Education, Audiovisual and Culture Executive Agency

«DEFU_UNOP»

LIFELONG LEARNING PROGRAMME

GRANT AGREEMENT FOR AN ACTION

AGREEMENT NUMBER **- «NO_REF»**

PROJECT NUMBER – «PROJ_REF_SK»

The Education, Audiovisual and Culture Executive Agency (the "Agency"), acting under powers delegated by the Commission of the European Union (the "Commission"), and represented by «DEFU_UNOP_CHEF», Head of Unit at the Agency,

of the one part,

and

«DEMA_NOM_CONT»

«ADRE_RUE», «ADRE_NUM»
«ADRE_BUILD»
«ADRE_BOX»
«DEMA_ST_NAME» - «ADRE_COD_POS» «DEMA_ST_CITY»,

VAT number: «DEST_TVA»

(the "beneficiary"), represented for the purposes of signature of this agreement by «RESI_NOM»

of the other part,

HAVE AGREED

the **Special Conditions, General Conditions** and **Annexes** below:

Annex I Description of the action
Annex II Estimated and Eligible budget of the action
Annex III Guidelines for administrative and financial management and reporting (Handbook)
Annex IV List of partners

which form an integral part of this agreement (the "agreement").

The terms set out in the Special Conditions shall take precedence over those in the other parts of the agreement.

The terms of the General Conditions shall take precedence over those in the Annexes.

I - SPECIAL CONDITIONS

ARTICLE I.1 – PURPOSE OF THE GRANT

I.1.1 A European Union grant is awarded, under the terms and conditions set out in the Special Conditions, the General Conditions and the Annexes to the agreement, which the beneficiary hereby declares that he has taken note of and accepts, for the action entitled **«PROJ_TIT» «PROJ_TIT2»** (the "action").

I.1.2 The beneficiary accepts the grant and undertakes to do everything in his power to carry out the action as described in Annex I, acting on his own responsibility.

ARTICLE I.2 - DURATION

I.2.1 The agreement shall enter into force on the date when the last of the two parties signs.

I.2.2 The action and the period of eligibility of costs shall begin on **«DEDE_DAT_DEB_CON»** (the "starting date of the action") and shall end on **«DEDE_DAT_FIN_CON»** (the "closing date of the action").

ARTICLE I.3 - FINANCING THE ACTION

I.3.1 The total cost of the action is estimated at EUR **«DEDE_MNT_PRE»**, as shown in the estimated budget in Annex II. The estimated budget shall give a detailed breakdown of the costs that are eligible for European Union funding under the terms of Article II.14, of any other costs that the action may entail, and of all receipts, so that receipts and costs balance.

I.3.2 The total eligible costs of the action for which the European Union grant is awarded are estimated at EUR **«DEDE_MNT_ELI»**, as shown in the eligible budget in Annex II.
Indirect costs are eligible for flat-rate funding set at a maximum of 7%, and fixed by annex II, of the total direct eligible costs, subject to the conditions laid down in Article II.14.3.

I.3.3 The Agency shall contribute a maximum of EUR **«DEDE_MNT_PRO»**, equivalent to **«PCT_FINANCE»** % of the total eligible costs indicated in paragraph 2. The final amount of the grant shall be determined as specified in Article II.17, without prejudice to Article II.19.

The European Union grant may not finance the entire costs of the action. The amounts and sources of co-financing other than from European Union funds shall be set out in the estimated budget referred to in paragraph 1. In this respect, contributions in kind shall not be accepted as part of the co-financing of the action, unless it is specifically provided for in Article I.10 of the present agreement.

I.3.4 By way of derogation from Article II.13, the beneficiary may, when carrying out the action, adjust the eligible budget by transfers between *headings* of eligible direct costs, provided that this adjustment of expenditure does not affect the implementation of the action and the transfer between headings does not exceed 10% of the amount of each *heading* of eligible direct costs for which the transfer is intended, and without exceeding the total eligible costs indicated in paragraph 2.
He shall inform the Agency in writing.

ARTICLE I.4 -PAYMENT ARRANGEMENTS

I.4.1 Pre-financing:

Within 45 days of the date when the last of the parties signs the agreement, a pre-financing payment, representing 70% of the amount specified in Article I.3.3, shall be made to the beneficiary.

I.4.2 Further pre-financing payments:

Not applicable.

I.4.3 Interim payment:

Not applicable.

I.4.4. Payment of the balance

The request for payment of the balance shall be accompanied by the final technical implementation report and the financial statement specified in Article II.15.4.

The Agency shall have 90 days to approve or reject the documents accompanying the request for payment and to pay the balance in accordance with Article II.17, or to request additional supporting documents or information under the procedure laid down in Article II.15.4. The beneficiary shall have up to a maximum of 30 days in which to submit additional information or a new report.

The Agency may suspend the period for payment in accordance with the procedure in Article II.16.2.

ARTICLE I.5 - SUBMISSION OF REPORTS AND OTHER DOCUMENTS

The provisions relating to the submission of the technical implementation reports, financial statements and other documents referred to in Article I.4 are contained in Annex III

The technical implementation reports, financial statements and other documents referred to in Article I.4 must be submitted in 3 copies in English, French or German, by the following deadlines:

- final technical implementation report and financial statement covering the entire period of the action: within 2 months following the closing date of the action specified in Article I.2.2.

ARTICLE I.6 - BANK ACCOUNT

I.6.1 Payments shall be made to the beneficiary's bank account or sub-account denominated in euros, as indicated below:

«DEST_BAN_NOM»
Account holder: «DEST_NOM»
Full account number (including bank codes): «DEST_NUM_COM»
IBAN account code: «DEST_IBAN_CD»

I.6.2 This account or sub-account must identify the payments made by the Agency. If the total pre-financing payment exceeds 50 000 euros and the funds paid to this account yield interest or equivalent benefits under the law of the State on whose territory the account is opened, such interest or benefits shall, if they are generated by pre-financing payments, be recovered by the Agency as specified in Article II.16.4.

ARTICLE I. 7 -GENERAL ADMINISTRATIVE PROVISIONS

I.7.1 Any communication addressed to the Agency in connection with this agreement shall be in writing, indicating the number of the agreement, and shall be sent to the following address:

Education, Audiovisual and Culture Executive Agency
«DEFU_UNOP_CHEF»
Unit «DEFU_UNOP»
Office : «CHEF_UNOP_BAT», «CHEF_UNOP_ETA»/«CHEF_UNOP_BUR»
1, avenue du Bourget
1140 Brussels
Belgium

I.7.2 Ordinary mail shall be considered to have been received by the Agency on the date on which it is formally registered by the Agency unit responsible referred to above.

I.7.3 Any communication addressed to the beneficiary in connection with this agreement shall be in writing, indicating the number of the agreement, and shall be sent to the following address:

«DEMA_NOM_CONT»
«REPR_NOM» «REPR_PRE»
«ADRE_RUE», «ADRE_NUM»
«ADRE_BUILD» «ADRE_BOX»
«DEMA_ST_NAME» - «ADRE_COD_POS» «DEMA_ST_CITY»

I.7.4 Any change of address by the beneficiary shall be communicated in writing to the Agency.

ARTICLE I.8 - LAW APPLICABLE AND COMPETENT COURT

The grant is governed by the terms of the agreement and the Union law applicable .
The beneficiary may bring legal proceedings regarding decisions by the Agency concerning the application of the provisions of the agreement and the arrangements for implementing it, before the General Court of the European Union. Under the terms of Union legislation in this matter, such a proceeding must be lodged within two months of the notification of the decision to the applicant, or, in the absence thereof, of the date on which the decision came to his knowledge.

ARTICLE I.9 – DATA PROTECTION

All personal data contained in or relating to this agreement shall be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the Union institutions and bodies and on the free movement of such data. Such data shall be processed solely for the purposes of the implementation, the management and the follow-up of this agreement by the Controller, without prejudice to the possible transmission of the data to the bodies in charge with monitoring or inspection tasks in conformity with Union law [the Court of Auditors, the European Anti-Fraud Office (OLAF), the Financial Irregularities Panel, auditors, etc].

The beneficiary shall have the right of access to his personal data and the right to rectify any such data that is inaccurate or incomplete. Should the beneficiary have a query concerning the processing of his personal data, he shall address it in writing to the Controller. The beneficiary shall also have the right of recourse to the European Data Protection Supervisor at any time.

For the purpose of this provision, the «Controller» is the person who has represented the Agency for the purpose of the signature of this agreement.

ARTICLE I.10 – OTHER SPECIAL CONDITIONS

The following additional special conditions apply to this grant agreement:

I.10.1 Exchange rate applicable for the conversion of currencies into euros

The beneficiary shall submit the payment requests in accordance with article I.4, including the underlying financial statements, in euros. By way of derogation from Article II.16.1, any conversion of actual costs into euros shall be made by the beneficiary at the monthly accounting rate established by the Commission and published on its website[1]for the **first month of the period of eligibility of costs as set out in Article I.2.2**

I.10.2 Implementation contracts

Where the value of the procurement contract awarded in accordance with the provisions of Article II.9 of the General Conditions exceeds EUR 12.500, the beneficiary shall, in addition to the provisions laid down in Article II.9, abide by the following rules:

- Contracts with a value between more than EUR 12.500 and EUR 25.000 are subject to a procedure involving at least three tenderers;

[1] http://ec.europa.eu/budget/inforeuro.

- Contracts with a value between more than EUR 25.000 and EUR 60.000 are subject to a procedure involving at least five tenderers;
- For contracts of a value over EUR 60.000, national rules with regard to procurement apply.

I.10.3 Representatives of the Beneficiary involved in the action must participate in up to 2 meetings per year organised by the Agency.

I.10.4 Dissemination

The beneficiary shall pay specific attention to the importance of dissemination, exploitation of results of the action and to their visibility at a transnational level.

In this respect, he shall create and maintain a website for the action. The website shall be kept up-to-date with at least: a description of the action, the contact details of the coordinating organisation, the list of partner organisations, mention of the European Union's financial support with the relevant logo (see Article I.10.5 of the agreement) and access to the principal results, as and when they become available.

In addition, the beneficiary shall provide the Agency and/or the Commission with information requested in order to promote the Lifelong Learning Programme and disseminate the results. This may include answering questionnaires and entering data into databases.

I.10.5 Publicity obligations

a) For the purpose of the application of Article I.10.4 and II.5.1 of the agreement, relating to the publicity and use of the relevant logo, the co-ordinator shall follow the instructions available on the following Internet site: http://eacea.ec.europa.eu/about/logos_en.htm

b) Obligations of the beneficiary

Information requirements: The beneficiary shall inform the public, press and media of the action (internet included); which must, in conformity with Article II.5, visibly indicate “with the support of the Lifelong Learning Programme of the European Union” as well as the graphic logos.

The translation of this phrase can be found at the following Internet website address: http://eacea.ec.europa.eu/about/logos_en.htm

Where the action, or part of the action, is a publication the mention and graphic logos shall appear on the cover or the first pages following the editor's mention.

Use of signs and posters: If the action includes events for the public, signs and posters related to this action shall be displayed. This shall include the logos mentioned under point a).

Authorisation to use the logos described in point a) implies no right of exclusive use and is limited to this agreement.

If the action is co-financed, the importance given to the above-mentioned publicity must be in proportion with the level of Union financing.

c) The Agency shall consider this publicity obligation, foreseen in Article I.10.5 above and II.5.1, as a "substantial obligation" within the meaning of Article II.11.2 point b) of the agreement.

I.10.6 Reduction of the final grant in the event of weak implementation

For the purpose of Article II.17.5, the Agency shall reduce the amount of the final grant relating to the staff costs in the event of weak implementation of the action. This reduction shall be applied in accordance with the provisions published in Annex III.

I.10.7 Use of the results of the action

For the purposes of Article II.3.2, the right of the Agency and of the Commission to make free use of the results of the action shall include the rights to publish and to reproduce, without the agreement of

the beneficiary, the progress (interim) report and final technical implementation report referred to in Article I.5, provided it does not result in a breach of confidentiality obligations.

I.10.8 Eligible costs

By derogation to Article II.14.4, seventh indent, VAT paid by public bodies shall never be an eligible cost.

I.10.9 Costs of financial transfers

Costs of the transfers are borne in the following way:
- costs of dispatch charged by the bank of the Commission shall be borne by the Commission;
- costs of receipt charged by the bank of the beneficiary shall be borne by the beneficiary;
- all costs of repeated transfers caused by one of the parties shall be borne by the party who caused repetition of the transfer.

I.10.10 By way of derogation from Article II.13.3 of the General Conditions, the request for amendment made by the beneficiary, must be sent to the Agency in good time before it is due to take effect and at all events **two months** before the closing date of the action, except in cases duly substantiated by the beneficiary and accepted by the Agency.

II -GENERAL CONDITIONS

PART A: LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 - LIABILITY

II.1.1 The beneficiary shall have sole responsibility for complying with any legal obligations incumbent on him.

II.1.2 The Agency shall not, in any circumstances or on any grounds, be held liable in the event of a claim under the agreement relating to any damage caused during the action's execution. Consequently, the Agency shall not entertain any request for indemnity or reimbursement accompanying any such claim.

II.1.3 Except in cases of *force majeure*, the beneficiary shall make good any damage sustained by the Agency as a result of the execution or faulty execution of the action.

II.1.4 The beneficiary shall bear sole liability vis-à-vis third parties, including for damage of any kind sustained by them while the action is being carried out.

ARTICLE II.2 - CONFLICT OF INTERESTS

II.2.1 The beneficiary undertakes to take all the necessary measures to prevent any risk of conflicts of interests which could affect the impartial and objective performance of the agreement. Such conflict of interests could arise in particular as a result of economic interest, political or national affinity, family or emotional reasons, or any other shared interest.

II.2.2 Any situation constituting or likely to lead to a conflict of interests during the performance of the agreement must be brought to the attention of the Agency, in writing, without delay. The beneficiary shall undertake to take whatever steps are necessary to rectify this situation at once.

II.2.3 The Agency reserves the right to check that the measures taken are appropriate and may demand that the beneficiary take additional measures, if necessary, within a certain time.

ARTICLE II.3 - OWNERSHIP/USE OF THE RESULTS

II.3.1 Unless stipulated otherwise in this agreement, ownership of the results of the action, including industrial and intellectual property rights, and of the reports and other documents relating to it shall be vested in the beneficiary.

II.3.2 Without prejudice to paragraph 1, the beneficiary grants the Agency and the Commission the right to make free use of the results of the action as it deems fit, provided it does not thereby breach its confidentiality obligations or existing industrial and intellectual property rights.

ARTICLE II.4 - CONFIDENTIALITY

The Agency and the beneficiary undertake to preserve the confidentiality of any document, information or other material directly related to the subject of the agreement that is duly classed as confidential, if disclosure could cause prejudice to the other party. The parties shall remain bound by this obligation beyond the closing date of the action.

ARTICLE II.5 - PUBLICITY

II.5.1 Unless the Agency requests otherwise, any communication or publication by the beneficiary about the action, including at a conference or seminar, shall indicate that the action has received funding from the European Union.

Any communication or publication by the beneficiary, in any form and medium, shall indicate that sole responsibility lies with the author and that the Agency and the Commission are not responsible for any use that may be made of the information contained therein.

II.5.2 The beneficiary authorises the Agency and the Commission to publish the following information in any form and medium, including via the Internet:

- the beneficiary's name and address,
- the subject and purpose of the grant,
- the amount granted and the proportion of the action's total cost covered by the funding.

Upon a reasoned and duly substantiated request by the beneficiary, the Agency and/or the Commission may agree to forgo such publicity if disclosure of the information indicated above would risk compromising the beneficiary's security or prejudicing his commercial interests.

ARTICLE II.6 - EVALUATION

Whenever the Agency and/or the Commission carries out an interim or final evaluation of the action's impact measured against the objectives of the Union programme concerned, the beneficiary undertakes to make available to the Agency and the Commission and/or persons authorised by them all such documents or information, including information in electronic format, as will allow the evaluation to be successfully completed and to give them the rights of access specified in Article II.19.

ARTICLE II.7 - SUSPENSION

II.7.1 The beneficiary may suspend the implementation of the action if exceptional circumstances make this impossible or excessively difficult, notably in the event of *force majeure*. He shall inform the Agency without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

II.7.2 If the Agency does not terminate the agreement under Article II.11.2, the beneficiary shall resume implementation once circumstances allow and shall inform the Agency accordingly. The duration of the action shall be extended by a period equivalent to the length of the suspension. In accordance with Article II.13, a supplementary written agreement shall be concluded to extend the duration of the action and to make any amendments that may be necessary to adapt the action to the new implementing conditions.

ARTICLE II.8 - FORCE MAJEURE

II.8.1 *Force majeure* shall mean any unforeseeable exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations under this agreement, was not attributable to error or negligence on their part, and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available (unless due to *force majeure*), labour disputes, strikes or financial difficulties cannot be invoked as force majeure by the defaulting party.

II.8.2 A party faced with *force majeure* shall inform the other party without delay by registered letter with acknowledgement of receipt or equivalent, stating the nature, probable duration and foreseeable effects.

II.8.3 Neither of the parties shall be held in breach of their obligations under the agreement if they are prevented from fulfilling them by *force majeure*. The parties shall make every effort to minimise any damage due to *force majeure*.

II.8.4 The action may be suspended in accordance with Article II.7.

ARTICLE II.9 - AWARD OF CONTRACTS

II.9.1 If the beneficiary has to conclude contracts in order to carry out the action and those contracts constitute costs of the action under an item of eligible direct costs in the estimated budget, he shall award the contract to the bid offering best value for money; in doing so he shall take care to avoid any conflict of interests.

II.9.2 Contracts as referred to in paragraph 1 may be awarded only in the following cases:

(a) they may only cover the execution of a limited part of the action;

(b) recourse to the award of contracts must be justified having regard to the nature of the action and what is necessary for its implementation;

(c) the tasks concerned must be set out in Annex I and the corresponding estimated costs must be set out in detail in the budget in Annex II;

(d) any recourse to the award of contracts while the action is under way, if not provided for in the initial grant application, shall be subject to prior written authorisation by the Agency;

(e) the beneficiary shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The beneficiary must undertake to make the necessary arrangements to ensure that the contractor waives all rights in respect of the Agency under the agreement;

(f) the beneficiary must undertake to ensure that the conditions applicable to him under Articles II.1, II.2, II.3, II.4, II.5, II.6, II.10 and II.19 of the agreement are also applicable to the contractor.

ARTICLE II.10 - ASSIGNMENT

II.10.1 Claims against the Agency may not be transferred.

II.10.2 In exceptional circumstances, where the situation warrants it, the Agency may authorise the assignment of the agreement, or part of it, and payments flowing from it to a third party, following a written request to that effect, giving reasons, from the beneficiary. If the Agency agrees, it must make its agreement known in writing before the proposed assignment takes place. In the absence of the above authorisation, or in the event of failure to observe the terms thereof, the assignment shall not be enforceable against and shall have no effect on the Agency.

II.10.3 In no circumstances shall such an assignment release the beneficiary from his obligations to the Agency.

ARTICLE II.11 – TERMINATION OF THE AGREEMENT

II.11.1Termination by the beneficiary

In duly justified cases, the beneficiary may withdraw his request for a grant and terminate the agreement at any time by giving 60 days' written notice stating the reasons of the impossibility to pursue the action for which the grant has been awarded, without being required to furnish any indemnity on this account. If no reasons are given or if the Agency does not accept the reasons, the beneficiary shall be deemed to have terminated this agreement improperly, with the consequences set out in the fourth subparagraph of paragraph 4.

II.11.2Termination by the Agency

The Agency may decide to terminate the agreement, without any liability to the payment of an indemnity on its part, in the following circumstances:

(a) in the event of a change to the beneficiary's legal, financial, technical, organisational or ownership situation that is liable to affect the agreement substantially or to call into question the decision to award the grant;

(b) if the beneficiary fails to fulfil a substantial obligation incumbent on him under the terms of the agreement, including its annexes;

(c) in the event of force majeure, notified in accordance with Article II.8, or if the action has been suspended as a result of exceptional circumstances, notified in accordance with Article II.7;

(d) if the beneficiary is declared bankrupt, is being wound up, is having his affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in an analogous situation arising from a similar procedure provided for in national legislation or regulations;

(e) where the Agency has evidence or seriously suspects the beneficiary or any related entity or person, of professional misconduct;

(f) if the beneficiary has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;

(g) where the Agency has evidence or seriously suspects the beneficiary or any related entity or person, of fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Union's financial interests;

(h) where the Agency has evidence or seriously suspects the beneficiary or any related entity or person, of substantial errors, irregularities or fraud in the award procedure or the performance of the grant;

(i) if the beneficiary has made false declarations or submits reports inconsistent with reality to obtain the grant provided for in the agreement.

In the cases referred to in points (e), (g) and (h) above, any related person shall mean any physical person with powers of representation, decision-making or control in relation to the beneficiary. Any related entity shall mean in particular any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive n° 83/349/EEC of 13 June 1983.

II.11.3Termination procedure

The termination procedure is initiated by registered letter with acknowledgement of receipt or equivalent.

In the cases referred to in points (a), (b), (d), (e), (g) and (h) above , the beneficiary shall have 30 days to submit his observations and take any measures necessary to ensure continued fulfilment of his obligations under the agreement. If the Agency fails to confirm acceptance of these observations by giving written approval within 30 days of receiving them, the termination procedure shall continue to run.

Where notice is given, termination shall take effect at the end of the period of notice, which shall start to run from the date when notification of the Agency's decision to terminate the agreement is received.

If notice is not given in the cases referred to in points (c), (f) and (i) above , termination shall take effect from the day following the date on which notification of the Agency's decision to terminate the agreement is received.

II.11.4 Effects of termination

In the event of termination, payments by the Agency shall be limited to the eligible costs actually incurred by the beneficiary up to the date when termination takes effect, in accordance with Article II.17. Costs relating to current commitments that are not due to be executed until after termination shall not be taken into account.

The beneficiary shall have 60 days from the date when termination takes effect, as notified by the Agency, to produce a request for final payment in accordance with Article II.15.4. If no request for final payment is received within this time limit, the Agency shall not reimburse the expenditure incurred by the beneficiary up to the date of termination and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Agency.

By way of exception, at the end of the period of notice referred to in paragraph 3, when the Agency is terminating the agreement on the grounds that the beneficiary has failed to produce the final technical implementation report and financial statement within the deadline stipulated in the agreement and the beneficiary has still not complied with this obligation within two months following the written reminder sent by the Agency by registered letter with acknowledgement of receipt or equivalent, the Agency shall not reimburse the expenditure incurred by the beneficiary up to the date on which the action ended and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Agency.

By way of exception, in the event of improper termination by the beneficiary or termination by the Agency on the grounds set out in points (a), (e), (g), (h) or (i) above , the Agency may require the partial or total repayment of sums already paid under the agreement, in proportion to the gravity of the failings in question and after allowing the beneficiary to submit his observations.

ARTICLE II.12 - FINANCIAL PENALTIES

II.12.1 By virtue of the Financial Regulation applicable to the General Budget of the European Union, any beneficiary declared to be in grave breach of his obligations may be subject to financial penalties of between 2% and 10% of the value of the grant in question, with due regard for the principle of proportionality.

II.12.2 This rate may be increased to between 4% and 20% in the event of a repeated breach in the five years following the establishment of the first.

II.12.3 The beneficiary shall be notified in writing of any decision by the Agency to apply such financial penalties.

ARTICLE II.13 - SUPPLEMENTARY AGREEMENTS

II.13.1 Any amendment to the grant must be the subject of a written supplementary agreement. No oral agreement may bind the parties to this effect.

II.13.2 The supplementary agreement may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant or result in unequal treatment of applicants.

II.13.3 If the request for amendment is made by the beneficiary, he must send it to the Agency in good time before it is due to take effect and at all events one month before the closing date of the action, except in cases duly substantiated by the beneficiary and accepted by the Agency.

PART B - FINANCIAL PROVISIONS

ARTICLE II.14 - ELIGIBLE COSTS

II.14.1 Eligible costs of the action are costs actually incurred by the beneficiary, which meet the following criteria:

– they are incurred during the duration of the action as specified in Article I.2.2 of the agreement, with the exception of costs relating to final reports and external audit reports on the action's financial statements and underlying accounts;

– they are connected with the subject of the agreement and they are indicated in the estimated overall budget of the action;

– they are necessary for the implementation of the action which is the subject of the grant;

– they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost-accounting practices of the beneficiary;

– they comply with the requirements of applicable tax and social legislation;

– they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

The beneficiary's accounting and internal auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

II.14.2 The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out in Article II.14.1, are identifiable as specific costs directly linked to the performance of the action and which can therefore be booked to it direct. In particular, the following direct costs are eligible provided that they satisfy the criteria set out in the previous paragraph:

- the cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration.

  The corresponding salary costs of personnel of national administrations are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the action concerned were not undertaken;

- travel and subsistence allowances for staff taking part in the action, provided that they are in line with the beneficiary's usual practices on travel costs or do not exceed the scales approved annually by the Commission;

- the purchase cost of equipment (new or second-hand), provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account by the Agency, except where the nature and/or the context of its use justifies different treatment by the Agency;

- costs of consumables and supplies, provided that they are identifiable and assigned to the action;

- costs entailed by other contracts awarded by the beneficiary for the purposes of carrying out the action, provided that the conditions laid down in Article II.9 are met;

- costs arising directly from requirements imposed by the agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction, etc.), including the costs of any financial services (especially the cost of financial guarantees).

II.14.3 The eligible indirect costs for the action are those costs which, with due regard for the conditions of eligibility described in Article II.14.1, are not identifiable as specific costs directly linked to performance of the action which can be booked to it direct, but which can be identified and justified by the beneficiary using his accounting system as having been incurred in connection with the eligible direct costs for the action. They may not include any eligible direct costs.

By way of derogation from Article II.14.1, the indirect costs incurred in carrying out the action may be eligible for flat-rate funding fixed at not more than 7% of the total eligible direct costs. If provision is made in Article I.3.2 for flat-rate funding in respect of indirect costs, they need not be supported by accounting documents.

II.14.4 The following costs shall not be considered eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities;
- interest owed;
- doubtful debts;
- exchange losses;
- VAT, unless the beneficiary can show that he is unable to recover it according to the applicable national legislation;
- costs declared by the beneficiary and covered by another action or work programme receiving a Union grant;
- excessive or reckless expenditure.

II.14.5 Contributions in kind shall not constitute eligible costs. However, the Agency can accept, if considered necessary and appropriate, that the co-financing of the action referred to in Article I.3.3 should be made up entirely or in part of contributions in kind. In this case, the value calculated for such contributions must not exceed:

- the costs actually borne and duly supported by accounting documents of the third parties who made these contributions to the beneficiary free of charge but bear the corresponding costs;

- the costs generally accepted on the market in question for the type of contribution concerned when no costs are borne.

Contributions involving buildings shall not be regarded as contributions in kind.

In the case of co-financing in kind, a financial value shall be placed on the contributions and the same amount will be included in the costs of the action as ineligible costs and in receipts from the action as co-financing in kind. The beneficiary shall undertake to obtain these contributions as provided for in the agreement.

II.14.6 By way of derogation from paragraph 3, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant from the Agency and/or the Commission during the period in question.

ARTICLE II.15 - REQUESTS FOR PAYMENT

Payments shall be made in accordance with Article I.4 of the agreement.

II.15.1 Pre-financing

Pre-financing is intended to provide the beneficiary with a float.

Where required by the provisions of Article I.4, the beneficiary shall provide a financial guarantee from a bank or an approved financial institution established in one of the Member States of the European Union.

The guarantor shall stand as first call guarantor and shall not require the Agency to have recourse against the principal debtor (the beneficiary).

The financial guarantee shall remain in force until final payments by the Agency match the proportion of the total grant accounted for by pre-financing. The Agency undertakes to release the guarantee within 30 days following that date.

II.15.2 Further pre-financing payments

Where pre-financing is divided into several instalments, the beneficiary may request a further pre-financing payment once he has used up the percentage of the previous payment specified in the provisions of Article I.4 on further pre-financing. The request shall be accompanied by the following documents:

- a detailed statement of the eligible costs actually incurred;
- where required by the above-mentioned provisions of Article I.4, a financial guarantee in accordance with paragraph 1;
- where required by the above-mentioned provisions of Article I.4, an external audit report on the action's financial statements and underlying accounts, produced by an approved auditor or in case of public bodies, by a competent and independent public officer;
- any other documents in support of his request that may be required in support of the request for further pre-financing payments.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions in Article I.5 and the annexes.

II.15.3 Interim payments

Interim payments are intended to reimburse the beneficiary for expenditure on the basis of a detailed statement of the costs incurred, once the action has reached a certain level of completion. It may clear all or part of any pre-financing.

By the appropriate deadline indicated in Article I.5, the beneficiary shall submit a request for interim payment accompanied by the following documents:

- an interim report on implementation of the action;
- an interim financial statement of the eligible costs actually incurred, following the structure of the estimated budget;
- where required by the provisions of Article I.4 on interim payment, an external audit report on the action's financial statements and underlying accounts, produced by an approved auditor or in case of public bodies, by a competent and independent public officer. The external audit report shall certify, in accordance with a methodology approved by the Agency, that the costs declared by the beneficiary in the financial statements on which the request of payment is based are real, accurately recorded and eligible and that all receipts have been declared, in accordance with the agreement.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions in Article I.5 and the annexes. The beneficiary shall certify that the information provided in his request for payment is full, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the agreement, that all receipts have been declared, and that his request for payment is substantiated by adequate supporting documents that can be checked.

On receipt of these documents, the Agency shall have the period specified in Article I.4 in order to:

- approve the interim report on implementation of the action and the interim financial statement;
- ask the beneficiary for supporting documents or any additional information it deems necessary to allow the approval of the reports;
- reject the report(s) and ask for the submission of (a) new report(s).

Failing a written reply from the Agency within the time limit for scrutiny indicated above, the reports shall be deemed to have been approved. Approval of the reports accompanying the request for payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information they contain.

If additional information or (a) new report(s) is(are) requested, the time limit for scrutiny shall be extended by the time it takes to obtain this information. The beneficiary shall be informed of that request and the extension of the delay for scrutiny by means of a formal document. The beneficiary shall have the period laid down in Article I.4 to submit the information or new documents requested.

Extension of the delay for approval of the report(s) may delay the payment by the equivalent time.

Where a report is rejected, as not admissible, within 30 days of receipt and a new report requested, the approval procedure described in this article shall apply.

In the event of renewed rejection, the Agency reserves the right to terminate the agreement by invoking Article II.11.2(b).

II.15.4 Payment of the balance

Payment of the balance, which may not be repeated, is made after the end of the action on the basis of the costs actually incurred by the beneficiary in carrying out the action. It may take the form of a recovery order if previous payments exceed the amount of the final grant determined in accordance with Article II.17.

By the appropriate deadline indicated in Article I.5, the beneficiary shall submit a request for payment of the balance accompanied by the following documents:

- a final report on the implementation of the action;
- a final financial statement of the eligible costs actually incurred, following the structure of the estimated budget;
- a full summary statement of the receipts and expenditure of the action;
- where required by the provisions of Article I.4 on payment of the balance, an external audit report on the action's financial statements and underlying accounts, produced by an approved auditor, or in case of public bodies by a competent and independent public officer. The external audit report shall certify, in accordance with a methodology approved by the Agency, that the costs declared by the beneficiary in the financial statements on which the request of payment is based are real, accurately recorded and eligible and that all receipts have been declared, in accordance with the agreement.

The documents accompanying the request for payment shall be drawn up in accordance with the provisions of Article I.5 and the annexes. The beneficiary shall certify that the information provided in his request for payment is full, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the agreement, that all receipts have been declared, and that his request for payment is substantiated by adequate supporting documents that can be checked.

On receipt of these documents, the Agency shall have the period specified in Article I.4 in order to:

- approve the final report on implementation of the action and the final financial statement;
- ask the beneficiary for supporting documents or any additional information it deems necessary to allow the approval of the reports;
- reject the reports and ask for the submission of (a) new report(s).

Failing a written reply from the Agency within the time limit for scrutiny indicated above, the reports shall be deemed to have been approved. Approval of the reports accompanying the request for payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information they contain.

If additional information or (a) new report(s) is(are) requested, the time limit for scrutiny shall be extended by the time it takes to obtain this information. The beneficiary shall be informed of that request and the extension of the delay for scrutiny by means of a formal document. The beneficiary shall have the period laid down in Article I.4 to submit the information or new documents requested.

Extension of the delay for approval of the report(s) may delay the payment by the equivalent time.

Where a report is rejected, as not admissible, within 30 days of receipt and a new report requested, the approval procedure described in this article shall apply.

In the event of renewed rejection, the Agency reserves the right to terminate the agreement by invoking Article II.11.2(b).

ARTICLE II.16 -GENERAL PROVISIONS ON PAYMENTS

II.16.1 Payments shall be made by the Agency in euros. Any conversion of actual costs into euros shall be made at the daily rate published in the Official Journal of the European Union or, failing that, at the monthly accounting rate established by the Commission and published on its website applicable on the day when the payment order is issued by the Agency, unless the Special Conditions of the agreement lay down specific provisions.

Payments by the Agency shall be deemed to be effected on the date when they are debited to the Commission's account.

II.16.2 The Agency may suspend the period for payment laid down in Article I.4 at any time for the purpose of additional checks by notifying the beneficiary that his request for payment cannot be met, either because it does not comply with the provisions of the agreement, or because the appropriate supporting documents have not been produced or because there is a suspicion that some of the expenses in the financial statement are not eligible.

The Agency may suspend its payments at any time if the beneficiary is found or presumed to have infringed the provisions of the agreement, in particular in the wake of the audits and checks provided for in Article II.19.

The Agency may also suspend its payments:

- if there is a suspicion of irregularity committed by the beneficiary in the implementation of the grant agreement;
- if there is a suspected or established irregularity committed by the beneficiary in the implementation of another grant agreement or grant decision funded by the General Budget of the European Union or by any other budget managed by them. In such cases, suspension of the payments will only proceed where the suspected or established irregularity can affect the implementation of the current grant agreement.

The Agency shall inform the beneficiary in writing as soon as possible of any such suspension, setting out the reasons for suspension.

Suspension shall take effect on the date when notice is sent by the Agency. The remaining payment period shall start to run again from the date when a properly constituted request for payment is registered, when the supporting documents requested are received, or at the end of the suspension period as notified by the Agency.

II.16.3 On expiry of the period for payment specified in Article I.4, and without prejudice to paragraph 2 of this Article, the beneficiary is entitled to interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points; the reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union. This provision shall not apply to recipients of a grant which are public authorities of the Member States of the European Union.

Interest on late payment shall cover the period from the final date for payment, exclusive, up to the date of payment as defined in paragraph 1, inclusive. The interest shall not be treated as a receipt for the

action for the purposes of determining the final grant within the meaning of Article II.17.4. The suspension of payment by the Agency may not be considered as late payment.

By way of exception, when the interest calculated in accordance with the provisions of the first and second subparagraphs is lower than or equal to EUR 200, it shall be paid to the beneficiary only upon demand submitted within two months of receiving late payment.

II.16.4 The Agency shall deduct the interest yielded by pre-financing which exceeds EUR 50 000 as provided for in Article I.4 from the payment of the balance of the amount due to the beneficiary. The interest shall not be treated as a receipt for the action within the meaning of Article II.17.4.

Where the pre-financing payments exceed EUR 750 000 per agreement at the end of each financial year, the interest shall be recovered for each reporting period. Taking account of the risks associated with the management environment and the nature of actions financed, the Agency may recover the interest generated by pre-financing lower than EUR 750 000 at least once a year.

Where the interest yielded exceeds the balance of the amount due to the beneficiary as indicated in Article II.15.4, or is generated by pre-financing referred to in the previous subparagraph, the Agency shall recover it in accordance with Article II.18.

Interest yielded by pre-financing paid to Member States is not due to the Agency.

II.16.5 The beneficiary shall have two months from the date of notification by the Agency of the final amount of the grant determining the amount of the payment of the balance or the recovery order pursuant to Article II.17, or failing that of the date on which the payment of the balance was received, to request information in writing on the determination of the final grant, giving reasons for any disagreement. After this time such requests will no longer be considered. The Agency undertakes to reply in writing within two months following the date on which the request for information is received, giving reasons for its reply. This procedure is without prejudice to the beneficiary's right to appeal against the Agency's decision pursuant to Article I.8. Under the terms of Union legislation in this matter, such appeals must be lodged within two months following the notification of the decision to the applicant or, failing that, following the date on which the applicant learned of the decision.

ARTICLE II.17 - DETERMINING THE FINAL GRANT

II.17.1 Without prejudice to information obtained subsequently pursuant to Article II.19, the Agency shall adopt the amount of the final payment to be granted to the beneficiary on the basis of the documents referred to in Article II.15.4 which it has approved.

II.17.2 The total amount paid to the beneficiary by the Agency may not in any circumstances exceed the maximum amount of the grant laid down in Article I.3.3, even if the total actual eligible costs exceed the estimated total eligible costs specified in Article I.3.2.

II.17.3 If the total actual eligible costs when the action ends are lower than the estimated total eligible costs, the European Union's contribution shall be limited to the amount obtained by applying the European Union grant percentage specified in Article I.3.3 to the actual eligible costs approved by the Agency.

II.17.4 The beneficiary hereby agrees that the grant shall be limited to the amount necessary to balance the action's receipts and expenditure and that it may not in any circumstances produce a profit for him.

Profit shall mean any surplus of total actual receipts attributable to the action over the total actual costs of the action. The actual receipts to be taken into account shall be those which have been established, generated or confirmed on the date on which the request for payment of the balance is drawn up by the beneficiary for financing other than the Union grant, to which shall be added the amount of the grant determined by applying the principles laid down in paragraphs 2 and 3 of this article. For the purposes of this article, only actual costs falling within the categories set out in the estimated budget referred to in Article I.3.1 and contained in Annex II shall be taken into account; non-eligible costs shall always be covered by non-Union resources.

Any surplus determined in this way shall result in a corresponding reduction in the amount of the grant.

II.17.5 Without prejudice to the right for the beneficiary to terminate the agreement under Article II.11, and without prejudice to the right of the Agency to apply the penalties referred to in Article II.12, if the action is not implemented or is implemented poorly, partially or late, the Agency may reduce the grant initially provided for in line with the actual implementation of the action on the terms laid down in this agreement.

II.17.6 On the basis of the amount of the final payment determined in this way and of the aggregate amount of the payments already made under the terms of the agreement, the Agency shall set the amount of the payment of the balance as being the amount still owing to the beneficiary. Where the aggregate amount of the payments already made exceeds the amount of the final grant, the Agency shall issue a recovery order for the surplus.

ARTICLE II.18 - RECOVERY

II.18.1 If any amount is unduly paid to the beneficiary or if recovery is justified under the terms of the agreement, the beneficiary undertakes to repay the Agency, on the bank account indicated by the latter, the sum in question on whatever terms and by whatever date it may specify.

II.18.2 If the beneficiary fails to pay by the date set by the Agency, the sum due shall bear interest at the rate indicated in Article II.16.3. Interest on late payment shall cover the period between the date set for payment, exclusive, and the date when the Commission receives full payment of the amount owed, inclusive.

Any partial payment shall first be entered against charges and interest on late payment and then against the principal.

II.18.3 If payment has not been made by the due date, sums owed to the Agency may be recovered by offsetting them against any sums owed to the beneficiary by the Agency or the Commission, after informing him accordingly by registered letter with acknowledgment of receipt or equivalent, or by calling in the financial guarantee provided in accordance with Article II.15.1. In exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Agency and/or the Commission may recover by offsetting before the due date of the payment. The beneficiary's prior consent shall not be required.

II.18.4 Bank charges occasioned by the recovery of the sums owed to the Agency shall be borne solely by the beneficiary.

II.18.5 The beneficiary understands that, under Article 299 of the Treaty on the functioning of the European Union, the Commission may adopt an enforceable decision formally establishing an amount as receivable from persons other than States. An action may be brought against such decision before the General Court of the European Union.

ARTICLE II.19 - CHECKS AND AUDITS

II.19.1 The beneficiary undertakes to provide any detailed information, including information in electronic format, requested by the Agency and/or the Commission or by any other outside body authorised by the Agency and/or by the Commission to check that the action and the provisions of the agreement are being properly implemented.

II.19.2 The beneficiary shall keep at the Agency's and the Commission's disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to the agreement for a period of five years from the date of payment of the balance.

II.19.3 The beneficiary allows the Agency and/or the Commission may have an audit of the use made of the grant carried out either directly by its own staff or by any other outside body authorised to do so on its

behalf. Such audits may be carried out throughout the period of implementation of the agreement until the balance is paid and for a period of five years from the date of payment of the balance. Where appropriate, the audit findings may lead to recovery decisions by the Agency.

II.19.4 The beneficiary undertakes to allow the Agency and/or the Commission staff and outside personnel authorised by the Agency or the Commission the appropriate right of access to sites and premises where the action is carried out and to all the information, including information in electronic format, needed in order to conduct such audits.

II.19.5 By virtue of Council Regulation (Euratom, EC) No 2185/96 and Regulation (EC) No 1073/1999 of the European Parliament and the Council, the European Anti-Fraud Office (OLAF) may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, the inspection findings may lead to recovery decisions by the Agency and/or the Commission.

II.19.6 The Court of Auditors shall have the same rights as the Agency and/or the Commission, notably right of access, as regards checks and audits.

SIGNATURES

For the Beneficiary	**For the Agency**
«RESI_NOM», Function:	«DEFU_UNOP_CHEF», Head of Unit
Done at , on . . / . . /	Done at Brussels, on . . / . . / . . . .

In duplicate in English

LIFELONG LEARNING PROGRAMME

GRANT AGREEMENT FOR AN ACTION

AGREEMENT NUMBER - **«NO_REF»**

ANNEX I

DESCRIPTION OF THE ACTION

The grant awarded aims at implementing the activities as they are described in the application form:

Registered by the Agency under the reference: «PROJ_REF_SK»

Project title: «PROJ_TIT» «PROJ_TIT2»

Submitted by : «DEMA_NOM_CONT»

LIFELONG LEARNING PROGRAMME

GRANT AGREEMENT FOR AN ACTION

AGREEMENT NUMBER - **«NO_REF»**

ANNEX II

ESTIMATED AND ELIGIBLE BUDGET OF THE ACTION

LIFELONG LEARNING PROGRAMME

GRANT AGREEMENT FOR AN ACTION

AGREEMENT NUMBER - **«NO_REF»**

ANNEX III

GUIDELINES FOR ADMINISTRATIVE AND FINANCIAL MANAGEMENT AND REPORTING (HANDBOOK)

Available on

http://eacea.ec.europa.eu/llp/beneficiaries/2011/reporting_lifelong_learning_2011_en.php