



EUROPEAN COMMISSION
EXECUTIVE AGENCY FOR HEALTH AND CONSUMERS

Health Unit

GRANT AGREEMENT FOR AN ACTION WITH MULTIPLE BENEFICIARIES

AGREEMENT NUMBER – 2013 [Number]

The **Executive Agency for Health and Consumers** (hereafter referred to as the 'Executive Agency'), acting under powers delegated by the European Commission (hereafter referred to as the 'Commission'), represented for the purposes of signature of this Agreement by Mr Luc Briol, Director,

on the one part,

and

1. [full official name (ACRONYM)]
[official legal status or form]
[official registration No]
[official address in full]
[VAT number],

hereinafter referred to as “the coordinator”, represented for the purposes of signature of this Agreement by [Mr/Ms] [forename and surname, function]

and the following 'co-beneficiaries':

[Option 1 for signing]:

2. [full official name (ACRONYM)] - established in [country]
3. [full official name (ACRONYM)] - established in [country]

[idem for each co-beneficiary]

duly represented by the coordinator by virtue of the mandate[s] included in Annex IV for the signature of this Agreement,

[Option 2 for signing]:

2. [full official name (ACRONYM)]
[official legal status or form]

[official registration No]
[official address in full]
[VAT number],

represented for the purposes of signature of this Agreement by [Mr/Ms] [forename and surname, function]

[idem for each co-beneficiary]

hereinafter referred to collectively as “the beneficiaries”, and individually as “beneficiary” for the purposes of this Agreement where a provision applies without distinction between the coordinator or another beneficiary,

on the other part,

HAVE AGREED

to the Special Conditions, General Conditions (hereinafter referred to as “the Special Conditions” and "General Conditions") and the following Annexes:

- Annex I Description of the action (Technical Annex)
- Annex II Estimated budget of the action (Financial Annex)
- Annex III Instructions concerning the eligibility of travel and subsistence expenses (if the Commission's rules apply in the absence of the beneficiary's usual practices on travel)
- Annex IV Letters of mandate provided to the coordinator by the co-beneficiaries
- Annex V-VI Reporting requirements (covering the technical and financial reports)
- Annex VII Model terms of reference for the audit certificate on the financial statements
- Annex VIII Model terms of reference for the operational verification report: not applicable
- Annex IX Model terms of reference for the certificate on the compliance of the cost accounting practices: not applicable

which form an integral part of this Agreement, hereinafter referred to as "the Agreement".

The terms set out in the Special Conditions shall take precedence over those set out in the General Conditions and the Annexes.

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

SPECIAL CONDITIONS

ARTICLE I.1 – SUBJECT MATTER OF THE AGREEMENT

The Executive 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, for the action entitled **[insert title of the action in bold]** ("the action") as described in Annex I.

With the signature of the Agreement, the beneficiaries accept the grant and agree to implement the action, acting on their own responsibility.

ARTICLE I.2 – ENTRY INTO FORCE OF THE AGREEMENT AND DURATION OF THE ACTION

I.2.1 The Agreement shall enter into force on the date on which the last party signs.

[Option 1 for Article I.2.2:

I.2.2 The action shall run for **[insert number in bold] [months/days]** as of [the first day [of the month] following the date when the last party signs the Agreement] (“the starting date”).]

[Option 2 for Article I.2.2:

I.2.2 The action shall run for **[insert number in bold] [months/days]** from **[insert date]** (“the starting date”).]

[Option 3 for Article I.2.2:

I.2.2 The action shall run for **[insert number in bold] [months/days]** from the latest of the following dates **[insert date]** / the first day [of the month] following the date when the last party signs the agreement (“the starting date”).]

ARTICLE I.3 - MAXIMUM AMOUNT AND FORM OF THE GRANT

The grant shall be of a **maximum amount of EUR [insert amount in figures and words]** and shall take the form of:

- (a) **The reimbursement of [complete]% of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR [insert amount in figures and words] and which are:**
 - (i) **actually incurred (“reimbursement of actual costs”) for all of the beneficiaries [and affiliated entities];**
 - (ii) Reimbursement of unit costs: not applicable;

- (iii) Reimbursement of lump sum costs: not applicable;
 - (iv) **Declared on the basis of a flat-rate of 7% of the eligible direct other costs (“reimbursement of flat-rate costs”) for the following categories of costs: overheads;**
 - (v) Reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices: not applicable
- (b) Unit contribution: not applicable
 - (c) Lump sum contribution: not applicable
 - (d) Flat-rate contribution: not applicable

ARTICLE I.4 – ADDITIONAL PROVISIONS ON REPORTING, PAYMENTS AND PAYMENT ARRANGEMENTS

I.4.1 Reporting periods, payments and additional supporting documents

In addition to the provisions set out in Articles II.23 and II.24, the following reporting and payment arrangements shall apply:

Payments:

- Upon entry into force of the Agreement, a pre-financing payment of EUR [insert amount in figures and words] representing [...]% of the maximum amount specified in Article I.3 shall be paid to the coordinator [subject to the receipt of a guarantee of EUR [insert amount in figures and words] which has been approved by the Executive Agency];
- [A second pre-financing payment of EUR [insert amount in figures and words] representing [...]% of the maximum amount specified in Article I.3 shall be paid to the coordinator, subject to having used at least 30% of the previous pre-financing instalment paid [and to the receipt of a guarantee of EUR [insert amount in figures and words] which has been approved by the Executive Agency]. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing];
- [A third pre-financing payment of EUR [insert amount in figures and words] representing [...]% of the maximum amount specified in Article I.3 shall be paid to the coordinator, subject to having used at least 30% of the previous pre-financing instalment paid [and to the receipt of a guarantee of EUR [insert amount in figures and words] which has been approved by the Executive Agency]. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing].

[Idem for further pre-financing instalments]

Every request for payment of a further pre-financing instalment must be accompanied by the documents specified in Article II.23 and in Annex V [and by an external audit certificate] [or, in case of public bodies, a certificate produced by a competent and independent public officer] on the action's financial statements and underlying accounts for each amount exceeding [insert amount in figures and words] EUR per beneficiary].

- The balance shall be paid to the coordinator subject to the receipt of the reports and other documents in accordance with Article II.23.2 and Annex V.

Reporting:

The provisions relating to the submission of the technical progress reports, financial statements and other documents referred to in this Article are contained in Article II.23 and in Annex V.

The technical progress reports, financial statements and other documents referred to in this Article and in Annex V must be submitted by the co-ordinator in [insert number] copies in [insert language] on the following dates:

- Technical progress report and other documents related to a request for a [first] further pre-financing as specified in this Article above [within 2 months following a period of [insert number] months after the starting date of the action specified in Article I.2.2], covering the period [insert dates];
- [Technical progress report and other documents related to a request for a second further pre-financing as specified in this Article above [within 2 months following a period of [insert number] months after the starting date of the action specified in Article I.2.2], covering the period [insert dates];
- Final implementation report and other documents related to a request for payment of the balance as specified in this Article above [within 2 months following the closing date of the action specified in Article I.2.2], covering the whole project duration].

I.4.2 Time limit for payments

In line with Article II.24.1, following the entry into force of the Agreement, or where required by Article I.4.1 following the receipt of a financial guarantee, the time limit for the Executive Agency to pay the pre-financing payment to the coordinator is 30 days.

In line with Article II.24.2, following the receipt of the documents referred to above, the time limit for the Executive Agency to pay the further pre-financing payment(s) to the coordinator is 60 days.

Following the receipt of the documents referred to above, the time limit for the Executive Agency to make the payment of the balance is 60 days.

I.4.3 Language of requests for payments, technical reports and financial statements

All requests for payments, technical reports and financial statements shall be submitted in English.

ARTICLE I.5 – BANK ACCOUNT FOR PAYMENTS

All payments shall be made to the coordinator's bank account as indicated below:

Name of bank:	[...]
Address of the branch:	[...]
Precise denomination of the account holder:	[...]
Full account number (including bank codes):	[...]
IBAN account code: ¹	[...]

ARTICLE I.6 - DATA CONTROLLER AND COMMUNICATION DETAILS OF THE PARTIES²

I.6.1 Data controller

The entity acting as a data controller according to Article II.6 shall be the Head of Health Unit.

I.6.2 Communication details of the Executive Agency

Any communication addressed to the Executive Agency in connection with the Agreement shall be indicating the number of the Agreement, the title and the acronym of the action and shall be sent to the following address:

Executive Agency for Health and Consumers
 Health Unit
 DRB A3/050
 L-2920 Luxembourg
 eahc@ec.europa.eu

Mail sent to the Executive Agency using the postal services is considered to have been received by the Executive Agency on the date on which it is registered by the Executive Agency or by the Commission.

I.6.3 Communication details of the beneficiaries

¹ BIC or SWIFT code applies to for countries where the IBAN code does not apply.

² Any question on the application of Regulation (EC) No 45/2001 may be referred to the Data Protection Officer of the Executive Agency. More information, including the privacy statement on grant procedures and the contact details of the Data Protection Officer of the Executive Agency, are available on the Agency's website (http://ec.europa.eu/eahc/about/data_protection.html)

Any communication from the Executive Agency to the beneficiaries in connection with the Agreement shall be indicating the number of the Agreement, the title and the acronym of the action and shall be sent to the following address:

For the co-ordinator:

[Mr/Ms] [...]
[Function]
[Official denomination]
[Full official address]
[Telephone]
[Fax]
[Email address]

Any change of address by the beneficiary shall be communicated in writing to the Executive Agency without delay.

ARTICLE I.7 – SPECIAL CONDITIONS FOR THE VISIBILITY OF UNION FUNDING

In accordance with Article II.7.1, unless otherwise required by the Executive Agency, the following information on the Union funding shall be indicated besides the European Union emblem: “This [insert appropriate description, e.g. report, publication, conference, etc.] arises from the project [insert project title] which has received funding from the European Union, in the framework of the Health Programme (2008-2013).”

In accordance with Article II.7.2, unless otherwise required by the Executive Agency, the following disclaimer excluding the Executive Agency's and the Commission's responsibility shall be indicated: “The content of this [insert appropriate description, e.g. report, publication, conference, etc.] represents the views of the author and it is his sole responsibility; it can in no way be taken to reflect the views of the European Commission and/or the Executive Agency for Health and Consumers or any other body of the European Union. The European Commission and/or the Executive Agency do(es) not accept responsibility for any use that may be made of the information it contains.”

ARTICLE I.8 – GENERAL PROCEDURAL PROVISIONS ON DETERMINING THE FINAL GRANT

The coordinator shall have two months from the date of notification by the Executive 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.25, or failing that of the date on which the payment of the balance was received, to request information in writing on the determination of the final grant, giving reasons for any disagreement. After this time such requests will no longer be considered. The Executive Agency undertakes to reply in writing within two months following the date on which the request for information is received, giving reasons for its reply.

This procedure is without prejudice to the beneficiaries' right to appeal against the Executive Agency's decision pursuant to Article II.18 under the terms of Union law in this matter, such appeals must be lodged within two months following the notification of the decision to the applicant or, failing that, following the date on which the coordinator learned of the decision.

ARTICE I.9 – PUBLIC OFFICIALS

By way of derogation from Article II.19.2, the definition of 'public officials' shall be applied according to the following: "An official of a public administration or body who is directly remunerated by the budget of the State or a local authority and his/her work concerns the implementation of tasks typically devolved to public institutions. By extension, it does concern all public officials who work in international organisations".

ARTICLE I.10 – SPECIAL PROVISIONS ON THE CONVERSION OF COSTS INCURRED IN ANOTHER CURRENCY INTO EURO

By way of derogation from Article II.23.4, any conversion into euro of costs incurred in other currencies shall be made by the beneficiaries at the monthly accounting rate established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm).

[ARTICLE I.XX – ENTITIES AFFILIATED TO THE BENEFICIARIES

For the purpose of this Agreement, the following entities are considered as affiliated entities:

- [name of the entity], affiliated to [name or acronym of the beneficiary];
- [name of the entity], affiliated to [name or acronym of the beneficiary];

[idem for further affiliated entities]

The beneficiary shall inform the Executive Agency immediately of any change in the legal, financial, technical, organisational or ownership situation of its affiliated entities and of any change in their name and address.]

GENERAL CONDITIONS

TABLE OF CONTENT

PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

- II.1 – GENERAL OBLIGATIONS AND ROLES OF THE BENEFICIARIES
- II.2 – COMMUNICATIONS BETWEEN THE PARTIES
- II.3 – LIABILITY FOR DAMAGES
- II.4 – CONFLICT OF INTERESTS
- II.5 – CONFIDENTIALITY
- II.6 – PROCESSING OF PERSONAL DATA
- II.7 – VISIBILITY OF UNION FUNDING
- II.8 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS
(INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)
- II.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE
ACTION
- II.10 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION
- II.11 – FINANCIAL SUPPORT TO THIRD PARTIES
- II.12 – AMENDMENTS TO THE AGREEMENT
- II.13 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES
- II.14 – FORCE MAJEURE
- II.15 – SUSPENSION OF THE IMPLEMENTATION OF THE ACTION
- II.16 – TERMINATION OF THE AGREEMENT
- II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES
- II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE
DECISION

PART B – FINANCIAL PROVISIONS

- II.19 – ELIGIBLE COSTS
- II.20 – IDENTIFIABILITY AND VERIFIABILITY OF THE AMOUNTS DECLARED
- II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARIES
- II.22 – BUDGET TRANSFERS
- II.23 – TECHNICAL AND FINANCIAL REPORTING – REQUESTS FOR PAYMENT
AND SUPPORTING DOCUMENTS
- II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS
- II.25 – DETERMINING THE FINAL AMOUNT OF THE GRANT
- II.26 – RECOVERY
- II.27 – CHECKS, AUDITS AND EVALUATION

PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – GENERAL OBLIGATIONS AND ROLES OF THE BENEFICIARIES

II.1.1 General obligations and role of the beneficiaries

The beneficiaries shall:

- (a) be jointly and severally responsible for carrying out the action in accordance with the terms and conditions of the Agreement;
- (b) be responsible for complying with any legal obligations incumbent on them jointly or individually;
- (c) make appropriate internal arrangements for the proper implementation of the action, consistent with the provisions of this Agreement; where provided for in the Special Conditions, those arrangements shall take the form of an internal co-operation agreement between the beneficiaries.

II.1.2 General obligations and role of each beneficiary

Each beneficiary shall:

- (a) inform the coordinator immediately of any change likely to affect or delay the implementation of the action of which the beneficiary is aware;
- (b) inform the coordinator immediately of any change in its legal, financial, technical, organisational or ownership situation or of its affiliated entities and of any change in its name, address or legal representative or of its affiliated entities;
- (c) submit in due time to the coordinator:
 - (i) the data needed to draw up the reports, financial statements and other documents provided for in the Agreement;
 - (ii) all the necessary documents in the event of audits, checks or evaluation in accordance with Article II.27.
 - (iii) any other information to be provided to the Executive Agency according to the Agreement, except where the Agreement requires that such information is submitted directly by the beneficiary to the Executive Agency.

II.1.3 General obligations and role of the coordinator

The coordinator shall:

- (a) monitor that the action is implemented in accordance with the Agreement;

- (b) be the intermediary for all communications between the beneficiaries and the Executive Agency, except where provided otherwise in the Agreement, and, in particular, the coordinator shall:
 - (i) immediately provide the Executive Agency with the information related to any change in the name, address, legal representative as well as in the legal, financial, technical, organisational or ownership situation of any of the beneficiaries or of its affiliated entities to any event likely to affect or delay the implementation of the action, of which the coordinator is aware;
 - (ii) bear responsibility for supplying all documents and information to the Executive Agency which may be required under the Agreement, except where provided otherwise in the Agreement; where information is required from the other beneficiaries, the coordinator shall bear responsibility for obtaining and verifying this information before passing it on to the Executive Agency;
- (c) make the appropriate arrangements for providing any financial guarantees required under the Agreement;
- (d) establish the requests for payment in accordance with the Agreement;
- (e) where it is designated as the sole recipient of payments on behalf of all of the beneficiaries, ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay;
- (f) bear responsibility for providing all the necessary documents in the event of checks and audits initiated before the payment of the balance, and in the event of evaluation in accordance with Article II.27.

The coordinator shall not subcontract any part of its tasks to the other beneficiaries or to any other party.

ARTICLE II.2 – COMMUNICATIONS BETWEEN THE PARTIES

II.2.1 Form and means of communications

Any communication relating to the Agreement or to its implementation shall be made in writing (in paper or electronic form), shall bear the number of the Agreement and shall be made using the communication details identified in Article I.6.

Electronic communications shall be confirmed by an original signed paper version of that communication if requested by any of the parties provided that this request is submitted without unjustified delay. The sender shall send the original signed paper version without unjustified delay.

Formal notifications shall be made by registered mail with return receipt or equivalent, or by equivalent electronic means.

II.2.2 Date of communications

Any communication is deemed to have been made when it is received by the receiving party, unless the agreement refers to the date when the communication was sent.

Electronic communication is deemed to have been received by the receiving party on the day of successful dispatch of that communication, provided that it is sent to the addressees listed in Article I.6. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In this case, the sending party shall immediately send again such communication to any of the other addresses listed in Article I.6. In case of unsuccessful dispatch, the sending party shall not be held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the Executive Agency using the postal services is considered to have been received by the Executive Agency on the date on which it is registered by the department identified in Article I.6.2.

Formal notifications made by registered mail with return receipt or equivalent, or by equivalent electronic means, shall be considered to have been received by the receiving party on the date of receipt indicated on the return receipt or equivalent.

ARTICLE II.3 – LIABILITY FOR DAMAGES

II.3.1 The Executive Agency shall not be held liable for any damage caused or sustained by any of the beneficiaries, including any damage caused to third parties as a consequence of or during the implementation of the action.

II.3.2 Except in cases of force majeure, the beneficiaries shall compensate the Executive Agency for any damage sustained by it as a result of the implementation of the action or because the action was not implemented or implemented poorly, partially or late.

ARTICLE II.4 - CONFLICT OF INTERESTS

II.4.1 The beneficiaries shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (“conflict of interests”).

II.4.2 Any situation constituting or likely to lead to a conflict of interests during the implementation of the Agreement shall be notified to the Executive Agency, in writing, without delay. The beneficiaries shall immediately take all the necessary steps to rectify this situation. The Executive Agency reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken within a specified deadline.

ARTICLE II.5 – CONFIDENTIALITY

- II.5.1** The Executive Agency and the beneficiaries shall preserve the confidentiality of any information and documents, in any form, which are disclosed in writing or orally in relation to the implementation of the Agreement and which are explicitly indicated in writing as confidential.
- II.5.2** The beneficiaries shall not use confidential information and documents for any reason other than fulfilling their obligations under the Agreement, unless otherwise agreed with the Executive Agency in writing.
- II.5.3** The Executive Agency and the beneficiaries shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Agreement and for a period of five years starting from the payment of the balance, unless:
- (a) the party concerned agrees to release the other party from the confidentiality obligations earlier;
 - (b) the confidential information becomes public through other means than in breach of the confidentiality obligation through disclosure by the party bound by that obligation;
 - (c) the disclosure of the confidential information is required by law.

ARTICLE II.6 – PROCESSING OF PERSONAL DATA

II.6.1 Processing of personal data by the Executive Agency

Any personal data included in the Agreement shall be processed by the Executive 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.6.1 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.6.1.

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

II.6.2 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.6.1, 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 Executive 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 II.7 – VISIBILITY OF UNION FUNDING

II.7.1 Information on Union funding and use of European Union emblem

Unless the Executive Agency requests or agrees otherwise, any communication or publication related to the action, made by the beneficiaries jointly or individually, including at conferences, seminars or in any information or promotional materials (such as brochures,

leaflets, posters, presentations, etc.), shall indicate that the action has received funding from the Union and shall display the European Union emblem.

When displayed in association with another logo, the European Union emblem must have appropriate prominence.

The obligation to display the European Union emblem does not confer to the beneficiaries a right of exclusive use. The beneficiaries shall not appropriate the European Union emblem or any similar trademark or logo, either by registration or by any other means.

For the purposes of the first, second and third subparagraphs and under the conditions specified therein, the beneficiaries are exempted from the obligation to obtain prior permission from the Executive Agency to use the European Union emblem.

II.7.2 Disclaimers excluding Executive Agency's and / or the Commission's responsibility

Any communication or publication related to the action, made by the beneficiaries jointly or individually in any form and using any means, shall indicate that it reflects only the author's view and that the Executive Agency and / or the Commission is / are not responsible for any use that may be made of the information it contains.

ARTICLE II.8 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

II.8.1 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.8.2 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 Executive 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.8.3 Rights of use of the results and of pre-existing rights by the Union

Without prejudice to Articles II.1.1, II.3 and II.8.1, 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 Executive 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 Executive 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.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

II.9.1 Where the implementation of the action requires the procurement of goods, works or services, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests.

Beneficiaries acting in their capacity of contracting authorities within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts or contracting entities within the meaning of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors shall abide by the applicable national public procurement rules.

- II.9.2** The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any procurement contract contains provisions stipulating that the contractor has no rights vis-à-vis the Executive Agency under the Agreement.
- II.9.3.** The beneficiaries shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5, II.8 and II.27 are also applicable to the contractor.

ARTICLE II.10 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION

- II.10.1** A "subcontract" is a procurement contract within the meaning of Article II.9, which covers the implementation by a third party of tasks forming part of the action as described in Annex I.
- II.10.2** 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 Executive Agency without prejudice to Article II.12.2;
 - (e) the beneficiaries ensure that the conditions applicable to them under Article II.7 are also applicable to the subcontractor.

ARTICLE II.11 - FINANCIAL SUPPORT TO THIRD PARTIES

II.11.1 Where the implementation of the action requires giving financial support to third parties, the beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the maximum amount of financial support, which shall not exceed EUR 60 000 for each third party except where the financial support is the primary aim of the action as specified in Annex I;
- (b) the criteria for determining the exact amount of the financial support;
- (c) the different types of activity that may receive financial support, on the basis of a fixed list;
- (d) the definition of the persons or categories of persons which may receive financial support;
- (e) the criteria for giving the financial support.

II.11.2 By way of derogation from Article II.11.1, in case the financial support takes the form of a prize, the beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the conditions for participation;
- (b) the award criteria;
- (c) the amount of the prize;
- (d) the payment arrangements.

II.11.3 The beneficiaries shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5, II.7, II.8 and II.27 are also applicable to the third parties receiving financial support.

ARTICLE II.12 – AMENDMENTS TO THE AGREEMENT

II.12.1 Any amendment to the Agreement shall be made in writing.

II.12.2 An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.12.3 Any request for amendment shall be duly justified and shall be sent to the other party in due time before it is due to take effect, and in any case one month before the

end of the period set out in Article I.2.2, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

II.12.4 A request for amendment on behalf of the beneficiaries shall be submitted by the coordinator. If a change of coordinator is requested without its agreement, the request shall be submitted by all other beneficiaries.

II.12.5 Amendments shall enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

Amendments shall take effect on a date agreed by the parties or, in the absence of such an agreed date, on the date on which the amendment enters into force.

ARTICLE II.13 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

II.13.1 Claims for payments of the beneficiaries against the Executive Agency may not be assigned to third parties, except in duly justified cases where the situation warrants it.

The assignment shall only be enforceable against the Executive Agency if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the coordinator on behalf of the beneficiaries. In the absence of such acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Executive Agency.

II.13.2 In no circumstances shall such an assignment release the beneficiaries from their obligations towards the Executive Agency.

ARTICLE II.14 – FORCE MAJEURE

II.14.1 "*Force majeure*" shall mean any unforeseeable exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any of their obligations under the Agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities or third parties involved in the implementation and which proves to be inevitable in spite of exercising all due diligence. Any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure, as well as labour disputes, strikes or financial difficulties cannot be invoked as *force majeure*.

II.14.2 A party faced with *force majeure* shall formally notify the other party without delay, stating the nature, likely duration and foreseeable effects.

II.14.3 The parties shall take the necessary measures to limit any damage due to *force majeure*. They shall do their best to resume the implementation of the action as soon as possible.

II.14.4 The party faced with *force majeure* shall not be held to be in breach of its obligations under the Agreement if it has been prevented from fulfilling them by *force majeure*.

ARTICLE II.15 – SUSPENSION OF THE IMPLEMENTATION OF THE ACTION

II.15.1 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 Executive 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.16.1, II.16.2 or points (c) or (d) of Article II.16.3.1, the coordinator shall, once the circumstances allow resuming the implementation of the action, inform the Executive Agency immediately and present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the Executive Agency

II.15.2.1 The Executive Agency may suspend the implementation of the action or any part thereof:

- (a) if the Executive 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 Executive 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 Executive 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.15.2.2 Before suspending the implementation the Executive 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.15.2.1, 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 Executive 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 Executive 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.15.2.1, the definitive conditions for resuming the implementation or, in the case referred to in point (c) of Article II.15.2.1, 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 Executive Agency of any progress made in this respect.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.16.1, II.16.2 or points (c), (i) or (j) of Article II.16.3.1, the Executive 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.15.3.

II.15.3 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.12 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 Executive 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.16.3 and its right to reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26.

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

ARTICLE II.16 – TERMINATION OF THE AGREEMENT

II.16.1 Termination of the Agreement by the coordinator

In duly justified cases, the coordinator, on behalf of all beneficiaries, may terminate the Agreement by formally notifying the Executive Agency thereof, stating clearly the reasons and specifying the date on which the termination shall take effect. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the Executive Agency considers that the reasons exposed cannot justify the termination, it shall formally notify the coordinator, specifying the grounds thereof, and the Agreement shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.

II.16.2 Termination of the participation of one or more beneficiaries by the coordinator

In duly justified cases, the participation of any one or several beneficiaries in the Agreement may be terminated by the coordinator, acting on request of that beneficiary or those beneficiaries, or on behalf of all the other beneficiaries. When notifying such termination to the Executive Agency, the coordinator shall include the reasons for the termination of the participation, the opinion of the beneficiary or beneficiaries the participation of which is terminated, the date on which the termination shall take effect and the proposal of the remaining beneficiaries relating to the reallocation of the tasks of that beneficiary or those beneficiaries or, where relevant, to the nomination of one or more replacements which shall succeed that beneficiary or those beneficiaries in all their rights and obligations under the Agreement. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the Executive Agency considers that the reasons exposed cannot justify the termination, it shall formally notify the coordinator, specifying the grounds thereof, and the participation shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.

Without prejudice to Article II.12.2, an amendment to the Agreement shall be made, in order to introduce the necessary modifications.

II.16.3 Termination of the Agreement or the participation of one or more beneficiaries by the Executive Agency

II.16.3.1 The Executive Agency may decide to terminate the Agreement or the participation of any one or several beneficiaries participating in the action, in the following circumstances:

- (a) if a change to the beneficiary's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant;
- (b) 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;
- (c) if the beneficiaries do not implement the action as specified in Annex I or if a beneficiary fails to comply with another substantial obligation incumbent on it under the terms of the Agreement;
- (d) in the event of *force majeure*, notified in accordance with Article II.14, or in the event of suspension by the coordinator as a result of exceptional circumstances, notified in accordance with Article II.15, where resuming the implementation is impossible or where the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (e) if a beneficiary is declared bankrupt, is being wound up, is having its 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;
- (f) if a beneficiary or any related person, as defined in the second subparagraph, have been found guilty of professional misconduct proven by any means;
- (g) if a beneficiary is not in compliance with its 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 or in which the action is implemented;
- (h) if the Executive Agency has evidence that a beneficiary or any related person, as defined in the second subparagraph, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the Union's financial interests;
- (i) if the Executive Agency has evidence that a beneficiary or any related person, as defined in the second subparagraph, have committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement, including in the event of submission of false information or failure to submit required information in order to obtain the grant provided for in the Agreement; or

- (j) if the Executive 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 (f), (h) and (i), "any related person" shall mean any natural person which has the power to represent the beneficiary or to take decisions on its behalf.

II.16.3.2 Before terminating the Agreement or the participation of any one or several beneficiaries, the Executive Agency shall formally notify the coordinator of its intention to terminate, specifying the reasons thereof and inviting the coordinator, within 45 calendar days from receipt of the notification, to submit observations on behalf of all beneficiaries and, in the case of point (c) of Article II.16.3.1, to inform the Executive Agency about the measures taken to ensure that the beneficiaries continue to fulfil their obligations under the Agreement.

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

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Executive Agency decides to pursue the termination procedure, it may terminate the Agreement or the participation of any one or several beneficiaries by formally notifying the coordinator thereof, specifying the reasons for the termination.

In the cases referred to in points (a), (b), (c), (e) and (g) of Article II.16.3.1, the formal notification shall specify the date on which the termination takes effect. In the cases referred to in points (d), (f), (h), (i) and (j) of Article II.16.3.1, the termination shall take effect on the day following the date on which the formal notification was received by the coordinator.

II.16.4 Effects of termination

Where the Agreement is terminated, payments by the Executive Agency shall be limited to the amount determined in accordance with Article II.25 on the basis of the eligible costs incurred by the beneficiaries and the actual level of implementation of the action on the date when the termination takes effect. Costs relating to current commitments, which are not due for execution until after the termination, shall not be taken into account. The coordinator shall have 60 days from the date when the termination of the Agreement takes effect, as provided for in Articles II.16.1 and II.16.3.2, to produce a request for payment of the balance in accordance with Article II.23.2. If no request for payment of the balance is received within this time limit, the Executive Agency shall not reimburse or cover any costs which are not included in a financial statement approved by it or which are not justified in a technical report approved by it. In accordance with Article II.26, the Executive Agency shall recover any

amount already paid, if its use is not substantiated by the technical reports and, where applicable, by the financial statements approved by the Executive Agency.

Where the participation of a beneficiary is terminated, the beneficiary concerned shall submit to the coordinator a technical report and, where applicable, a financial statement covering the period from the beginning of the last reporting period according to Article I.4 for which a report has been submitted to the Executive Agency to the date on which the termination takes effect. The technical report and the financial statement shall be submitted in due time to allow the coordinator to draw up the corresponding payment request. Only those costs incurred by the beneficiary concerned up to the date when termination of its participation takes effect shall be reimbursed or covered by the grant. Costs relating to current commitments, which were not due for execution until after the termination, shall not be taken into account. The request for payment for the beneficiary concerned shall be included in the next payment request submitted by the coordinator in accordance with the schedule laid down in Article I.4.

Where the Executive Agency, in accordance with point (c) of Article II.16.3.1, is terminating the Agreement on the grounds that the coordinator has failed to produce the request for payment and, after a reminder, has still not complied with this obligation within the deadline set out in Article II.23.3, the first subparagraph shall apply, subject to the following:

- (a) there shall be no additional time period from the date when the termination of the Agreement takes effect for the coordinator to produce a request for payment of the balance in accordance with Article II.23.2; and
- (b) the Executive Agency shall not reimburse or cover any costs incurred by the beneficiaries up to the date of termination or up to the end of the period set out in Article I.2.2, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in a technical report approved by it.

In addition to the first, second and third subparagraphs, where the Agreement or the participation of a beneficiary is terminated improperly by the coordinator within the meaning of Articles II.16.1 and II.16.2, or where the Agreement or the participation of a beneficiary is terminated by the Executive Agency on the grounds set out in points (c), (f), (h), (i) and (j) of Article II.16.3.1, the Executive Agency may also reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26, in proportion to the gravity of the failings in question and after allowing the coordinator, and, where relevant, the beneficiaries concerned, to submit their observations.

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

ARTICLE II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES

II.17.1 By virtue of Articles 109 and 131(4) Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and with due regard to the principle of proportionality, a beneficiary which has committed substantial errors, irregularities or fraud, has made false declarations in supplying required information

or has failed to supply such information at the moment of the submission of the application or during the implementation of the grant, or has been found in serious breach of its obligations under the Agreement shall be liable to:

- (a) administrative penalties consisting of exclusion from all contracts and grants financed by the Union budget for a maximum of five years from the date on which the infringement is established and confirmed following a contradictory procedure with the beneficiary; and/or
- (b) financial penalties of 2% to 10% of the value of the contribution the beneficiary concerned is entitled to in accordance with the estimated budget set out in Annex II.

In the event of another infringement within five years following the establishment of the first infringement, the period of exclusion under point (a) may be extended to 10 years and the range of the rate referred to in point (b) may be increased to 4% to 20%.

II.17.2 The Executive Agency shall formally notify the beneficiary concerned of any decision to apply such penalties.

The Executive Agency / Commission is entitled to publish such decision under the conditions and within the limits specified in Article 109(3) of Regulation (EU, EURATOM) No 966/2012.

An action may be brought against such decision before the General Court of the European Union, pursuant to Article 263 Treaty on the Functioning of the European Union ("TFEU").

ARTICLE II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISION

II.18.1 The Agreement is governed by the applicable Union law complemented, where necessary, by the law of Luxembourg.

II.18.2 Pursuant to Article 272 TFEU, the General Court or, on appeal, the Court of Justice of the European Union, shall have sole jurisdiction to hear any dispute between the Union and any beneficiary concerning the interpretation, application or validity of this Agreement, if such dispute cannot be settled amicably.

II.18.3 By virtue of Article 299 TFEU, for the purposes of recoveries within the meaning of Articles II.26 or financial penalties, the Executive Agency / Commission may adopt an enforceable decision to impose pecuniary obligations on persons other than States. An action may be brought against such decision before the General Court of the European Union pursuant to Article 263 TFEU.

PART B – FINANCIAL PROVISIONS

ARTICLE II.19 – ELIGIBLE COSTS

II.19.1 Conditions for the eligibility of costs

"Eligible costs" of the action are costs actually incurred by the beneficiary which meet the following criteria:

- (a) they are incurred in the period set out in Article I.2.2, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article II.23.2;
- (b) they are indicated in the estimated budget of the action set out in Annex II;
- (c) they are incurred in connection with the action as described in Annex I and are necessary for its implementation;
- (d) 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 with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

"Direct costs" of the action are those specific costs which are directly linked to the implementation of the action and can therefore be attributed directly to it. They may not include any indirect costs.

To be eligible, direct costs shall comply with the conditions of eligibility set out in Article II.19.1.

In particular, the following categories of costs are eligible direct costs, provided that they satisfy the conditions of eligibility set out in Article II.19.1 as well as the following conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration; those costs may also include additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;

The costs of natural persons working under a contract with the beneficiary other than an employment contract may be assimilated to such costs of personnel, provided that the following conditions are fulfilled:

- (i) the natural person works under the instructions of the beneficiary and, unless otherwise agreed with the beneficiary, in the premises of the beneficiary;
 - (ii) the result of the work belongs to the beneficiary; and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary.
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
- (c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary, provided that the asset has been purchased in accordance with Article II.9 and that it is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary; the costs of rental or lease of equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

Only the portion of the equipment's depreciation, rental or lease costs corresponding to the period set out in Article I.2.2 and the rate of actual use for the purposes of the action may be taken into account. By way of exception, the Special Conditions may provide for the eligibility of the full cost of purchase of equipment, where justified by the nature of the action and the context of the use of the equipment or assets.

- (d) costs of consumables and supplies, provided that they are purchased in accordance with Article II.9 and are directly assigned to the action;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.9;
- (f) costs entailed by subcontracts within the meaning of Article II.10, provided that the conditions laid down in that Article are met;
- (g) costs of financial support to third parties within the meaning of Article II.11, provided that the conditions laid down in that Article are met;
- (h) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Agreement.

II.19.3 Eligible indirect costs

"Indirect costs" of the action are those costs which are not specific costs directly linked to the implementation of the action and can therefore not be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs.

To be eligible, indirect costs shall represent a fair apportionment of the overall overheads of the beneficiary and shall comply with the conditions of eligibility set out in Article II.19.1.

Unless otherwise specified in the Article I.3, eligible indirect costs shall be declared on the basis of a flat rate of 7% of the total eligible direct costs.

II.19.4 Ineligible costs

In addition to any other costs which do not fulfill the conditions set out in Article II.19.1, the following costs shall not be considered eligible:

- (a) return on capital;
- (b) debt and debt service charges;
- (c) provisions for losses or debts;
- (d) interest owed;
- (e) doubtful debts;
- (f) exchange losses;
- (g) costs of transfers from the Executive Agency charged by the bank of a beneficiary;
- (h) costs declared by the beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Executive Agency for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary which already receives an operating grant financed from the Union budget during the period in question;
- (i) contributions in kind from third parties;
- (j) excessive or reckless expenditure;
- (k) deductible VAT.

ARTICLE II.20 – IDENTIFIABILITY AND VERIFIABILITY OF THE AMOUNTS DECLARED

II.20.1 Reimbursement of actual costs

Where, in accordance with Article I.3(a)(i), the grant takes the form of the reimbursement of actual costs, the beneficiary must declare as eligible costs the costs it actually incurred for the action.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records. In addition, the beneficiary's usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements as well as with the amounts indicated in the supporting documents.

II.20.2 Reimbursement of pre-determined unit costs or pre-determined unit contribution

Where, in accordance with Article I.3(a)(ii) or (b), the grant takes the form of the reimbursement of unit costs or of a unit contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by multiplying the amount per unit specified in Article I.3(a)(ii) or (b) by the actual number of units used or produced.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared per unit.

II.20.3 Reimbursement of pre-determined lump sum costs or pre-determined lump sum contribution

Where, in accordance with Article I.3(a)(iii) or (c), the grant takes the form of the reimbursement of lump sum costs or of a lump sum contribution, the beneficiary must declare as eligible costs or as requested contribution the global amount specified in Article I.3(a)(iii) or (c), subject to the proper implementation of the corresponding tasks or part of the action as described in Annex I.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared as lump sum.

II.20.4 Reimbursement of pre-determined flat-rate costs or pre-determined flat-rate contribution

Where, in accordance with Article I.3(a)(iv) or (d), the grant takes the form of the reimbursement of flat-rate costs or of a flat-rate contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by applying the flat rate specified in Article I.3(a)(iv) or (d).

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, for the flat rate applied.

II.20.5 Reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of unit costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by multiplying the amount per unit calculated in accordance with its usual cost accounting practices by the actual number of units used or produced. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared.

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of lump sum costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the global amount calculated in accordance with its usual cost accounting practices, subject to the proper implementation of the corresponding tasks or part of the action. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation.

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by applying the flat rate calculated in accordance with its usual cost accounting practices. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs to which the flat rate applies.

In all three cases provided for in the first, second and third subparagraphs, the beneficiary does not need to identify the actual eligible costs covered, but it must ensure that the cost accounting practices used for the purpose of declaring eligible costs are in compliance with the following conditions:

- (a) the cost accounting practices used constitute its usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;
- (b) the costs declared can be directly reconciled with the amounts recorded in its general accounts; and
- (c) the categories of costs used for the purpose of determining the costs declared are exclusive of any ineligible cost or costs covered by other forms of grant in accordance with Article I.3.

Where the Special Conditions provide for the possibility for the beneficiary to request the Executive Agency to assess the compliance of its usual cost accounting practices, the beneficiary may submit a request for assessment, which, where required by the Special Conditions, shall be accompanied by a certificate on the compliance of the cost accounting practices (“certificate on the compliance of the cost accounting practices”).

The certificate on the compliance of the cost accounting practices shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with the Annex IX.

The certificate shall certify that the beneficiary's cost accounting practices used for the purpose of declaring eligible costs comply with the conditions laid down in the fourth subparagraph and with the additional conditions which may be laid down in the Special Conditions.

Where the Executive Agency has confirmed that the usual cost accounting practices of the beneficiary are in compliance, costs declared in application of these practices shall not be challenged *ex post*, provided that the practices actually used comply with those approved by the Executive Agency and that the beneficiary did not conceal any information for the purpose of their approval.

ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARIES

Where the Special Conditions contain a provision on entities affiliated to the beneficiaries, costs incurred by such an entity are eligible, provided that they satisfy the same conditions under Articles II.19 and II.20 as apply to the beneficiary, and that the beneficiary the entity is affiliated to ensures that the conditions applicable to him under Articles II.3, II.4, II.5, II.7, II.9, II.10 and II.27 are also applicable to the entity.

ARTICLE II.22 – BUDGET TRANSFERS

Without prejudice to Article II.10 and provided that the action is implemented as described in Annex I, beneficiaries are allowed to adjust the estimated budget set out in Annex II by transfers between themselves and between the different budget categories, without this

adjustment being considered as an amendment of the Agreement within the meaning of Article II.12.

By way of derogation from the first subparagraph, should beneficiaries want to modify the value of the contribution that each of them is entitled to as referred to in point (b) of Article II.17.1 and point (c) of II.26.3, the coordinator shall request an amendment in accordance to Article II.12.

The first two subparagraphs do not apply to amounts which, in accordance with Article I.3(a)(iii) or (c), take the form of lump sums.

ARTICLE II.23 – TECHNICAL AND FINANCIAL REPORTING – REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS

II.23.1 Requests for further pre-financing payments and supporting documents

Where, in accordance with Article I.4.1, the pre-financing shall be paid in several instalments and where Article I.4.1 provides for a further pre-financing payment subject to having used all or part of the previous instalment, the coordinator may submit a request for a further pre-financing payment once the percentage of the previous instalment specified in Article I.4.1 has been used.

Where, in accordance with Article I.4.1, the pre-financing shall be paid in several instalments and where Article I.4.1 provides for a further pre-financing payment at the end of a reporting period, the coordinator shall submit a request for a further pre-financing payment within 60 days following the end of each reporting period for which a new pre-financing payment is due.

In both cases, the request shall be accompanied by the following documents:

- (a) a progress report on implementation of the action (“technical report on progress”);
- (b) a statement on the amount of the previous pre-financing instalment used to cover costs of the action (“statement on the use of the previous pre-financing instalment”), drawn up in accordance with Annex VI; and
- (c) where required by Article I.4.1, a financial guarantee.

II.23.2 Requests for interim payments or for payment of the balance and supporting documents

The coordinator shall submit a request for an interim payment or for payment of the balance within 60 days following the end of each reporting period for which, in accordance with Article I.4.1, an interim payment or the payment of the balance is due.

This request shall be accompanied by the following documents:

- (a) an interim report (“interim technical report”) or, for the payment of the balance, a final report on implementation of the action (“final technical report”), drawn up in accordance with Annex V; the interim or final technical report must contain the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution in accordance with Article I.3(a)(ii), (iii), (b) or (c), as well as information on subcontracting as referred to in Article II.10.2(d);
- (b) an interim financial statement (“interim financial statement”) or, for the payment of the balance, a final financial statement (“final financial statement”); the interim or final financial statements must include a consolidated statement as well as a breakdown of the amounts claimed by each beneficiary and its affiliated entities; they must be drawn up in accordance with the structure of the estimated budget set out in Annex II and with Annex VI and detail the amounts for each of the forms of grant set out in Article I.3 for the reporting period concerned;
- (c) only for the payment of the balance, a summary financial statement (“summary financial statement”); this statement must include a consolidated financial statement and a breakdown of the amounts declared or requested by each beneficiary and its affiliated entities, aggregating the financial statements already submitted previously and indicating the receipts referred to in Article II.25.3.2 for each beneficiary and its affiliated entities; it must be drawn up in accordance with Annex VI;
- (d) where required by Article I.4.1 or for each beneficiary for which the total contribution in the form of reimbursement of actual costs as referred to in Article I.3(a)(i) is at least EUR 750 000 and which requests a reimbursement in that form of at least EUR 325 000 (when adding all previous reimbursements in that form for which a certificate on the financial statements has not been submitted), a certificate on the financial statements and underlying accounts (“certificate on the financial statements”);

This certificate shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII. It shall certify that the costs declared in the interim or final financial statement by the beneficiary concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3(a)(i) are real, accurately recorded and eligible in accordance with the Agreement. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared; and

- (e) where required by Article I.4.1, an operational verification report (“operational verification report”), produced by an independent third party approved by the Executive Agency and drawn up in accordance with Annex VIII.

This report shall state that the actual implementation of the action as described in the interim or final report complies with the conditions set out in the Agreement.

The coordinator shall certify that the information provided in the request for interim payment or for payment of the balance is full, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for

payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared.

II.23.3 Non-submission of documents

Where the coordinator has failed to submit a request for interim payment or payment of the balance accompanied by the documents referred to above within 60 days following the end of the corresponding reporting period and where the coordinator still fails to submit such a request within 60 days following a written reminder sent by the Executive Agency, the Executive Agency reserves the right to terminate the Agreement in accordance with Article II.16.3.1(c), with the effects described in the third and the fourth subparagraphs of Article II.16.4.

II.23.4 Currency for requests for payment and financial statements and conversion into euro

Requests for payment and financial statements shall be drafted in euro.

Beneficiaries with general accounts in a currency other than the euro shall convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of *Official Journal of the European Union*, determined over the corresponding reporting period. Where no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm), determined over the corresponding reporting period.

Beneficiaries with general accounts in euro shall convert costs incurred in another currency into euro according to their usual accounting practices.

ARTICLE II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS

II.24.1 Pre-financing

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

Without prejudice to Articles II.24.5 and II.24.6, where Article I.4.1 provides for a pre-financing payment upon entry into force of the Agreement, the Executive Agency shall pay to the coordinator within 30 days following that date or, where required by Article I.4.1, following receipt of the financial guarantee.

Where payment of pre-financing is conditional on receipt of a financial guarantee, the financial guarantee shall fulfill the following conditions:

- (a) it is provided by a bank or an approved financial institution or, at the request of the coordinator and acceptance by the Executive Agency, by a third party;

- (b) the guarantor stands as first-call guarantor and does not require the Executive Agency to have recourse against the principal debtor (i.e. the beneficiary concerned); and
- (c) it provides that it remains in force until the pre-financing is cleared against interim payments or payment of the balance by the Executive Agency and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to a beneficiary. The Executive Agency shall release the guarantee within the following month.

II.24.2 Further pre-financing payments

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.1, the Executive Agency shall pay to the coordinator the new pre-financing instalment within 60 days.

Where the statement on the use of the previous pre-financing instalment submitted in accordance with Article II.23.1 shows that less than 70% of the previous pre-financing instalment paid has been used to cover costs of the action, the amount of the new pre-financing to be paid shall be reduced by the difference between the 70% threshold and the amount used.

II.24.3 Interim payments

Interim payments are intended to reimburse or cover the eligible costs incurred for the implementation of the action during the corresponding reporting periods.

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.2, the Executive Agency shall pay to the coordinator the amount due as interim payment within the time limit specified in Article I.4.2.

This amount shall be determined following approval of the request for interim payment and of the accompanying documents and in accordance with the fourth, fifth and sixth subparagraphs. Approval of the request for interim payment and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

Without prejudice to any ceiling set out in Article I.4.1 and to Articles II.24.5 and II.24.6, the amount due as interim payment shall be determined as follows:

- (a) where, in accordance with Article I.3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate specified in that Article to the eligible costs of the action approved by the Executive Agency for the concerned reporting period and the corresponding categories of costs, beneficiaries and affiliated entities; if Article I.4.1 specifies another reimbursement rate, this other rate shall be applied instead;
- (b) where, in accordance with Article I.3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified in that Article by the

actual number of units approved by the Executive Agency for the concerned reporting period and for the corresponding beneficiaries and affiliated entities;

- (c) where, in accordance with Article I.3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding beneficiaries and affiliated entities, subject to approval by the Executive Agency of the proper implementation during the concerned reporting period of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article I.3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Executive Agency for the concerned reporting period and the corresponding beneficiaries and affiliated entities.

Where Article I.3 provides for a combination of different forms of grant, these amounts shall be added.

Where Article I.4.1 requires that the interim payment clears all or part of the pre-financing paid to the beneficiaries, the amount of pre-financing to be cleared shall be deducted from the amount due as interim payment, as determined in accordance with the fourth and fifth subparagraphs.

II.24.4 Payment of the balance

The payment of the balance, which may not be repeated, is intended to reimburse or cover after the end of the period set out in Article I.2.2 the remaining part of the eligible costs incurred by the beneficiaries for its implementation. Where the total amount of earlier payments is greater than the final amount of the grant determined in accordance with Article II.25, the payment of the balance may take the form of a recovery as provided for by Article II.26.

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.2, the Executive Agency shall pay the amount due as the balance within the time limit specified in Article I.4.2.

This amount shall be determined following approval of the request for payment of the balance and of the accompanying documents and in accordance with the fourth subparagraph. Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

The amount due as the balance shall be determined by deducting, from the final amount of the grant determined in accordance with Article II.25, the total amount of pre-financing and interim payments already made.

II.24.5 Suspension of the time limit for payment

The Executive Agency may suspend the time limit for payment specified in Article I.4.2 at any time by formally notifying the coordinator that its 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 doubt about the eligibility of the costs declared in the financial statement.

The coordinator shall be notified as soon as possible of any such suspension, together with the reasons thereof.

Suspension shall take effect on the date when notification is sent by the Executive Agency. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further verification, including on-the-spot checks, is carried out. Where the suspension exceeds two months, the coordinator may request a decision by the Executive Agency on whether the suspension is to be continued.

Where the time limit for payment has been suspended following the rejection of one of the technical reports or financial statements provided for by Article II.23 and the new report or statement submitted is also rejected, the Executive Agency reserves the right to terminate the Agreement in accordance with Article II.16.3.1(c), with the effects described in Article II.16.4.

II.24.6 Suspension of payments

The Executive Agency may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance for all beneficiaries, or suspend the pre-financing payments or interim payments for any one or several beneficiaries:

- (a) if the Executive Agency has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the grant, or if a beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Executive 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 by 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 Executive 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.

Before suspending payments, the Executive Agency shall formally notify the coordinator of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a) and (b) of the first subparagraph, the necessary conditions for resuming payments. The coordinator shall be invited to make any 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 Executive Agency decides to stop the procedure of payment suspension, the Executive Agency shall formally notify the coordinator thereof.

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

The coordinator shall inform the other beneficiaries immediately. The suspension of payments shall take effect on the date when the notification is sent by the Executive Agency.

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

The Executive Agency shall, as soon as it considers that the conditions for resuming payments have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the coordinator thereof.

During the period of suspension of payments and without prejudice to the right to suspend the implementation of the action in accordance with Article II.15.1 or to terminate the Agreement or the participation of a beneficiary in accordance with Article II.16.1 and Article II.16.2, the coordinator is not entitled to submit any requests for payments and supporting documents referred to in Article II.23 or, where the suspension concerns the pre-financing payments or interim payments for one or several beneficiaries only, any requests for payments and supporting documents relating to the participation of the concerned beneficiary or beneficiaries in the action.

The corresponding requests for payments and supporting documents may be submitted as soon as possible after resumption of payments or may be included in the first request for payment due following resumption of payments in accordance with the schedule laid down in Article I.4.1

II.24.7 Notification of amounts due

The Executive Agency shall formally notify the amounts due, specifying whether it is a further pre-financing payment, an interim payment or the payment of the balance. In the case of payment of the balance, it shall also specify the final amount of the grant determined in accordance with Article II.25.

II.24.8 Interest on late payment

On expiry of the time limits for payment specified in Articles I.4.2, II.24.1 and II.24.2, and without prejudice to Articles II.24.5 and II.24.6, the beneficiaries are entitled to interest on late payment at the rate applied by the European Central Bank for its main refinancing operations in euros ("the reference rate"), plus three and a half points. The reference rate shall

be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

The first subparagraph shall not apply where all beneficiaries are Member States of the Union, including regional and local government authorities and other public bodies acting in the name and on behalf of the Member State for the purpose of this Agreement.

The suspension of the time limit for payment in accordance with Articles II.24.5 or of payment by the Executive Agency in accordance with Article II.24.6 may not be considered as late payment.

Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article II.24.10. The interest payable shall not be considered for the purposes of determining the final amount of grant within the meaning of Article II.25.3.

By way of derogation from the first subparagraph, when the calculated interest is lower than or equal to EUR 200, it shall be paid to the coordinator only upon request submitted within two months of receiving late payment.

II.24.9 Currency for payments

Payments by the Executive Agency shall be made in euro.

II.24.10 Date of payment

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

II.24.11 Costs of payment transfers

Costs of the payment transfers shall be borne in the following way:

- (a) costs of transfer charged by the bank of the Commission shall be borne by the Executive Agency;
- (b) costs of transfer charged by the bank of a beneficiary shall be borne by the beneficiary;
- (c) all costs of repeated transfers caused by one of the parties shall be borne by the party which caused the repetition of the transfer.

II.24.12 Payments to the coordinator

Payments to the coordinator shall discharge the Executive Agency from its payment obligation.

ARTICLE II.25 – DETERMINING THE FINAL AMOUNT OF THE GRANT

II.25.1 Calculation of the final amount

Without prejudice to Articles II.25.2, II.25.3 and II.25.4, the final amount of the grant shall be determined as follows:

- (a) where, in accordance with Article I.3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate specified in that Article to the eligible costs of the action approved by the Executive Agency for the corresponding categories of costs, beneficiaries and affiliated entities;
- (b) where, in accordance with Article I.3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified that Article by the actual number of units approved by the Executive Agency for the corresponding beneficiaries and affiliated entities;
- (c) where, in accordance with Article I.3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding beneficiaries and affiliated entities, subject to approval by the Executive Agency of the proper implementation of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article I.3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Executive Agency for the corresponding beneficiaries and affiliated entities.

Where Article I.3 provides for a combination of different forms of grant, these amounts shall be added.

II.25.2 Maximum amount

The total amount paid to the beneficiaries by the Executive Agency may in no circumstances exceed the maximum amount specified in Article I.3.

Where the amount determined in accordance with Article II.25.1 exceeds this maximum amount, the final amount of the grant shall be limited to the maximum amount specified in Article I.3.

II.25.3 No-profit rule and taking into account of receipts

II.25.3.1 The grant may not produce a profit for the beneficiaries, unless specified otherwise in the Special Conditions. "Profit" shall mean a surplus of the receipts over the eligible costs of the action.

II.25.3.2 The receipts to be taken into account are the consolidated receipts established, generated or confirmed on the date on which the request for payment of the

balance is drawn up by the coordinator, which fall within one of the following two categories:

- (a) income generated by the action; or
- (b) financial contributions specifically assigned by the donors to the financing of the eligible costs of the action reimbursed by the Executive Agency in accordance with Article I.3(a)(i).

II.25.3.3 The following shall not be considered as receipts to be taken into account for the purpose of verifying whether the grant produces a profit for the beneficiaries:

- (a) financial contributions referred to in point (b) of Article II.25.3.2, which may be used by the beneficiaries to cover costs other than the eligible costs under the Agreement;
- (b) financial contributions referred to in point (b) of Article II.25.3.2, the unused part of which is not due to the donors at the end of the period set out in Article I.2.2.

II.25.3.4 The eligible costs to be taken into account are the consolidated eligible costs approved by the Executive Agency for the categories of costs reimbursed in accordance with I.3(a).

II.25.3.5 Where the final amount of the grant determined in accordance with Articles II.25.1 and II.25.2 would result in a profit for the beneficiaries, the profit shall be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Executive Agency for the categories of costs referred to in Article I.3(a)(i). This final rate shall be calculated on the basis of the final amount of the grant in the form referred to in Article I.3(a)(i), as determined in accordance with Articles II.25.1 and II.25.2.

II.25.4 Reduction for poor, partial or late implementation

If the action is not implemented or is implemented poorly, partially or late, the Executive Agency may reduce the grant initially provided for, in line with the actual implementation of the action according to the terms laid down in the Agreement.

ARTICLE II.26 – RECOVERY

II.26.1 Recovery at the time of payment of the balance

Where the payment of the balance takes the form of a recovery, the coordinator shall repay the Executive Agency the amount in question, even if it has not been the final recipient of the amount due.

II.26.2 Recovery after payment of the balance

Where an amount is to be recovered in accordance with Articles II.27.6, II.27.7 and II.27.8, the beneficiary concerned by the audit or OLAF findings shall repay the Executive Agency the amount in question. Where the audit findings do not concern a specific beneficiary, the coordinator shall repay the Executive Agency the amount in question, even if it has not been the final recipient of the amount due.

Each beneficiary shall be responsible for the repayment of any amount unduly paid by the Executive Agency as a contribution towards the costs incurred by its affiliated entities.

II.26.3 Recovery procedure

Before recovery, the Executive Agency shall formally notify the beneficiary concerned of its intention to recover the amount unduly paid, specifying the amount due and the reasons for recovery and inviting the beneficiary to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Executive Agency decides to pursue the recovery procedure, the Executive Agency may confirm recovery by formally notifying to the beneficiary a debit note (“debit note”), specifying the terms and the date for payment.

If payment has not been made by the date specified in the debit note, the Executive Agency shall recover the amount due:

- (a) by offsetting it against any amounts owed to the beneficiary concerned by the Union or the European Atomic Energy Community (Euratom) (“offsetting”); in exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Executive Agency may recover by offsetting before the due date; the beneficiary’s prior consent shall not be required; an action may be brought against such offsetting before the General Court of the European Union pursuant to Article 263 TFEU;
- (b) by drawing on the financial guarantee where provided for in accordance with Article I.4.1 (“drawing on the financial guarantee”);
- (c) by holding the beneficiaries jointly and severally liable up to the value of the contribution that the beneficiary held liable is entitled to receive. This contribution shall be that indicated in the estimated budget breakdown as set out in Annex II as last amended;
- (d) by taking legal action in accordance with Article II.18.2 or with the Special Conditions or by adopting an enforceable decision in accordance with Article II.18.3.

For the purposes of point (c) of the third subparagraph, the beneficiaries shall not be jointly and severally liable for financial penalties which could be imposed on any defaulting beneficiary in accordance with Article II.17

II.26.4 Interest on late payment

If payment has not been made by the date set out in the debit note, the amount due shall bear interest at the rate established in Article II.24.8. Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date when the Executive Agency actually receives payment in full of the outstanding amount.

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

II.26.5 Bank charges

Bank charges incurred in connection with the recovery of the sums owed to the Executive Agency shall be borne by the beneficiary concerned except where Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC applies.

ARTICLE II.27 – CHECKS, AUDITS AND EVALUATION

In Articles II.27.1-II.27.7, where the 'Executive Agency' is mentioned, the 'Executive Agency and / or the Commission' shall be understood.

II.27.1 Technical and financial checks, audits, interim and final evaluations

The Executive Agency may carry out technical and financial checks and audits in relation to the use 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 Executive Agency 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 Executive Agency 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.3 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 Executive Agency announcing it.

II.27.2 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.3 is not more than EUR 60 000.

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 in the case referred to in Article II.27.7. In such cases, the beneficiaries shall keep the documents until such audits, appeals, litigation or pursuit of claims are closed.

II.27.3 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 Executive Agency or by any other outside body authorised by it. Where appropriate, the Executive 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 Executive 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.27.4 On-the-spot visits

During an on-the-spot visit, the beneficiaries shall allow Executive Agency staff and outside personnel authorised by the Executive 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 Executive 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.27.5 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 Executive 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.27.6 Effects of audit findings

On the basis of the final audit findings, the Executive 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.26.

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.25, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

II.27.7 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations

II.27.7.1 The Executive 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.26, 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.27.1.

II.27.7.2 The Executive 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 Executive 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.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Executive 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 Executive 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 Executive 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 Executive Agency does not accept the observations or the alternative method proposed by the beneficiary, the Executive 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.25 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.3 or part thereof, having regard to the principle of proportionality.

The Executive 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 Executive 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 Executive Agency does not accept the observations or the alternative flat rate proposed by the beneficiary, the Executive 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.27.8 Checks and inspections by OLAF

The European Anti-Fraud Office (OLAF) shall have the same rights as the Executive 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 Commission 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 Executive Agency.

II.27.9 Checks and audits by the European Court of Auditors

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

SIGNATURES

<p>For the beneficiaries</p> <p>Ms./ Mr. First name NAME Function</p> <p><i>Signature</i></p> <p>Done at [place], on _____</p>	<p>For the Executive Agency</p> <p>Mr. Luc BRIOL Director</p> <p><i>Signature</i></p> <p>Done at Luxembourg, on _____</p>
--	--

In [duplicate or three copies or...] in English

ANNEX I

DESCRIPTION OF THE ACTION

ANNEX II

ESTIMATED BUDGET OF THE ACTION

ANNEX III

INSTRUCTIONS

CONCERNING THE ELIGIBILITY OF TRAVEL AND SUBSISTENCE EXPENSES

(IF COMMISSION'S RULES APPLY IN THE ABSENCE OF THE BENEFICIARY'S USUAL PRACTICES ON TRAVEL)

1. **Flat-rate subsistence allowances** cover all subsistence expenses during missions, including hotels, restaurants and local transport (taxis and/or public transport). They apply in respect of each day of a mission at a minimum distance of 100 km from the normal place of work. The subsistence allowance varies depending on the country in which the mission is carried out. The daily rates will correspond to the sum of the daily allowance and the maximum hotel price set out in Article 13 of Annex VII of the Staff Regulations.³

Missions in countries other than the EU Member States, Acceding and Applicant countries and EFTA-EEA countries shall be subject to the prior agreement of the Executive Agency. This agreement shall be related to the objectives of the mission, its costs and the reasons therefore. For these other countries not referred to above, the daily rates will correspond to the sum of the daily allowance and the maximum hotel price set out in Commission Decision C(2008) 6215.⁴

2. **Travel expenses** are eligible under the following conditions:
 - travel by the most direct and most economic route;
 - distance of at least 100 km between the place of the meeting and the normal place of work;
 - travel by rail: first class;
 - travel by air: economy class, unless a cheaper fare can be used (e.g. Apex); air travel is allowed only for return journeys of more than 800 km;
 - travel by car: reimbursed on the basis of the equivalent first class rail fare.

³ Regulation 31/1962/EEC laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Agency

⁴ Commission Decision C(2008)6215 of 18 November 2008: General implementing provisions adopting the Guide to missions for officials and other servants of the European Commission

ANNEX IV
LETTER OF MANDATE^{5 6}

I, the undersigned,

[forename and surname of the legal representative of the future co-beneficiary signing this mandate],

representing,

[full official name of the future co-beneficiary] [ACRONYM]
[official legal status or form]
[official registration No]
[full official address]
[VAT number],

hereinafter referred to as "the co-beneficiary",

for the purposes of the signature and the implementation of the **Grant Agreement [Title & No]** with the Executive Agency for Health and Consumers (hereinafter referred to as "the Grant Agreement")

hereby:

1. Mandate

[full official name of the coordinator] [ACRONYM]
[official legal status or form]
[official registration No]⁷
[full official address]
[VAT number],

represented by [forename, surname and function of the legal representative of the coordinator]

(hereinafter referred to as "the coordinator")

to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the Executive Agency.

2. Mandate the coordinator to act on behalf of the co-beneficiary in compliance with the grant agreement.

⁵ One original version of this Annex to be included for each co-beneficiary except for the coordinator.

⁶ Please use the headed paper on national language of the organisation who gives mandate.

I hereby confirm that the co-beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other co-beneficiaries. In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Executive Agency and distribute the amounts corresponding to the co-beneficiary's participation in the action.

I hereby accept that the co-beneficiary will do everything in its power to help the coordinator fulfil its obligations under the grant agreement, and in particular, to provide to the coordinator, on its request, whatever documents or information may be required.

I hereby declare that the co-beneficiary agrees that the provisions of the Grant Agreement, including this mandate, shall take precedence over any other agreement between the co-beneficiary and the coordinator which may have an effect on the implementation of the Grant Agreement.

This mandate shall be annexed to the Grant Agreement and shall form an integral part thereof.

SIGNATURE

[forename, surname, function of the legal representative of the mandating co-beneficiary]

[signature]

Done at [place], [date]

In duplicate in English

ANNEX V-VI

REPORTING REQUIREMENTS

1. PROGRESS REPORT(S)

The **technical progress report(s)** will describe the work carried out and the results obtained during the period indicated in Article I.4 of this grant agreement and state in particular:

- the results obtained to date and an indication of any deviation from the initial work programme set out in Annex I to the Grant Agreement that has occurred or is likely to occur⁸;
- the work programme planned for the following period;
- copies of any publications, products or other relevant outputs or deliverables of the project to date.

The **financial progress report(s)** will compare the expenditure incurred during the reporting period with the foreseen budget stated in Annex II of this Grant Agreement. The budget implemented in the financial progress report should follow the same structure as the estimated budget in Annex II.

The progress report(s) and any other documents referred to, must be sent to the Executive Agency before the date indicated in Article I.4.

2. FINAL IMPLEMENTATION REPORT

The final implementation report referred to in Article I.4 should include in particular a final technical implementation report and a final financial report⁹:

Technical implementation report

Detailed description of all the activities conducted

The description should relate to the activities specifically foreseen in Annex I. This section of the report should summarise the activities specifically foreseen and those directly related to the objectives of the project and present and explain the activity actually done, their correspondence to the foreseen programme and objectives, and show how each activity has contributed to the stated objectives.

Copies of any publications, products or other relevant outputs or deliverables of the project to date shall be annexed.

⁸ Without prejudice to Article II.12.

⁹ N.B. : The description of the required content of the report is not exhaustive.

Any difference between the programme and objectives foreseen and those actually conducted and achieved must be highlighted and explained.

Manpower for the execution of the activities

This section of the report should present a complete list of all the persons who have participated in the execution of the project and, for each of them, the man/days of work, the professional level or category and the corresponding unit and total cost. In order to conciliate the man/days of work with the expenditure, the portion of time of each individual carrying out the action must be recorded.

In the case of partner organisations or external bodies, the organisation to which each person belongs should be clearly identified. The activities conducted by each person involved will be described and it will be explained how they relate to the various activities and objectives of the project.

It must be shown how the data requested for Annex II compares with the corresponding information provided with the proposal. It should naturally also correspond to the details provided in the financial report.

Co-beneficiaries involved

This section should present how the work has been distributed among the co-beneficiaries. It will explain which activities the various partners have conducted, how they have been coordinated and how they have contributed to the set objectives.

Countries involved

This section should explain what activities have been conducted in each of the countries involved and how the results have been made available in each country.

Achievement of the objectives

This section should explain how the objectives have been achieved. It should present an evaluation of the results achieved and explain on what monitoring, assessment or relevant evidence the conclusions presented on the results achieved are based. Any problem in achieving the objectives must be highlighted and explained.

Financial report

The beneficiaries should respect the following rules¹⁰:

- Their final financial report must follow the same structure as the estimated budget in Annex II.
- The financial report must be certified according to the provisions of Article 207 paragraph 2 of the Rules of Application¹¹ and signed.

¹⁰ Templates of the documents are available in the "Guidelines for the balance payment" published on EAHC website.

- The payment request (dated and signed) must be attached to this report.
- The final detailed financial statement must be accompanied by an external audit certificate (one copy) on the beneficiary's financial statements and underlying accounts for the duration of the action in case of grants for an action for which the amount awarded in the form referred to in Article 123(1)(a) of the Financial Regulation is EUR 750 000¹² or more, when the cumulative amounts of payment requests under that form is at least EUR 325 000.

IMPORTANT: The absence of complete, clear and structured information and data as described in this annex will be a reason for non-acceptance of the report.

¹¹ The beneficiary shall certify on his honour that information contained in requests for payments is full, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the grant agreement and that payment requests are substantiated by adequate supporting documents that can be checked.

¹² The audit certificate shall certify that in accordance with the methodology approved by the authorising officer responsible and on the basis of the agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the financial statements on which the payment request is based are real, accurately recoded and eligible in accordance with the grant agreement.

ANNEX VII

MODEL TERMS OF REFERENCE FOR THE AUDIT CERTIFICATE ON THE FINANCIAL STATEMENTS

(ONLY FOR BENEFICIARIES WITH THE STATUS OF NON-PUBLIC BODIES
- IF APPLICABLE)**Addressed to***[full name and the address of the Beneficiary concerned¹³]*

We *[legal name of the audit firm]*, established in *[full address/city/state/province/country]* represented for signature of this audit certificate by *[[name and function of an authorised representative]*, hereby certify that:

- we have conducted an audit relating to the cost declared in the Financial Statement(s) per Activity of *[name of Beneficiary]* and the documents provided in support of the Financial statement (i.e. cost claim and request for payment) hereinafter referred to as Beneficiary, to which this audit certificate is attached, and which is to be presented to the Executive Agency for Health and Consumers under Grant Agreement *[grant agreement reference: title, acronym, number]* for the following period(s) covered by the Grant Agreement *[insert period(s) covered by the Financial Statement(s) per Activity]*.
- We confirm that our audit was carried out in accordance with generally accepted auditing standards respecting ethical rules and on the basis of the relevant provisions of the Grant Agreement and its annexes.
The above mentioned Financial Statement(s) per Activity was(were) examined and all tests of the supporting documentation and accounting records deemed necessary were carried out in order to obtain reasonable assurance¹⁴ that, in our opinion, based on our audit:
 - the amount of the total eligible costs (*[insert amount in number]* (*[insert amount in words¹⁵]*)) declared in the attached Financial Statement(s) per Activity is complying with the following cumulative conditions¹⁶:
 - ✓ they are actual and reflect the beneficiary's economic environment;
 - ✓ they are determined in accordance with the beneficiary's accounting principles;
 - ✓ they have been incurred during the periods covered by the Financial Statement(s) per Activity concerned by this audit certificate;
[they also include the eligible costs incurred in drawing up the final reports referred to in Article II.19.1 of this contract, which may be incurred up to two calendar months after the end of the project;]

¹³ See preamble of the Grant Agreement (if the beneficiary is the coordinator).

¹⁴ Reasonable assurance is an accounting expression meaning a high degree of confidence that information is valid and unaltered.

¹⁵ In EUR.

¹⁶ Article. II.19.1. Eligible costs are actual. They are not budgeted costs. Where actual costs are not available at the time of establishment of the audit certificate, the closest possible estimate can be declared as actual if this is in conformity with the accounting principles of the contractor. This must be mentioned in the financial statement. Any necessary adjustments to these claims must be reported in the Financial Statement for the subsequent reporting period. For the last reporting period, only actual costs can be declared.

- ✓ they are recorded in the accounts of the beneficiary at the date of the establishment of this audit certificate;
- ✓ they are exclusive of any non-eligible costs identified below which are established in Article II.19.4 of the above mentioned Grant Agreement:
 - return on capital;
 - debt and debt service charges;
 - provisions for losses;
 - interest owed;
 - doubtful debts;
 - exchange losses;
 - cost transfers from the Executive Agency charged by the bank of a beneficiary;
 - costs declared by a beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Executive Agency for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the Union budget during the period in question;
 - contributions in kind from third parties;
 - excessive or reckless expenditure;
 - deductible VAT.
- ✓ [they are claimed according to the conversion rate indicated in Article I.10 of the Grant Agreement:
 - as declared in the attached Financial Statement(s) per Activity, the total amount of receipts for the periods covered by this(those) Financial Statement(s) per Activity is equal to (*[insert amount in number] [insert amount in words¹⁷]*);
 - as declared in the attached request for payment, the total amount of interest yielded by the pre-financing received from the Executive Agency for the periods covered by this(those) Financial Statement(s) per Activity is equal to (*[insert amount in number] [insert amount in words¹⁸]*);
- accounting procedures used in the recording of eligible costs and receipts respect the accounting rules of the State in which the beneficiary is established and permit the direct reconciliation between the costs and receipts incurred for the implementation of the project covered by the Grant Agreement and the overall statement of accounts relating to the beneficiary's overall business activity¹⁹;
- based on our audit, we can conclude that the financial management of the project was carried out in an acceptable manner and in compliance with the requirements of the Grant Agreement;
- our company [organisation – for competent public officers] is qualified to deliver this audit certificate in full compliance with the Article I.4 of the Grant Agreement;

¹⁷ In EUR.

¹⁸ In EUR.

¹⁹ Article II.19.1.

[Relevant information establishing this qualification is included with this audit certificate;]²⁰

- as declared in the attached Financial Statement(s) per Activity, the beneficiary paid for this audit certificate a price equal to *([insert amount in number] ([insert amount in words]²¹)* in which VAT is equal to *([insert amount in number] ([insert amount in words]²²).*

Date, Signature and Stamp of the audit firm

²⁰ If the auditor is not known internationally or for a competent public officer whose competence to provide an audit certificate has not been attested to by its national authorities.

²¹ In EUR.

²² In EUR.

ANNEX VIII

MODEL TERMS OF REFERENCE FOR THE OPERATIONAL VERIFICATION:

NOT APPLICABLE

ANNEX IX

**MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE COMPLIANCE OF COST
ACCOUNTING PRINCIPLES:**

NOT APPLICABLE