while CHF 2'235'500.- (two million two hundred thirty five thousand and five hundred Swiss Francs) is earmarked for the management and administration, including the expertise and consultancy (Management costs) of the whole project.
- 3.3 The Endowment Fund shall be operated by the MES and PMU. The Management costs, as stipulated in Annex 1 of this Agreement, shall be operated by SDC.
- 3.4 The Grant shall be managed in Bulgaria and its financing is considered as Swiss contribution in favour of Bulgaria.
- 3.5 The Swiss Grant for the management and implementation of Activities shall cover a maximum of 85% of the total eligible costs, born in Swiss Francs, to be co-financed by the Ministry of Education and Science in line with the requirements of the Framework Agreement, Art. 5. This percentage shall never be exceeded during project implementation. The sources and terms of co-financing requested are presented in the Indicative Budget for the implementation and management of the project (see Annex 1).
- 3.6 The total value of the whole project implemented in the frame of this Agreement comprises of the Swiss Grant for the management of the project and for the implementation of the activities plus the co-financing secured.
- 3.7 Eligible costs include:
- (a) Management and administration of the project;
  - (b) Contribution for the preparation of projects by the Executing Agencies;
  - (c) Activities financed by this Agreement;
  - (d) Financial audit;
  - (e) Review and evaluation;
  - (f) Seminars and public events e.g. to launch the call for project proposals to inform on procedures, to assess and inform on progress;
  - (g) Swiss expertise and backstopping;
  - (h) Bulgarian expertise and backstopping;
  - (i) Publicity and visibility of the project;
  - (j) Reserve
- 3.8 VAT, which is recoverable by whatever means, shall not be considered eligible even if it is not actually recovered by the PMU, the Executing Agency or the final recipients.
- 3.9 The final date for eligibility of costs corresponds with the end of this Agreement as defined in Art. 21.6. Costs for reporting, auditing and evaluation can be considered eligible after the formal end of this Agreement but not later than ten years after the approval of the extension of the Contribution to Bulgaria and Romania by the Swiss Parliament according to Article 3 of the Framework Agreement.

- 3.10 Any unutilised portion of the Grant shall be eligible for re-commitment before the end of the disbursement period unless otherwise mutually agreed by the Contracting Parties.

#### Article 4

### **Payment Procedures**

- 4.1 For the operation of the provisioned project co-financing and the Endowment Fund under the project, and upon entry into force of this Agreement, MES shall open a separate bank account. The accumulated net interest on this account shall be reported to Switzerland on an annual basis. Payments of SDC relevant to the Endowment Fund shall be made directly to this bank account. All payments from the MES directly to the Executing Agency shall be made from this bank account.
- 4.2 SDC shall execute payments relevant to the Endowment Fund based on the payment claims and related progress and financial reports submitted by the PMU through the MES. MES shall check the conformity of the payment claims and certify the correctness and legitimacy of the payment claims.
- 4.3 SDC shall execute payments relevant to the Management costs of the Project based on the payment claims and related progress and financial reports submitted by the PMU to SDC. SDC shall check the conformity of the payment claims and certify the correctness and legitimacy of the payment claims.
- 4.4 The MES shall provide the Executing Agency with advance payments depending on the financial capacity of the Executing Agency as well as on the rate of co-financing provided. Advance payments shall be proposed by the PMU and decided by MES. The initial payment shall amount to a maximum of 20% of the total eligible costs and shall not exceed 75% of the first year's budget.
- 4.5 Further payments shall take into account the requirements of the Executing Agency for working capital. The final payment of approximately 5% of the overall budget shall be made upon approval of Activity completion report.
- 4.6 Any gross interest accrued on the Swiss Grant must be indicated in the respective accounts statement and credited towards the next payment.
- 4.7 SDC informs the NCU at latest one month after the end of the year in question on the payments made under the Project. The payments reported by SDC shall be included in the annual reports on the Swiss-Bulgarian Cooperation Programme as stipulated in Art. 8 of the Framework Agreement.

Article 5

**Responsibilities of SDC**

5.1 SDC has the overall responsibility for the implementation of the Project. SDC, with the support of the Swiss Contribution Office in Bulgaria within the Swiss Embassy in Sofia, together with MES shall supervise and manage the implementation of the project. The main tasks of SDC include but are not limited to:

- Preparing and setting up together with the NCU and MES the Project Management Unit;
- Operating the budget for Management Costs;
- Hiring the PMU staff and supervising the work of the PMU through monitoring of the operations and financial controlling;
- Ensuring the steering of the project;
- Establishing, in compliance with the Framework Agreement and in cooperation with the NCU, MES, MLSP, ME and PMU, the Steering Committee of the project;
- Chairing the Steering Committee;
- Participate as an observer in Operative Partnership Groups;
- Analysing the regular reporting of the PMU, discussing the reporting with the NCU and MES and ensuring follow-up;
- Submitting to NCU information on the financial statements for payments made by SDC;
- Mandating the Swiss Federal Institute for Vocational Education and Training (SFIVET) and the Bulgarian-Swiss Chamber of Commerce (BSCC) as official partners to support the reform process of the educational system in Bulgaria as stipulated in the Project Description (Annex 2);
- Mandating coordination and backstopping;
- Requesting immediate reporting in case of irregularities and ensuring follow-up;
- Assessing and discussing implementation progress with the NCU based on the reporting prepared by the PMU;
- Carrying out reviews and evaluations;
- Arranging all legal aspects required for the implementation of the project in Switzerland and Bulgaria ;
- Organising publicity and communication.

SDC may delegate part of these tasks to the Swiss Contribution Office in Bulgaria.

5.2 In the area of its competence SDC shall secure the management and implementation of the Project by the PMU in line with the stipulations of this Agreement.

5.3 SDC shall take or cause to take all actions within its field of competences and responsibility according to the Framework Agreement, including coordination and other measures, necessary or appropriate, for the use of the Grant in accordance with this Agreement.

## Article 6

### **Responsibilities of NCU**

- 6.1 The NCU is responsible for the inclusion of the Project in the portfolio of Supporting Measures and – on a general level – for the monitoring of the Thematic Fund implementation. The main tasks of the NCU are:
- Participating in the Steering Committee of the Project;
  - Monitoring the implementation of this Agreement on a general level and provide feedback to SDC on observations;
  - Commenting on project's reporting prepared by the PMU;
  - Commenting the audit reports;
  - Acknowledging the payments made by SDC on the basis of financial statements submitted by SDC;
  - In the event of irregularities, participating in the assessment of causes and solutions;
  - Including main elements of the project reporting in an overall annual report on the Swiss Contribution;
  - Discussing implementation progress with SDC/ Swiss Contribution Office;
  - Ensuring inclusion of the Project in the publicity measures on the Swiss Contribution.
- Responsibilities and tasks shall periodically be reviewed and amended, if needed.
- 6.2 The NCU shall take all necessary coordination actions within its field of competence to facilitate the implementation of this Agreement in Bulgaria.
- 6.3 In the area of its competence, the NCU shall collaborate with MES on planning co-financing in accordance with the Bulgarian national budget procedure, according to the State Budget Act of the Republic of Bulgaria. MES shall ensure the co-financing to the approved Activities according to the Bulgarian national budget procedure to the agreed amounts and conditions.
- 6.4 The NCU shall at all times clearly state that it is acting within the framework of the Swiss-Bulgarian Cooperation Programme to reduce economic and social disparities within the enlarged European Union.
- 6.5 Communication between the NCU and the PMU is settled in the Article 7.5 below.
- 6.6 If necessary, in the area of its competence, NCU may facilitate the process of checking for double financing and synergies with EU or existing bilateral programs in the field of vocational education.

## Article 7

### **Responsibilities of the PMU**

- 7.1 A Project Management Unit (PMU) will be set up for the administration, management and coordination of the project.



7.2 The PMU is responsible for the set-up and management of the project, for the preparation of contracts and supervision of the Executing Agencies, for the controlling of the Activities and for the reporting on Activities implementation.

7.3 The main tasks of the PMU are described in the Annex 2 and include but are not limited to:

- Develop and agree upon with SDC and MES relevant documents and Activities to be financed;
- Ensure the implementation of the Activities according to the Project Description;
- Manage and administrate on behalf of SDC the Project;
- Manage on behalf of MES and SDC the Endowment Fund, including nomination of project partnerships, processing requests for payments and managing financial transfers to be made by MES;
- Carry out the overall central operative management of the Project, including communication with schools, carrying out communication and other activities.
- Develop and apply, upon approval by SDC and MES, a project management system. Inform SDC on irregularities immediately and intervene, if required.
- Provide upon request technical assistance to the Executing Agencies and project partnerships;
- Participate and provide support to the presentation of the Project in the existing coordination mechanisms, reflect relevant policy considerations in the project implementation and ensure the link with other initiatives related to professional education in Bulgaria;
- Monitor overall Project and Activities progress;
- Inform the Swiss Contribution Office in Bulgaria and the NCU on the progress of the Project on a monthly basis;
- Ensure that a dissemination plan for completed products is being implemented;
- Draft an adequate financial and operational controlling system for project implementation to be adopted by the Steering Committee;
- Prepare contractual arrangements with the Executing Agencies;
- State at all times that it is acting within the Framework of the Swiss-Bulgarian Cooperation Programme to reduce economic and social disparities within the enlarged European Union;
- Report to SDC and MES. Reporting includes at least half-yearly progress reports and financial reports in line with payment procedures and requirements set;
- Ensure together with SDC, as part of the Management costs, the financial audit of the project, submit audit reports to SDC and MES and ensure the follow-up to audit recommendations;
- Ensure outreach and communication activities in order to inform the public about the implementation of the Project.

Responsibilities and tasks of the PMU shall periodically be reviewed and amended, if needed. A first review shall take place during the first Steering Committee meeting.

7.4 The PMU is primarily accountable towards SDC, which employs its staff and towards MES which contracts, together with SDC, the Executing Agencies respectively.

- 7.5 For the purposes of monitoring of the Thematic Fund, the NCU may, upon informing SCO, directly contact the PMU and request any needed information.
- 7.6 Tasks, responsibilities and obligations, including financial parameters for the service provided by PMU are further detailed in the Annex 2 to the present Agreement.
- 7.7 In addition to its role of management of the Grant and as part of its participation in the Coordination Group, the PMU may provide, upon request, expertise for the implementation of the National Strategy for the Professional Education in Bulgaria (2014-2020).

#### Article 8

### **Executing Agency**

- 8.1 Legal public entities, schools, non-governmental organisations can assume the role of Executing Agency under this Thematic Fund provided meeting all requirements and approval procedure stipulated in this Agreement.
- 8.2 The main tasks of the Executing Agency include but are not limited to:
- Develop and submit to the PMU for approval Activity Proposals according to standards developed by the PMU and approved by SDC and MES;
  - Manage and implement Activities approved towards achieving objectives and results set forth and in full conformity with this Agreement as well as with the Framework Agreement and prevailing national regulations;
  - Co-finance the agreed amounts according to the conditions required for the implementation of the project;
  - Confirm and declare that the proposed Activities are not supported, entirely or partially, financially or in-kind by any other national or international funding different from the co-financing secured, before and after their submission for approval;
  - Report to the PMU based on the requirements set in the Activity Agreement;
  - Implement within their respective administrative structures, the approved Activities and assure the sustainability of achievements;
  - Report to the PMU and other relevant authorities for the implementation of the Activities in the agreed format;
  - Develop and implement a plan for the publicity and visibility of the Activity supported under the project and guarantee that the general public in Bulgaria shall be informed adequately about it and the support provided by Switzerland.

#### Article 9

### **Role of the line Ministries**

- 9.1 The line ministries involved in this Agreement have the following roles:
- a) The Ministry of Education and Science will:
- lead the elaboration and promulgation of legislative changes deemed to achieve Project objectives, financial and institutional sustainability of the policies, services, initiatives and projects to be supported;

- host the PMU and integrate it in its operational set up related to overall management of funds and projects;
- request, as part of the Activity Agreement to be signed, a declaration from the Executing Agency certifying that there is no double financing of any part of the Activity by any other source of funds;
- sign the Activity Agreements with the Executing Agencies and SDC;
- provide respective part of the co-financing for the project as stipulated in Annex 1;
- open a separate bank account labelled in Swiss Francs (CHF) to operate the Endowment Fund;
- provide institutional support and adequate resources for accountancy and administration to support the PMU in the management of the Endowment Fund under this Agreement;
- in the area of its competence shall check for double financing of Activities supported by the project;
- participate in the Steering Committee;
- facilitate the horizontal integration of the Project with line ministries and other National and Regional relevant institutions.

b) The Ministry of Labour and Social Policy will:

- provide expertise for the implementation of the Project;
- take active part in the elaboration of legislative changes, where deemed relevant, leading to meet the project objectives, financial and institutional sustainability of policies, services, initiatives and projects to be supported;
- in the area of its competence shall check for double financing of Activities supported by the Project;
- participate and provide support to the presentation of the Project in the coordination mechanisms and bodies, reflect relevant policy considerations in the project implementation and ensure the link with other initiatives related to professional education in Bulgaria;
- participate in the Steering Committee.

c) Ministry of Economy will:

- provide expertise for the implementation of the Project;
- take active part in the elaboration of legislative changes, where deemed relevant, leading to meet the project objectives, financial and institutional sustainability of policies, services, initiatives and projects to be supported;
- in the area of its competence shall check for double financing of Activities supported by the Project;
- participate and provide support to the presentation of the Project in the coordination mechanisms and bodies, reflect relevant policy considerations in the project implementation and ensure the link with other initiatives related to professional education in Bulgaria;
- participate in the Steering Committee.

## Article 10

### **Steering Committee**

- 10.1 For the Thematic Fund on the “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” a Steering Committee shall be established.
- 10.2 The Steering Committee shall provide guidance on strategic matters with a view to meeting the objectives of the Project and with regard to ethics, compliance with applicable law and regulatory policies, environmental safety, labour and health policies, financial practices, disclosure and reporting. It is responsible for overseeing management and ensuring that systems are in place to manage the risks involved.
- 10.3 The Steering Committee will be consulted in the organisation of reviews and evaluation of the Fund. The Steering Committee is primarily accountable to SDC and the NCU.
- 10.4 The Steering Committee shall be established by SDC, in collaboration with the NCU, the line ministries and the PMU. It may include representatives of the Ministry of Education and Science, the Ministry of Labour and Social Policy, the Ministry of Economy, the National Agency for Vocational Education and Training, the NCU and SDC. It shall meet at least 2 times per year. Representatives of the Administration of the President of Bulgaria, organisations of employers and employees could participate at the SC sessions as observers.
- 10.5 The presidency of the Steering Committee shall be assured by SDC. The Secretariat of the Steering Committee shall be secured by the PMU.
- 10.6 Rules and management principles of the Steering Committee shall be elaborated by SDC in consultation with the NCU. They shall be approved by consensus of the Steering Committee members at its constituent meeting.

## Article 11

### **Selection and approval of Activity**

- 11.1 The portfolio of the Project shall include Activities (project partners, budget and duration).
- 11.2 The approval of the Activities shall follow the procedure described in the Framework Agreement Annex 4, Point 5. MES and SDC shall conclude an Activity Agreement with the Executing Agency.

## Article 12

### Monitoring and Reporting

- 12.1 Monitoring shall take place at the level of the whole project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system” according to the document “Reporting, Monitoring and Controlling” agreed by both parties and at Activity level. SDC shall ensure monitoring at the level of the whole fund. The PMU shall be responsible for monitoring at the level of the project implementation. Articles 12.2 to 12.4 details monitoring and reporting requirements. These requirements may be adapted in the course of the implementation of the Project, provided changes have been accepted by the Steering Committee.
- 12.2 **At the level of the whole Project**, the PMU will inform SDC, NCU, MES and the members of the Steering Committee via regular operational and financial reports, as well as a completion report about management activities and progress made in the Activities, including the experience gained through implementing the Project.
- a. **Yearly Plans of Operations** for the Project and related budget proposals for the next year are drafted and submitted to both SDC and MES at least three months before the next year;
  - b. **Mid-year Operational Reports** for the Project (physical and financial progress) with annexes are submitted to both SDC and MES;
  - c. **Annual reports** for the Project that allow to assess periodically the status of achievement of the proposed objectives are transmitted to SDC, MES and to the members of the Steering Committee. Annual Reports shall first provide information on management activities implemented during the reported period and financial progress of the project including a comparison of actual with planned expenses and a confirmation of financing. Second, the reports shall cover the progress in the implementation of Activities supported under the project and their respective results. Finally, the reports shall assess the overall project achievements;
  - d. The **Completion Report** for the Project shall include also “lessons learnt”.

Mid-year Operational Reports and Annual Reports, respectively the Completion Report concerning the Project, shall be transmitted to both SDC and MES by the PMU no later than 3 months, respectively no later than 6 months, after expiry of the given reporting period.

Reports at the level of the Activities shall support evidence for the payment from SDC to the PMU for management cost as well as to MLSP for the Endowment Fund.

12.3 **At the level of the Activity**, each Executing Agency in charge of implementation shall submit at least **annual reports** and a **final report** to the PMU providing information about timeliness and progress made in implementing the respective Activity and covering all the expenses and revenues of the Activity from both the Bulgarian and the Swiss partners involved. The financial part of the report will compare expenditures with the approved budgets, including the co-financing share. Reports will also be checked against the guidelines established at the start of the Activity by the PMU.

Reports at Activity level shall support evidence for the payment from the PMU, respectively MES to the Executing Agency for financing the Activity. It shall also be the base for mobilising, respectively accounting for the co-financing from the respective Bulgarian institution.

12.4 Regarding the **financial control**, the responsibility for the proper management of funds lies first with the Executing Agency. The Executing Agency must ensure that expenditures reflect the realities and are consistent with the work done. Then, the PMU controls the financial reports of the Activity first in connection with Activity progress and also on the basis of the supporting documents (receipts, invoices, contracts, reports, etc.) attached to the reports.

12.5 SDC and the MES shall be kept informed by the PMU and by the Executing Agency at any time about relevant events and incidents.

### Article 13

#### **Financial audits**

13.1 Financial audits shall be carried out by an accredited international or national audit organisation. The audit reports shall be forwarded by SDC to the NCU and MES.

13.2 The Audit Authority can perform specific audits to public institutions at the request of SDC or NCU at the expenses of this Thematic Fund.

13.3 Alleged cases of irregularities shall be investigated by SDC in cooperation with the NCU.

### Article 14

#### **Right of Examination**

SDC, as well as any third party appointed by it to act on behalf of SDC, shall have the right to conduct a comprehensive assessment or review of the activities implemented under the Project, and shall be granted full access to all documents and information related to its implementation settled by this Agreement, during its implementation and after its completion. The PMU, MES and the Executing Agency shall, upon request, ensure that the representative of SDC, as well as of any third party appointed by it, are accompanied by the relevant personnel and are provided with the necessary assistance.

Article 15

**Settlement of Disputes**

If any dispute which may result from the application of this Agreement occurs, Article 11.2 of the Framework Agreement shall be applied.

Article 16

**Common Concern**

The Contracting Parties share a common concern in accordance with Article 10 of the Framework Agreement.

Article 17

**Irregularities Clause**

17.1 In case of irregularities, wilfully or negligently caused by a partner regarding the execution of this Agreement and annexes thereto, Switzerland and/or Bulgaria is entitled to:

- a) immediately stop payment related to the Project, to the PMU, MES and to the Executing Agency from the Swiss Contribution and from Bulgarian sources;
- b) ask reimbursements of wrongly paid amounts related to the Project at any stage of the activities.

17.2 Prior to making such a decision on Article 17.1, SDC shall enter into a dialogue with the NCU to ensure that it is based on accurate and correct facts and in written form communicate the reasons for their respective decision.

17.3 When proper corrective measures have been accepted by all parties the cooperation in the frame of this Agreement shall return to normality.

Article 18

**Annexes**

The following Annexes, listed by order of precedence in terms of legal applicability, form an integral part of this Agreement:

- Annex 1: Indicative Budget for the implementation and management of the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”;
- Annex 2: Project Description of the project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”.

Article 19

**Language**

All correspondence with Switzerland, including operational, financial and audit reports as well as any other documents related to this Agreement, shall be elaborated in English.

Article 20

**Competent Authorities**

20.1 On the Swiss side:

Swiss Agency for Development and Cooperation (SDC)  
Freiburgerstrasse 130  
CH - 3003 Bern  
Switzerland  
Tel: +41 31 32 25 735  
Fax: +41 31 32 41 696

Swiss Contribution Office in Bulgaria, Embassy of Switzerland  
1504 Sofia, 33 Shipka Street  
PO Box 132  
Tel.: +359 2 942 01 00  
Fax: +359 2 946 16 22

20.2 On the Bulgarian side:

Monitoring of EU Funds Directorate  
Council of Ministers  
1194 Sofia, 1 Dondukov Blvd.  
Tel: (+359 2) 940 21 49  
Fax: (+359 2) 988 23 65  
[www.eufunds.bg](http://www.eufunds.bg)



Ministry of Education and Science  
Educational Programs and Educational Content Directorate  
1000 Sofia, 2A Dondukov Blvd.  
Tel: (+359 2) 921 74 46  
Fax: (+359 2) 921 75 74  
www.mon.bg

Ministry of Labour and Social Policy  
Labour Market Policy and Labour Mobility, Directorate  
1501 Sofia, 2 Triaditsa Street  
Tel: (+359 2) 811 94 29  
Fax: (+359 2) 988 47 20  
www.mlsp.government.bg

Ministry of Economy  
Economic Promotion Policies Directorate  
1052 Sofia, 8 Slavianska Street  
Tel: (+359 2) 940 75 59  
Fax: (+359 2) 987 21 90  
www.mi.government.bg

## Article 21

### **Entry into Force, Amendments, Duration and Termination**

- 21.1 This Agreement shall enter into force on the date of its signing by the Contracting Parties and shall remain in force until all obligations under it have been fulfilled.
- 21.2 If either Contracting Party considers after having applied Article 11.2 of the Framework Agreement that the objectives of this Agreement can no longer be achieved or that the other Contracting Party is not meeting its obligations, it shall have the right to temporarily suspend the application of this Agreement by giving the other Contracting Party a written notice on the grounds.
- 21.3 This Agreement can be terminated at any time by one of the Contracting Parties upon a six-month prior written notice containing its justification. Prior to making such a decision, the Contracting Parties shall enter into a dialogue to ensure that it is based on accurate and correct facts. The Contracting Parties shall decide by mutual agreement on any consequences of the termination.
- 21.4 Any amendment to this Agreement and its annexes shall be made in writing with the mutual agreement of the Contracting Parties and according to their respective procedures.
- 21.5 Any increase of the budget, any significant changes within the budget as well as any strategic changes or conceptual adjustments shall be discussed with and approved by Switzerland.

21.6 The project “Swiss support for the introduction of the Dual-track principles in the Bulgarian vocational education system”, shall be operational starting from the date of the signing of this Agreement until 30th of June, 2019.

Done in Sofia, Bulgaria, on 30th of April, 2015 in five originals in the English language.

For the Swiss Agency for  
Development and Cooperation



Denis Knobel

Ambassador

For the National Coordination  
Unit



Tomislav Donchev

Deputy Prime Minister for EU  
Funds and Economic Policies

For the Ministry of Education  
and Science



Todor Tanev  
Minister

For the Ministry of Labour and  
Social Policy



Ivailo Kalfin  
Deputy Prime Minister for  
Demographic and Social  
Policies and Minister of Labour  
and Social Policy

For the Ministry of Economy



Bojidar Loukarsky  
Minister