



GRANT AGREEMENT for an ACTION
AGREEMENT NUMBER –ECO/13/[...]/SI2...

[ACRONYM]

[Project full name]

relating to the implementation of an action in the framework of

CIP Eco-innovation

First Application and market replication projects

*Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007-2013)*¹

The Executive Agency for Competitiveness and Innovation (EACI) (hereinafter referred to as “the Agency”), acting under powers delegated by the European Commission (hereinafter referred to as “the Commission”), and represented for the purposes of signature of this agreement by Ms Beatriz Yordi Aguirre, Head of Unit, or her duly authorised representative,

of the one part,

[Full official name of the coordinator] [Acronym]

[Full official address],

hereinafter referred to as “the coordinator”, represented for the purposes of signature of this agreement by **[Mr/Ms] [first name + surname of the signatory] [position],**

¹ OJ L 310 of 9 November 2006, p. 15

and the following co-beneficiaries,

[Full official name of the co-beneficiary] [Acronym]

[Full official address]

represented for the purposes of signature of this agreement by [Mr/Mrs] [first name + surname of the signatory] [position],

*(*repeat for each co-beneficiary*)*

who have conferred powers of attorney to the coordinator for the purposes of signature of this agreement and any subsequent riders, according to the mandates attached to the present agreement and which form an integral part of it,

collectively “the beneficiaries”, and each individually identified as “beneficiary” for purposes of this agreement where a provision applies without distinction to the coordinator or a co-beneficiary,

of the other part,

collectively “the parties to the agreement”,

HAVE AGREED

The **Special conditions** and the **General conditions** below, and the following **Annexes**:

- | | | |
|-------|-----|---|
| Annex | I | Description of the action |
| Annex | II | Estimated budget of the action |
| Annex | III | Technical Implementation Reports and financial statements |
| Annex | IV | Mandates conferring powers of attorney from the co-beneficiaries to the coordinator |

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**.

The terms set out in **Annex I** (Description of the Action) shall take precedence over those in the other **Annexes**.

I – SPECIAL CONDITIONS

ARTICLE I.1 – PURPOSE

- I.1.1. The Agency has decided to award a grant, under the terms and conditions set out in the Special Conditions, the General Conditions and the Annexes to the agreement, which the beneficiaries hereby declare that they have taken note of and accept, for the action entitled [insert title of the action] (“the action”).
- I.1.2. The beneficiaries accept the grant and undertake to do everything in their power to carry out the action as described in Annex I, acting under their own responsibility.

ARTICLE I.2 – DURATION

- I.2.1. The agreement shall enter into force on the date when the last contracting party signs (“the date of entry into force of the agreement”).
- I.2.2. The action shall run for [insert number] months from [[the date / the first day [of the month] following the date] when the last contracting party signs the agreement] [or insert date] (“the starting date of the action”).

ARTICLE I.3 – ROLE OF THE BENEFICIARIES

- I.3.1. The coordinator shall ‘inter alia’:
- (a) ensure that the action is implemented in accordance with the agreement;
 - (b) be the intermediary for all communication between the co-beneficiaries and the Agency in accordance with Article I.8. Any claims that the Agency might have in respect of the agreement shall be addressed to, and answered by, the coordinator, except where specifically stated otherwise in the agreement;
 - (c) be responsible for supplying all documents and information to the Agency which may be required under the agreement, in particular in relation to the request for payment. The coordinator shall not delegate any part of this task to the co-beneficiaries or to any other party. Where information from the co-beneficiaries is required, the coordinator shall be responsible for obtaining and verifying this information and for passing it on to the Agency;
 - (d) inform the co-beneficiaries concerning any event, of which he is aware, that is liable to substantially affect or delay the implementation of the action;
 - (e) inform the Agency of transfers of budget, as provided in Article I.4.4;
 - (f) make the appropriate arrangements for providing the financial guarantee or the joint guarantee of the beneficiaries participating in the action, when requested, under the provisions of Article I.5;
 - (g) establish the payment requests on behalf of the beneficiaries, detailing the exact share and amount assigned to each beneficiary, in accordance with the agreement, the estimated eligible costs as foreseen in Annex II, and the actual costs incurred. All payments by the Agency are made to the bank account referred to in paragraph 1 of Article I.7;
 - (h) where designated the sole recipient of payments on behalf of all of the beneficiaries, ensure that all the appropriate payments are made to the co-beneficiaries within 30 days upon receipt of the funds paid by the Agency, unless there is a justified delay, in accordance with Article I.5 and in accordance with Annex II and shall inform the Agency of the distribution of

the European Union (hereinafter referred to as “the Union”) financial contribution between the co-beneficiaries and of the date of transfer.

I.3.2. The co-beneficiaries shall ‘inter alia’:

- (a) agree upon appropriate arrangements for the proper performance of the work incumbent upon them pursuant to Annex I;
- (b) forward to the coordinator the data needed to draw up the reports, financial statements and other documents provided for in the agreement including its Annexes;
- (c) ensure that all information to be provided to the Agency is sent via the coordinator, except where the agreement specifically stipulates otherwise;
- (d) inform the coordinator immediately concerning any event, of which they are aware, that is liable to substantially affect or delay the implementation of the action;
- (e) inform the Agency via the coordinator of transfers of budget, as provided in Article I.4.4;
- (f) provide the coordinator with all the necessary documents in the event of audits, checks or evaluations, as described in Articles II.19 and II.6.

ARTICLE I.4 – FINANCING THE ACTION

I.4.1. The total costs of the action are estimated at EUR [insert amount in figures and words], as shown in the estimated budget in Annex II. The estimated budget shall give a detailed breakdown of the costs that are eligible for 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.

The estimated budget in Annex II shall include a table indicating the breakdown of estimated eligible costs and receipts between each beneficiary. The table shall be agreed collectively by the beneficiaries and shall be deemed to form an integral part of the budget of the agreement.

I.4.2. The total eligible costs of the action for which the grant is awarded are estimated at EUR [insert amount in figures and words], as shown in the estimated budget in Annex II.

Subject to the conditions laid down in Article II.14.3, indirect costs are eligible for flat-rate funding fixed at 7% of the beneficiaries total eligible direct costs, as shown in the estimated budget in Annex II.

I.4.3. The Agency shall contribute a maximum of EUR [insert amount in figures and words], equivalent to [50,00%] of the estimated eligible costs indicated in Article I.4.2. The final amount of the grant shall be determined as specified in Article II.17, without prejudice to Article II.19.

The grant may not finance the entire costs of the action. The amounts and sources of co-financing other than from Union funds shall be set out in the estimated budget referred to in Article I.4.1.

I.4.4. By way of derogation from Article II.13, a beneficiary may, when carrying out the action, adjust the estimated budget by transfers between items of eligible costs, provided that this adjustment of expenditure does not affect the implementation of the action and the transfer between items does not exceed 20% of the total eligible costs of the action. The beneficiary shall inform the Agency in writing through the coordinator at the latest at the time of the final report.

By way of derogation from Article II.13, beneficiaries may, when carrying out the action, transfer between themselves the estimated budget set out in Annex II, provided that this adjustment of expenditure does not affect the implementation of the action and the transfer does not exceed 20% of the total eligible costs of the recipient beneficiary and

the transfer does not exceed 50% of the total costs of the giving beneficiary. The coordinator shall inform the Agency in writing at the latest at the time of the final report.

In case of budget shifts between partners with different funding rates, the maximum funding by the Agency as stipulated in Article I.4.3 and Annex II will not be exceeded.

ARTICLE I.5 – PAYMENT ARRANGEMENTS

The grant to the action shall be paid in accordance with the provisions of Article II.15 of the General Conditions and the following provisions:

I.5.1. First pre-financing

Within 30 (thirty) calendar days from the date when the signed agreement and all the mandates are officially received by the Agency, a pre-financing payment of EUR [insert amount in figures and words] representing 30% of the amount specified in Article I.4.3, shall be made to the coordinator.

(*Provision to be inserted if a financial guarantee on the pre-financing is required*)

An amount of EUR [insert amount in figures and words] of the pre-financing referred to in the first sub-paragraph shall be retained by the Agency until the [coordinator/co-beneficiary/co-beneficiaries] [insert the acronym or the name of the coordinator/co-beneficiary/co-beneficiaries] provide[s] to the Agency, within 60 (sixty) calendar days from the date of entry into force of the agreement as provided in Article I.2.1, a financial guarantee equivalent to [that amount/the amount of these beneficiaries' respective first pre-financing] .

I.5.2. Second pre-financing

The coordinator may request a second pre-financing payment provided that 100% of the first pre-financing payment has been used up.

The aggregate amount of the pre-financing payments shall represent 60% of the maximum amount of the grant specified in Article I.4.3.

The request for payment of a second pre-financing shall be drawn up in accordance with the provisions of Article I.3.1 (g) and Article II.15.2 and shall be accompanied by the following documents:

- an interim technical implementation report on the action;
- interim financial statements of the eligible costs actually incurred, following the structure of the estimated budget, including a consolidated statement and a breakdown between each beneficiary;
- copies of bank statements showing the transfer to the co-beneficiaries of the first pre-financing paid by the Agency.

The amount of the second pre-financing shall be paid to the coordinator upon approval by the Agency of the interim technical implementation report and interim financial statement in accordance with the procedure laid down in Article II.15.2.

The Agency shall have 90 days to approve or reject the report and to pay the second pre-financing, or to request additional supporting documents or information under the procedure laid down in Article II.15.2. The coordinator shall have 20 (twenty) calendar days in which to submit additional information or a new report.

The payment of the amount of the second pre-financing may be suspended by the Agency in accordance with the procedure in Article II.16.2.

I.5.3. Payment of the balance

Upon completion of the action, a payment representing the balance of the grant determined in accordance with Article II.17 shall be made to the coordinator.

The request for payment of the balance shall be drawn up in accordance with the provisions of Article I.3.1 (g) and Article II.15.3 and shall be accompanied by the following documents:

- a final technical implementation report;
- a final financial statement of the eligible costs actually incurred following the structure of the estimated budget including a consolidated statement and a breakdown between each beneficiary;
- where required according to the provision below, a certificate on the financial statements and underlying accounts produced by an approved auditor. The certificate shall certify that the costs declared by the beneficiaries in the financial statements on which the request of payment is based are real, accurately recorded and eligible and that receipts have been declared in accordance with the agreement;
- copies of bank statements showing the transfer to the co-beneficiaries of the second pre-financing paid by the Agency;

Each beneficiary, independent of its funding rate, for whom the amount of Union funding is equivalent to or exceeds 150.000 € shall provide, in addition, an external audit report on the action's accounts, except where the beneficiary concerned is a public body or an international organisation.

The amount of the final payment shall be determined on the basis of the eligible costs actually incurred, as shown in the final financial statement and validated by the Agency in accordance with article 1.4.3. Where appropriate the amount of any pre-financing previously paid to the beneficiary shall be deducted.

The balance of the grant shall be paid to the coordinator upon approval by the Agency of the final technical implementation report and final financial statements in accordance with the procedure laid down in Article II.15.3.

The Agency shall have 90 days to approve or reject the report 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.15.3. The beneficiary shall have 20 (twenty) calendar days in which to submit additional information or a new report.

The payment of the balance of the grant may be suspended by the Agency in accordance with the procedure in Article II.16.2.

ARTICLE I.6 – SUBMISSION OF REPORTS AND OTHER DOCUMENTS

The technical implementation reports, financial statements and any other documents referred to in Article II.15 shall be submitted in accordance with the provisions of Annex III of the agreement and the following:

I.6.1. The beneficiaries shall submit, through the coordinator and in the format provided by the Agency, the following documents:

- (a) [Insert number] technical progress report[s];
- (b) an interim technical implementation report and interim financial statements;
- (c) a final technical implementation report and final financial statements.

All these documents shall be submitted in English, in 2 (two) originals and 1 (one) electronic format. Any other deliverable shall be submitted in accordance with Annex I.

I.6.2. The [first] technical progress report, covering the period from month 1 to month [x], shall be submitted within 30 (thirty) calendar days of the end of the reporting period in question. [The second technical progress report, covering the period from month [insert number] to month [insert number] shall be submitted within 30 (thirty) calendar days of the end of the reporting period in question]. [The third technical progress report, covering

the period from month [insert number] to month [insert number] shall be submitted within 30 (thirty) calendar days of the end of the reporting period in question].

- I.6.3. The interim technical implementation report and interim financial statements, covering the period from month 1 to month [y] shall be submitted within 30 (thirty) calendar days of the end of the reporting period in question.
- I.6.4. The final technical implementation report and financial statements, including a consolidated statement and a breakdown between each beneficiary, shall be submitted within 60 (sixty) calendar days following the closing date of the action specified in Article I.2.2 covering the whole duration of the action.

ARTICLE I.7 – BANK ACCOUNT

Payments shall be made to the coordinator's bank account or sub-account denominated in Euro, as indicated below:

Name of the bank: [...]

Address of the branch: [...]

Precise denomination of the account holder: [...]

Full account number (including bank codes): [...]

IBAN account code: [...]

ARTICLE I.8 – GENERAL ADMINISTRATIVE PROVISIONS

Any communication in connection with this agreement shall be in writing, in English, indicating the number of the agreement, the title and acronym of the action, and shall be sent to the following addresses:

For the Agency:

Executive Agency for Competitiveness and Innovation (EACI)

ECO-INNOVATION UNIT

Ms. Beatriz YORDI AGUIRRE, Head of Unit,

[continued, see below]:

- a) by ordinary or registered mail (postal service):

B-1049 Brussels

BELGIUM

- b) by an express delivery service or hand-deliver against signature:

Mail Service

Avenue du Bourget 1

B-1049 Brussels

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

For the coordinator:

[Full official name]

[Mr/Ms] [Insert first name + surname] [Function]

[Full official address]

[email address]

Any communication from the Agency to the co-beneficiaries and vice-versa shall be made through the coordinator in accordance with Articles I.3.1 (b) and I.3.2 (c).

ARTICLE I.9 – LAW APPLICABLE AND COMPETENT COURT

The grant is governed by the terms of the agreement, the Union rules applicable and, on a subsidiary basis, by the law of Belgium relating to grants.

The beneficiaries 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 and, in the case of appeal, the Court of Justice.

ARTICLE I.10 – PROCESSING OF PERSONAL DATA

I.10.1 Data controller

The entity acting as a data controller according to Article I.10 shall be the Head of Unit of the Unit mentioned under Article I.8.

I.10.2 Processing of personal data by the Agency

Any personal data included in the Agreement shall be processed by the Agency pursuant to Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Such data shall be processed by the data controller identified in Article I.10.1 solely for the purposes of the implementation, management and monitoring of the Agreement, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of Union law.

The beneficiaries shall have the right of access to their personal data and the right to rectify any such data. Should the beneficiaries have any queries concerning the processing of their personal data, they shall address them to the data controller, identified in Article I.10.1.

The beneficiaries shall have the right of recourse at any time to the European Data Protection Supervisor.

I.10.3 Processing of personal data by the beneficiaries

Where the Agreement requires the processing of personal data by the beneficiaries, the beneficiaries may act only under the supervision of the data controller identified in Article I.10.1, in particular with regard to the purpose of the processing, the categories of data which may be processed, the recipients of the data and the means by which the data subject may exercise his or her rights.

The access to data that the beneficiaries grant to their personnel shall be limited to the extent strictly necessary for the implementation, management and monitoring of the Agreement.

The beneficiaries undertake to adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned, in order to:

- (a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:
 - (i) unauthorised reading, copying, alteration or removal of storage media;
 - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;

- (iii) unauthorised persons from using data-processing systems by means of data transmission facilities;
- (b) ensure that authorised users of a data-processing system can access only the personal data to which their access right refers;
- (c) record which personal data have been communicated, when and to whom;
- (d) ensure that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the Agency;
- (e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
- (f) design their organisational structure in such a way that it meets data protection requirements.

ARTICLE I.11 – OTHER SPECIAL CONDITIONS

The following other special conditions apply to this agreement:

- I.11.1. In addition to the documents referred to in Article I.6.1, the beneficiaries must set up a project website at the latest 6 (six) months after the starting date of the action as specified in Article I.2.2 and it must be accessible until at least 2 (two) years after the end date of the action. This project website has to be set up in accordance with the provisions of Annex III to the agreement.
- I.11.2 The coordinator shall submit the payment requests in accordance with Article I.5, including the underlying financial statements, in Euro. By way of derogation from Article II.16.1, any conversion of actual costs into Euro shall be made by the beneficiary at the monthly accounting rate established by the Commission and published on its website² applicable on the day when the cost was incurred, or at the monthly accounting rate established by the Commission and published on its website applicable on the first working day of the month following the period covered by the financial statement concerned. This should be consistent per beneficiary for the whole project duration.
- I.11.3 Without prejudice to the provisions of Article II.14.1, the costs relating to the final reports and audit certificates shall be eligible only when incurred by the beneficiaries within a maximum period of two months following the completion of the action as specified in Article I.2.2.
- I.11.4 Further to article II.5.1 of the General Conditions, the logo of Eco-Innovation – first application and market replication projects has to be included in all communication or publication by the beneficiaries collectively or by any one of the beneficiaries individually about the action, including conferences or seminars.
- I.11.5 In case of budget shifts between partners with different funding rates falling within the scope of Article II.13, the maximum funding by the Agency as stipulated in Article I.4.3 and Annex II will not be exceeded.
- I.11.6 Further to article II.14.2, any subcontract should be awarded according to the principles of transparency, equal treatment and best value for money (best price- quality ratio). In a very simplified procedure, three different offers should be obtained and evaluated against common established criteria to ensure that each of them is treated fairly and equitably. If the participant is a public body, any subcontracting must be awarded in accordance with the applicable national rules on public tendering and, when exceeding certain amounts, in conformity with the Union Directive on public procurement and through the publication of a call for tenders.

2 <http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=home&Language=en>

- I.11.7 Further to article II.14.2, only the costs for equipment or infrastructure directly linked with the innovative action are eligible for funding, and the selection of the provider should follow the principle of transparency, equal treatment and best value for money.
- I.11.8 Article II.18.1 is replaced by the following:

"Where an amount paid by the Agency to the coordinator in his capacity of recipient of all payments, is to be recovered under the terms of the agreement, the coordinator undertakes to repay the Agency the sum in question, on whatever terms and by whatever date it may specify, even if he has not been the final recipient of the amount due. However, the Agency reserves the right, where appropriate, to recover the amount due directly from the final recipient.

Where such an amount to be recovered under the terms of the agreement was directly paid by the Agency to a beneficiary, or if recovery is justified under Article II.12 of the agreement, the beneficiary concerned undertakes to repay the Agency the sum in question, on whatever terms and by whatever date it may specify."

(*Provision to be inserted in the event a beneficiary is composed of several legal entities, i.e. association, EEIG, enterprises grouping...*)

I.11.9 Participation of [[an] entity/entities] composed of one or more legal entities

I.11.9.1 The [coordinator/co-beneficiary/co-beneficiaries] [insert the acronym or the name of the coordinator/co-beneficiary/co-beneficiaries] (hereafter referred to as “[beneficiary/beneficiaries]” for the purposes of this article) [is/are] composed by [its/their] members.

I.11.9.2 The [beneficiary/beneficiaries] may involve those members that are duly listed in Annex I attached to the present agreement to carry out the action. The costs incurred by these members carrying out the action constitute eligible costs of the action, in accordance with the provisions of the agreement, provided that the [beneficiary/beneficiaries] ensure[s] that the conditions applicable to [him/them] under the Articles II.1, II.2, II.3, II.4, II.5, II.6, II.9, II.10, II.14 and II.19 of the agreement are also applicable to these members.

I.11.9.3 In addition to the documents referred to in Article II.15, the [beneficiary/beneficiaries] shall provide the following documents:

- an individual financial statement from each member involved in the action, in accordance with the provisions specified in Annex III,
- a summary financial statement consolidating the sum of eligible costs borne by the [beneficiary/beneficiaries] and each member involved in the action, as stated in their individual financial statements,

I.11.9.4 When submitting the final technical implementation report referred to in Article I.6, the [beneficiary/beneficiaries] shall identify the work performed and resources deployed by each member involved in the action.

I.11.9.5 The [beneficiary/beneficiaries] shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The [beneficiary/beneficiaries] must undertake to make the necessary arrangements to ensure that [its/their] members waive all rights in respect of the Agency under the agreement.

II – GENERAL CONDITIONS

PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – LIABILITY

- II.1.1 The beneficiaries shall be responsible for complying with any legal obligations incumbent on them.
- 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 will not entertain any request for indemnity or reimbursement accompanying any such claim.
- II.1.3 Except in cases of force majeure, the beneficiaries 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 beneficiaries 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

The beneficiaries undertake 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.

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 beneficiaries shall undertake to take whatever steps are necessary to rectify this situation at once. The Agency reserves the right to check that the measures taken are appropriate and may demand that the beneficiaries take additional measures, if necessary, within a certain time.

ARTICLE II.3 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

- II.3.1 Ownership of the results by the beneficiaries

Unless stipulated otherwise in the 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 beneficiaries.

- II.3.2 Pre-existing industrial and intellectual property rights

Where industrial and intellectual property rights, including rights of third parties, exist prior to the conclusion of the Agreement, the beneficiaries shall establish a list which shall specify all rights of ownership and use of the pre-existing industrial and intellectual property rights and disclose it to the Agency at the latest before the commencement of implementation.

The beneficiaries shall ensure that they or their affiliated entities have all the rights to use any pre-existing industrial and intellectual property rights during the implementation of the Agreement.

- II.3.3 Rights of use of the results and of pre-existing rights by the Union

Without prejudice to Articles II.1 and II.3.1, the beneficiaries grant the Union the right to use the results of the action for the following purposes:

- (a) use for its own purposes, and in particular, making available to persons working for the Agency, other Union institutions, agencies and bodies and to Member States' institutions, as well as, copying and reproducing in whole or in part and in unlimited number of copies;

- (b) distribution to the public, and in particular, publication in hard copies and in electronic or digital format, publication on the internet, including on the Europa website, as a downloadable or non-downloadable file, broadcasting by any kind of technique of transmission, public display or presentation, communication through press information services, inclusion in widely accessible databases or indexes;
- (c) translation;
- (d) giving access upon individual requests without the right to reproduce or exploit, as provided for by Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents;
- (e) storage in paper, electronic or other format;
- (f) archiving in line with the document management rules applicable to the Agency;
- (g) rights to authorise or sub-licence the modes of exploitation set out in points (b) and (c) to third parties.

Additional rights of use for the Union may be provided for in the Special Conditions.

The beneficiaries shall warrant that the Union has the right to use any pre-existing industrial and intellectual property rights, which have been included in the results of the action. Unless specified otherwise in the Special Conditions, those pre-existing rights shall be used for the same purposes and under the same conditions applicable to the rights of use of the results of the action.

Information about the copyright owner shall be inserted when the result is divulged by the Union. The copyright information shall read: "© – year – name of the copyright owner. All rights reserved. Licenced to the European Union under conditions.".

ARTICLE II.4 – CONFIDENTIALITY

The Agency and the beneficiaries 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 beneficiaries collectively or any one of the beneficiaries individually about the action, including at a conference or seminar, shall indicate that the action has received funding from the Union.

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

- II.5.2 The beneficiaries authorise the Agency and/or the Commission to publish the following information in any form and medium, including via the Internet:

- the beneficiaries' names and addresses,
- the subject and purpose of the grant,
- the amount and rate of the Union financial contribution foreseen for the action and the amount and rate for each beneficiary foreseen in the estimated budget of the action in Annex II
- after the final payment, the amount and rate of the Union financial contribution accepted by the Agency for the action and for each beneficiary.

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

ARTICLE II.6 – EVALUATION

Whenever the Commission carries out an interim or final evaluation of the action's impact measured against the objectives of the Union programme concerned, the co-ordinator with the support of the co-beneficiaries undertake to make available to the Commission and/or persons authorised by it all such documents or information 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 Suspension of the implementation by the beneficiaries

The coordinator, on behalf of the beneficiaries, may suspend the implementation of the action or any part thereof, if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of force majeure. The coordinator shall inform the Agency without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.11.1 and II.11.2 or points (b) or (c) of Article II.11.3.1, the coordinator shall, once the circumstances allow resuming the implementation of the action, inform the Agency immediately and present a request for amendment of the Agreement as provided for in Article II.7.3.

II.7.2 Suspension of the implementation by the Agency

II.7.2.1 The Agency may suspend the implementation of the action or any part thereof:

- (a) if the Agency has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement or if a beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Agency has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or
- (c) if the Agency suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred.

II.7.2.2 Before suspending the implementation the Agency shall formally notify the coordinator of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a) and (b) of Article II.7.2.1, the necessary conditions for resuming the implementation. The coordinator shall be invited to submit observations on behalf of all beneficiaries within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the coordinator, the Agency decides to stop the suspension procedure, it shall formally notify the coordinator thereof.

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Agency decides to pursue the suspension procedure, it may suspend the implementation by formally notifying the coordinator thereof, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of Article II.7.2.1, the definitive conditions for resuming the implementation or, in the case referred to in point (c) of Article II.7.2.1, the indicative date of completion of the necessary verification.

The coordinator shall inform the other beneficiaries immediately. The suspension shall take effect five calendar days after the receipt of the notification by the coordinator or on a later date, where the notification so provides.

In order to resume the implementation, the beneficiaries shall endeavour to meet the notified conditions as soon as possible and shall inform the Agency of any progress made in this respect.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.11.1, II.11.2 or points (b), (g) or (j) of Article II.11.3.1, the Agency shall, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the coordinator thereof and invite the coordinator to present a request for amendment of the Agreement as provided for in Article II.7.3.

II.7.3 Effects of the suspension

If the implementation of the action can be resumed and the Agreement is not terminated, an amendment to the Agreement shall be made in accordance with Article II.13 in order to establish the date on which the action shall be resumed, to extend the duration of the action and to make any other modifications that may be necessary to adapt the action to the new implementing conditions.

The suspension is deemed lifted as from the date of resumption of the action agreed by the parties in accordance with the first subparagraph. Such a date may be before the date on which the amendment enters into force.

Any costs incurred by the beneficiaries, during the period of suspension, for the implementation of the suspended action or the suspended part thereof, shall not be reimbursed or covered by the grant.

The right of the Agency to suspend the implementation is without prejudice to its right to terminate the Agreement or the participation of a beneficiary in accordance with Article II.11.3 and its right to reduce the grant or recover amounts unduly paid in accordance with Articles II.17 and II.18.

Neither party shall be entitled to claim compensation on account of a suspension by the other party.

ARTICLE II.8 – FORCE MAJEURE

II.8.1 Force majeure shall mean any unforeseeable exceptional situation or event beyond the parties' control which prevents them from fulfilling any of their obligations under the 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 advice of delivery or equivalent, stating the nature, probable duration and foreseeable effects.

II.8.3 The party faced with force majeure shall not be held in breach of his obligations under the agreement if he's 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 beneficiaries have to conclude contracts in order to carry out the action and they constitute costs of the action under an item of eligible direct costs in the estimated budget, they shall award the contract to the bid offering the best value for money; in doing so they shall take care to avoid any conflict of interests.
- II.9.2 Contracts as referred to in Article II.9.1 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 beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The beneficiaries 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 beneficiaries must undertake to ensure that the conditions applicable to them 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.
- II.9.3 Subcontracting of tasks forming part of the Action
- II.9.3.1 A "subcontract" is a procurement contract within the meaning of Article II.9,1 and II.9.2 which covers the implementation by a third party of tasks forming part of the action as described in Annex I.
- II.9.3.2 Beneficiaries may subcontract tasks forming part of the action, provided that, in addition to the conditions specified in Article II.9 and the Special Conditions, the following conditions are complied with:
- a) subcontracting only covers the implementation of a limited part of the action;
 - b) recourse to subcontracting is justified having regard to the nature of the action and what is necessary for its implementation;
 - c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex II;
 - d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the coordinator and approved by the Agency without prejudice to Article II.13.2;
 - e) the beneficiaries ensure that the conditions applicable to them under Article II.5 are also applicable to the subcontractors.

ARTICLE II.10 – ASSIGNMENT

Claims against the Agency may not be transferred.

In exceptional circumstances, where the situation warrants it, the Agency may authorise the assignment to a third party of the agreement and payments flowing from it following a written request to that effect, giving reasons, from the coordinator in agreement with the co-beneficiaries. If the Agency agrees, it must make its agreement known in writing to the coordinator 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.

In no circumstances shall such an assignment release the beneficiaries from their obligations to the Agency.

ARTICLE II.11 – TERMINATION OF THE AGREEMENT OR OF THE PARTICIPATION OF A BENEFICIARY

II.11.1 Termination of the agreement by the coordinator

In duly justified cases, the coordinator, in agreement with the co-beneficiaries, may withdraw the beneficiaries' request for a grant and terminate the agreement at any time by giving 60 (sixty) days written notice stating the reasons, 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 agreement shall be deemed to have been terminated improperly, with the consequences set out in the fifth subparagraph of Article II.11.5.

II.11.2 Termination of the participation of a beneficiary

In duly justified cases, the coordinator may request to terminate the participation of a beneficiary by giving 60 (sixty) days written notice. The co-ordinator shall include with any such request to the Agency the remaining beneficiaries' proposal to reallocate the tasks of that beneficiary or where relevant to nominate a replacement, the reasons for the termination of the participation and the opinion of the beneficiary whose participation is requested to be terminated.

In duly justified cases, any beneficiary may decide to terminate his participation in the agreement. The request must be submitted to the Agency by the coordinator by giving 60 (sixty) days notice stating the reasons.

If no reasons are given or if the Agency does not accept the reasons, the participation shall be deemed to have been terminated improperly, with the consequences set out in the fifth subparagraph of Article II.11.5.

The termination of the participation of the beneficiary concerned shall take effect on the date of the Agency's approval. A written additional agreement shall be concluded to make any amendments necessary to adapt the action to the new implementing conditions resulting from partial termination.

II.11.3 Termination by the Agency

The Agency may decide to terminate the agreement or the participation of any one or several beneficiaries in the action without any 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 or if, following the termination of the participation of any one or several beneficiaries, the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (b) if a beneficiary fails to fulfil a substantial obligation incumbent on him under the terms of the agreement and 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 any other similar 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;
- (j) if the Agency has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant.

For the purposes of points (e), (g) and (h), "any related person" shall mean any natural person which has the power to represent the beneficiary or to take decisions on its behalf.

II.11.4 Termination procedure

The procedure is initiated by registered letter with advice of delivery or equivalent. The co-ordinator shall ensure that all beneficiaries are duly informed.

In the cases referred to in points (a), (b), (d), (e), (g) and (h) of paragraph 3, the co-ordinator in consultation with the beneficiaries, 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 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), (i) and (j) of paragraph 3, 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.11.5 Effects of termination

In the event of termination of the agreement, payments by the Agency shall be limited to the eligible costs actually incurred by the beneficiaries 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 coordinator shall have 60 (sixty) days from the date when termination of the agreement takes effect to produce a request for final payment in accordance with Article II.15.3. If no request for final payment is received within this time limit, the Agency shall not reimburse the expenditures incurred by the beneficiaries 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.

Where termination affects the participation of a beneficiary, only those eligible costs actually incurred by the beneficiary concerned up to the date when termination of his participation takes effect shall be considered eligible, in accordance with Article II.17. Costs relating to current commitments that were not due to be executed until after termination shall not be taken into account. The request for payment of the eligible costs incurred up to the date when the termination of the participation of the beneficiary concerned takes effect shall be included in the following payment request due according to the schedule laid down in Article I.6.

By way of exception, at the end of the period of notice referred to in Article II.11.4, where the Agency is terminating the agreement on the grounds that the coordinator has failed to produce the final technical implementation report and/or the final financial statements within the deadline

stipulated in Article I.6 and the coordinator have still not complied with this obligation within two months following the written reminder sent by the Agency by registered letter with advice of delivery or equivalent, the Agency shall not reimburse the expenditure incurred by the beneficiaries 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 of the agreement by the coordinator, or a beneficiary's participation in the action, or termination by the Agency on the grounds set out in points (a), (e), (g), (h), (i) or (j) of Article II.11.3, the Agency may require the partial or total repayment of sums already paid under the agreement on the basis of technical implementation reports and financial statements approved by the Agency, in proportion to the gravity of the failings in question and after allowing the coordinator, and when relevant the beneficiaries, to submit their observations.

ARTICLE II.12 – FINANCIAL PENALTIES

By virtue of the Financial Regulation applicable to the general budget of the European Union, any one or several of the beneficiaries declared to be in grave breach of their obligations under the agreement shall be liable to financial penalties of between 2% and 10% of the value of their share of the grant in question, with due regard for the principle of proportionality. This rate may be increased to between 4% and 20% in the event of a repeated breach in the 5 (five) years following the first. The beneficiary concerned shall be notified in writing of any decision by the Agency to apply such financial penalties.

ARTICLE II.13 – SUPPLEMENTARY AGREEMENTS

- II.13.1 This agreement including its annexes may be modified only by 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 Where the request for amendment is made by the coordinator, in agreement with the co-beneficiaries, he must send the request to the Agency in good time before it is due to take effect and at all events 30 (thirty) calendar days before the closing date of the action, except in cases duly substantiated by the coordinator 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 certificates on the action 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 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 beneficiaries' 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 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 Article II.14.1:

- 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 project 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;
- 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.
- 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;
- Other specific costs, these are 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). Such costs may also include specific costs incurred by the coordinator for fulfilling his responsibilities in his capacity of the body responsible for the overall management of the action and the co-ordination of the beneficiaries.

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 beneficiaries using their accounting system as having been incurred in connection with the eligible direct costs for the action. They may not include any eligible direct costs.

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;³
- costs declared by a 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, in duly substantiated exceptional cases, that the co-financing of the action referred to in Article I.4.3 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 covered by this possibility.

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 beneficiaries shall undertake to obtain these contributions as provided for in the agreement.

II.14.6 By way of derogation from Article II.14.3, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant from the Union budget during the period in question.

ARTICLE II.15 – REQUESTS FOR PAYMENT

Payments shall be made in accordance with the provisions of Article I.5 of the Special Conditions and the following provisions:

II.15.1 – FIRST PRE-FINANCING

The first pre-financing is intended to provide the beneficiaries with a float.

³ In such a case the participant must provide the EACI with proof from his national tax authorities.

Where required by the provisions of Article I.5.1 on pre-financing, the beneficiary concerned shall provide a financial guarantee from a bank or an approved financial institution established in one of the Member States of the Union.

The financial guarantee shall be drawn up in accordance with the model letter to be provided by the Agency and shall indicate that the guarantor stands as first call guarantor who shall not require the Agency to have recourse against the principal debtor (i.e. the beneficiary concerned).

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 60 (sixty) days following that date.

II.15.2 – SECOND PRE-FINANCING

By the appropriate deadline indicated in Article I.6.3, the coordinator shall submit a request for payment of the second pre-financing accompanied by the following documents:

- an interim technical implementation report of the action;
- interim financial statements of the eligible costs actually incurred, following the structure of the estimated budget, including a consolidated statement and a breakdown between each beneficiary;
- copies of bank statements showing the transfer to the co-beneficiaries of the first pre-financing paid by the Agency.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions in Article I.6 and the annexes. The coordinator and the co-beneficiaries shall certify that the financial documents submitted to the Agency comply with the financial provisions of the agreement, that the costs declared are the actual costs and that all receipts have been declared.

The request for payment of the second pre-financing is deemed inadmissible if at least one of the above documents is missing. Where the request for payment is inadmissible, the Agency shall inform the coordinator in writing.

On receipt of the complete set of documents, the Agency shall have 90 (ninety) calendar days in order to:

- approve the interim technical implementation report of the action and the interim financial statements and pay the second pre-financing amount;
- ask the coordinator for supporting documents or any additional information it deems necessary to allow the approval of the interim technical implementation report and/or of the interim financial statements;
- reject the interim technical implementation report and/or the interim financial statements and ask for the submission of a new report and/or financial statements.

Failing a written reply from the Agency within the time limit indicated above, the interim technical implementation report shall be deemed to have been approved. Approval of the interim technical implementation report shall not imply recognition of its regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

Requests for additional information, a new report or new financial statements shall be notified to the coordinator in writing. The coordinator shall have 20 (twenty) calendar days to submit the information or new documents requested.

If additional information is requested, the time limit for scrutiny and payment of the second pre-financing amount shall be extended by the time it takes to obtain this information.

Where the interim technical implementation report and the interim financial statements are rejected, and a new report and financial statements requested, the approval procedure described in this article shall apply.

In the event of renewed request for additional information or renewed rejection, the Agency reserves the right to terminate the agreement by invoking Article II.11.3 (b).

II.15.3 – 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 beneficiaries in carrying out the action. It may take the form of a recovery order where the total amount of earlier payments is greater than the amount of the final grant determined in accordance with Article II.17.

By the appropriate deadline indicated in Article I.6.4, the coordinator shall submit a request for payment of the balance accompanied by the following documents:

- a final technical implementation report of the action;
- final financial statements of the eligible costs actually incurred, following the structure of the estimated budget, including a consolidated statement and a breakdown between each beneficiary;
- where required by the provisions of Article I.5 on payment of the balance, a certificate on the financial statements and underlying accounts produced by an approved auditor. The certificate shall certify that the costs declared by the beneficiaries 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;
- copies of bank statements showing the transfer to the co-beneficiaries of the second pre-financing paid by the Agency.

The documents accompanying the request for payment shall be drawn up in accordance with the provisions of Article I.6 and the annexes. The coordinator 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.

The request for payment of the balance is deemed inadmissible if at least one of the above documents is missing. Where the request for payment is inadmissible, the Agency shall inform the coordinator in writing.

On receipt of the complete set of documents, the Agency shall have 90 (ninety) calendar days in order to:

- approve the final technical implementation report of the action and the final financial statements and pay the balance of the grant;
- ask the coordinator for supporting documents or any additional information it deems necessary to allow the approval of the final technical implementation report and/or of the final financial statements;
- reject the final technical implementation report and/or the final financial statements and ask for the submission of a new report and/or financial statements.

Failing a written reply from the Agency within the time limit for scrutiny indicated above, the final technical implementation report shall be deemed to have been approved. Approval of the final technical implementation report shall not imply recognition of its regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

Requests for additional information, a new report or new financial statements shall be notified to the coordinator in writing. The time limit for scrutiny shall be extended by the time it takes to obtain this information. The coordinator shall be informed of that request and the extension of the delay for scrutiny by means of a formal document. The coordinator shall have 20 (twenty) calendar days to submit the information or new documents requested.

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

Where the final technical implementation report and the final financial statements are rejected, and a new report and financial statements requested, the approval procedure described in this article shall apply.

In the event of renewed request for additional information or renewed rejection, the Agency reserves the right to terminate the agreement by invoking Article II.11.3 (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 Euro shall be made 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 II.15 at any time by notifying the coordinator 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 statements are not eligible and additional checks are being conducted.

The Agency may also suspend its payments at any time if a 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 shall inform the coordinator of any such suspension by registered letter with advice of delivery or equivalent, 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.5 and II.15, and without prejudice to Article II.16.2, the beneficiaries are entitled to interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in Euros, plus 3,5 (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 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 Article II.16.1, 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 coordinator 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.5 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.15.3, 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 coordinator shall have 2 (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 from 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 2 (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 beneficiaries' right to appeal against the Agency's decision pursuant to Article I.9. Under the terms of Union legislation in this matter, such appeals must be lodged within 2 (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 beneficiaries on the basis of the documents referred to in Article II.15.3 which it has approved.
- II.17.2 The total amount paid by the Agency may not in any circumstances exceed the maximum amount of the grant laid down in Article I.4.3, even if the total actual costs eligible exceed the estimated total eligible costs specified in Article I.4.2.
- II.17.3 If the actual eligible costs when the action ends are lower than the estimated total eligible costs, the Agency's contribution shall be limited to the amount obtained by applying the Union grant percentage specified in Article I.4. to the actual eligible costs approved by the Agency.
- II.17.4 The beneficiaries hereby agree that the grant shall be limited to the amount necessary to balance the action's receipts and expenditures and that it may not in any circumstances produce a profit for them.

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 coordinator 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 Articles II.17.2 and II.17.3. For the purposes of this article, only actual costs falling within the categories set out in the estimated budget referred to in Article I.4.1 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 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 the 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 beneficiaries. 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 Where an amount, paid by the Agency to the coordinator in his capacity of recipient of all payments, is to be recovered under the terms of the agreement, the coordinator undertakes to repay the Agency the sum in question, on whatever terms and by whatever date it may specify, even if he has not been the final recipient of the amount due. In the latter case, if payment has not been made by the due date, the Agency reserves the right to recover directly the amount due from the final recipient.

Where such an amount to be recovered under the terms of the agreement was directly paid by the Agency to a beneficiary, or if recovery is justified under Article II.12 of the agreement, the beneficiary concerned undertakes to repay the Agency the sum in question, on whatever terms and by whatever date it may specify.

- II.18.2 If the obligation to repay the amount due is not honoured by the date set by the Agency, the amount 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 Agency 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 concerned beneficiary after informing him accordingly by registered letter with advice of delivery or equivalent, or, 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 may recover by offsetting before the due date of the payment. The beneficiaries' 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 concerned beneficiary.

- II.18.5 The beneficiaries understand 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, AUDITS AND EVALUATION

- II.19.1 Technical and/or financial checks or audits and interim and/or final evaluations

The Agency and/or the Commission may carry out technical and/or financial checks and audits in relation to the usage of the grant. It may also check the statutory records of the beneficiaries for the purpose of periodic assessments of lump sum, unit cost or flat-rate amounts.

Information and documents provided in the framework of checks or audits shall be treated on a confidential basis.

In addition, the Agency and/or the Commission may carry out interim or final evaluation of the impact of the action measured against the objective of the Union programme concerned.

Checks, audits or evaluations made by the Agency and/or the Commission may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.

Such checks, audits or evaluations may be initiated during the implementation of the Agreement and for a period of five years starting from the date of payment of the

balance. This period shall be limited to three years in case the maximum amount specified in Article I.4 is not more than EUR 60 000.

The check, audit or evaluation procedure shall be deemed to be initiated on the date of receipt of the letter of the Agency and/or the Commission announcing it.

II.19.2 Duty to keep documents

The beneficiaries shall keep all original documents, especially accounting and tax records, stored on any appropriate medium, including digitalised originals when they are authorised by their respective national law and under the conditions laid down therein, for a period of five years starting from the date of payment of the balance.

This period shall be limited to three years if the maximum amount specified in Article I.4 is not more than EUR 60 000.

It The periods set out in the first and second subparagraphs shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant, including the case referred to in Article II.19.7.. In such cases, the beneficiaries shall keep the documents until such audits, appeals, litigation or pursuit of claims is closed.

II.19.3 Obligation to provide information

Where a check, audit or evaluation is initiated before the payment of the balance, the coordinator shall provide any information, including information in electronic format, requested by the Agency or by any other outside body authorised by it. Where appropriate, the Agency may request such information to be provided directly by a beneficiary.

Where a check or audit is initiated after payment of the balance, such information shall be provided by the beneficiary concerned.

In case the beneficiary concerned does not comply with the obligations set out in the first and second subparagraphs, the Agency may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.19.4 On-the-spot visits

During an on-the-spot visit, the beneficiaries shall allow Commission and/or Agency staff and outside personnel authorised by the Agency to have access to the sites and premises where the action is or was carried out, and to all the necessary information, including information in electronic format.

They shall ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

In case the beneficiary concerned refuses to provide access to the sites, premises and information in accordance with the first and second subparagraphs, the Agency may consider:

- (a) any cost insufficiently substantiated by the information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.19.5 Contradictory audit procedure

On the basis of the findings made during the audit, a provisional report ("draft audit report") shall be drawn up. It shall be sent by the Agency or its authorised representative to the beneficiary concerned, which shall have 30 days from the date of receipt to submit observations. The final report ("final audit report") shall be sent to the beneficiary concerned within 60 days of expiry of the time limit for submission of observations.

II.19.6 Effects of audit findings

On the basis of the final audit findings, the Agency may take the measures which it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it, in accordance with Article II.18. in accordance with Article II.19 of all or part of the payments made by it.

Where, on the basis of an audit of other grants awarded to a beneficiary under similar conditions, the beneficiary is found to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant, the Agency may take, within the period referred to in paragraph 1, all measures which it considers necessary, including recovery in accordance with Article II.19 of all or part of the payments made by it under this Agreement.

In the case of final audit findings made after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.17, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

II.19.7 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations

II.19.7.1 The Agency may take all measures which it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it under the Agreement, in accordance with Article II.18, where the following conditions are fulfilled:

- (a) the beneficiary is found, on the basis of an audit of other grants awarded to it under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant; and
- (b) the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations is received by the beneficiary within the period referred to in Article II.19.1.

II.19.7.2 The Agency shall determine the amount to be corrected under the Agreement:

- (a) wherever possible and practicable, on the basis of costs unduly declared as eligible under the Agreement.

For that purpose, the beneficiary concerned shall revise the financial statements submitted under the Agreement taking account of the findings and resubmit them to the Agency within 60 days from the date of receipt of the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.17 on the basis of the revised eligible costs declared by the beneficiary and approved by the Agency, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action;

- (b) where it is not possible or practicable to quantify precisely the amount of ineligible costs under the Agreement, by extrapolating the correction rate applied to the eligible costs for the grants for which the systemic or recurrent errors or irregularities have been found.

The Agency shall formally notify the extrapolation method to be applied to the beneficiary concerned, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative method.

If the Agency accepts the alternative method proposed by the beneficiary, it shall formally notify the beneficiary concerned thereof and determine the revised eligible costs by applying the accepted alternative method.

If no observations have been submitted or if the Agency does not accept the observations or the alternative method proposed by the beneficiary, the Agency shall formally notify the beneficiary concerned thereof and determine the revised eligible costs by applying the extrapolation method initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.17 on the basis of the revised eligible costs after extrapolation, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action; or

- (c) where ineligible costs cannot serve as a basis for determining the amount to be corrected, by applying a flat rate correction to the maximum amount of the grant specified in Article I.4 or part thereof, having regard to the principle of proportionality.

The Agency shall formally notify the flat rate to be applied to the beneficiary concerned, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative flat rate.

If the Agency accepts the alternative flat rate proposed by the beneficiary, it shall formally notify the beneficiary concerned thereof and correct the grant amount by applying the accepted alternative flat rate.

If no observations have been submitted or if the Agency does not accept the observations or the alternative flat rate proposed by the beneficiary, the Agency shall formally notify the beneficiary concerned thereof and correct the grant amount by applying the flat rate initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant after flat-rate correction and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

II.19.8. Checks and inspections by OLAF

The European Anti-Fraud Office (OLAF) shall have the same rights as the Agency, notably right of access, for the purpose of checks and investigations.

By virtue of Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Agency in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EC) No 1073/1999 of the European Parliament and the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF), 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 Union against fraud and other irregularities.

Where appropriate, OLAF findings may lead to recovery by the Agency.

II.19.9 Checks and audits by the European Court of Auditors

The European Court of Auditors shall have the same rights as the Agency, notably right of access, for the purpose of checks and audits.

SIGNATURES

For the Agency,

[Insert first name, surname and function],

Date

Signature

Done in Brussels, in duplicate, in English

For the coordinator,

and on behalf of the co-beneficiaries identified in the preamble of this agreement,

[Insert first name, surname and function],

Date

Signature

Done in⁴, in duplicate, in English

⁴ Insert place.

ANNEX IV
MANDATE⁵

[full official name] [ACRONYM]

[official legal form]⁶

[official registration No]⁷

[official address in full]

[VAT number],

("the co-beneficiary"), *represented for the purposes of signature of this mandate by [name, forename and function]*

of the one part,

and

[full official name] [ACRONYM]

[official legal form]⁶

[official registration No]⁷

[official address in full]

[VAT number],

("the co-ordinator"), *represented for the purposes of signature of this mandate by [name, forename and function]*

of the other part,

HAVE AGREED

For the purposes of the implementation of the agreement [Title & No] between the Agency and the co-ordinator,

The following:

1. The co-beneficiary grants power of attorney to the co-ordinator, to act in his name and for his account in signing the above-mentioned agreement and its possible subsequent riders with the Agency. Accordingly, the co-beneficiary hereby mandates the co-ordinator to take full legal responsibility for the implementation of such an agreement⁸.
2. The co-beneficiary hereby confirms that he has taken careful note of and accepts all the provisions of the above agreement with the Agency, in particular all provisions affecting the co-beneficiary and the co-ordinator. *[In particular, he acknowledges that, by virtue of this mandate, the co-ordinator alone is entitled to receive funds from the Agency and distribute the amounts corresponding to the co-beneficiary's participation in the action.]*
3. The co-beneficiary hereby agrees to do everything in his power to help the co-ordinator fulfil the co-ordinator's obligations under the above agreement. In particular, the co-

⁵ One version of this annex is to be included for each co-beneficiary.

⁶ Delete if the beneficiary is a natural person or a public-sector body.

⁷ Delete if the beneficiary is a public-sector body. (For natural persons, also indicate the number of their identity card or, failing that, of their passport or equivalent.)

⁸ This is without prejudice to the legal and/or financial responsibility of the beneficiaries by virtue of the relevant clauses of the grant agreement.

beneficiary hereby agrees to provide to the co-ordinator whatever documents or information may be required, as soon as possible after receiving the request from the co-ordinator.

4. The provisions of the above agreement, including this mandate, shall take precedence over any other agreement between the co-beneficiary and the co-ordinator which may have an effect on the implementation of the above agreement between the co-ordinator and the Agency.
5. A copy of this mandate shall be annexed to the above agreement and shall form an integral part of it.

SIGNATURES

For the co-beneficiary
[name/forename/*function*]

For the co-ordinator
[name/forename/*function*]

[signature]

[signature]

Done at [place], [date]

Done at [place], [date]

In duplicate in English

SIGNATURES

For the Agency,

[Insert first name, surname and function],

Date

Signature

Done in Brussels, in duplicate, in English

For the coordinator,

and on behalf of the co-beneficiaries identified in the preamble of this agreement,

[Insert first name, surname and function],

Date

Signature

Done in⁹, in duplicate, in English

⁹ Insert place.