

FRAMEWORK PARTNERSHIP AGREEMENT

FRAMEWORK AGREEMENT NUMBER – [...]

The **European Union** (hereinafter referred to as the "Union"), represented by the European Commission (hereinafter referred to as the "Commission"),

on the one part,

and

1. [full official name] [ACRONYM]

[official legal status or form]¹

[official registration No]²

[official address in full]

[VAT number],

hereinafter referred to as the "Partner", represented for the purposes of signature of this framework partnership agreement by [function, forename and surname]

on the other part,

(the 'Parties')

HAVE AGREED

to the Special Conditions (hereinafter referred to as the "Special Conditions") and the following Annexes:

Annex I	Action plan ³
Annex II	General Conditions applicable to European Union Framework Partnership Agreements for External Actions (hereinafter referred to as the "General Conditions")
Annex III	Model specific grant agreement
Annex IV:	Contract-award procedures
Annex V:	Standard request for payment and financial identification form

¹ To be deleted or filled in according to the "Legal Entity" form

² To be deleted or filled in according to the "Legal Entity" form

³ The action plan should include the common objectives of the parties in compliance with the objectives stipulated in the Preamble and the types of activities covered under this Framework Partnership, contributing to the achievement of those objectives.

Annex VI: <Model narrative and financial report/operating grants: annex if specific models are to be used for activity reports and financial statements>

Annex VII: Terms of reference for an expenditure verification of a European Union financed grant contract for external actions and model report of factual findings

Annex VIII: Standard template for Transfer of Asset Ownership

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

The terms set out in the Special Conditions, of which the Preamble forms an integral part, shall take precedence over those set out in the annexes. The terms of Annex II "General Conditions" shall take precedence over the other annexes.

PREAMBLE⁴

The Commission is responsible for implementing the Union policy in the field of [...]⁵

For the purposes of implementing this Union policy, the Commission has selected one or more partners engaged in the area of activity concerned, with which it shares common general objectives and wishes to establish a relationship of lasting cooperation.

The general objectives which it shares with [...]⁶ in the above-mentioned area of activity and which justify the establishment of a partnership are the following:

[...]

[...]

[...]

⁴ The authorizing officers may opt for a preamble in a different format depending on the context of the partnership. The items that must be included are: the Union policy concerned together with the areas of activities covered by the partnership and the general objectives shared with the partner in those areas, which justify establishment of the partnership.

⁵ Mention the area of activity, the specific programme concerned and the reference to the relevant legal basis.

⁶ Mention the name of the partner signatory of the Framework Agreement.

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SPECIAL CONDITIONS

ARTICLE 1 – SUBJECT MATTER OF THE FRAMEWORK AGREEMENT AND AWARD OF SPECIFIC GRANTS

- 1.1 The Framework Agreement is concluded as part of a long-term cooperation between the Commission and the Partner (hereinafter referred to as "the Partnership") with the aim to contribute to the objectives of the Union policy in the field of [...] as referred to in the Preamble.

The Framework Agreement defines the general rights and obligations of the Parties in implementing the Partnership.

- 1.2 The Partnership shall be implemented in compliance with the Action Plan set out in Annex I.

[The Partner shall submit each year an annual action programme which shall be jointly agreed by the Parties. The annual action programme shall be in line with the Action Plan set out in Annex I and shall serve as a basis for the award of any specific grants during the year in question. The annual action programme shall be submitted before [the start of the Partner's corresponding financial year][insert date].⁷

- 1.3 For the purposes of implementing the Partnership the Commission may award to the Partner *[specific grants for an action] [specific operating grants] [specific grants for an action and specific operating grants]*.

The Framework Agreement shall apply to any specific grant awarded for implementation of the Partnership and to the respective specific grant agreements (hereinafter referred to as "Specific Agreements") concluded between the Parties.

Signature of the Framework Agreement shall not give rise to any obligation of the Commission to award specific grants. It shall be without prejudice to the Partner's participation in other calls for proposals for the purposes of award of grants outside the scope of the Action Plan set out in Annex I.

- 1.4 Procedure for the award of specific grants

[Option 1- Consultation at the Commission's initiative

The Commission may consult the Partner in order to obtain a proposal for an action in line with the Action Plan set out in Annex I *[and the annual action programme referred to in the second subparagraph of Article 1.2 as jointly*

⁷ This option is to be used only if the partners agreed that an annual action programme will serve as an intermediary step and a basis for award of specific grants during the year. This annual action programme is different from the Action Plan in Annex I but should be in line with it and with the general objectives in the Preamble. This option shall not be used if the Framework Agreement covers only award of specific operating grants as the annual work programme of the Partner would have the same scope.

agreed between the Parties]. Such consultation shall take place on the basis of [a call for proposals open to all the partners for which this type of activity is included in the Action Plan set out in Annex I.] [a call for proposals open to all applicants meeting the announced criteria.] [an invitation to submit a proposal].⁸ The [call for proposals] [invitation] shall define the [selection and]⁹ award criteria to be applied. The Partner shall not be obliged to submit a proposal in response to such a consultation.]

[Option 2 - Exceptional procedure¹⁰

The Partner may submit a proposal for action to the Commission on the basis of the Action Plan set out in Annex I *[and the annual action programme referred to in the second subparagraph of Article 1.2 as jointly agreed between the Parties].* In order to qualify for a grant the proposal shall satisfy *[the following award criteria [...]] [the award criteria announced to the Partner by the Commission.]*

1.5 Conclusion of Specific Agreements

Where the Commission decides to award a specific grant, it shall propose to the Partner to sign a Specific Agreement in accordance with the model set out in Annex III.

By signing the Specific Agreement, the Partner agrees to carry out the Action acting on its own responsibility in accordance with the terms and conditions laid down in the Framework Agreement and the Specific Agreement.

Specific Agreements shall be signed before the expiry date of the Framework Agreement. Where an Action is still carried out after the above-mentioned date or after a premature termination of the Framework Agreement, the terms of the Framework Agreement shall continue to apply to the implementation of the Specific Agreement governed by the Framework Agreement.

ARTICLE 2 – ENTRY INTO FORCE OF THE FRAMEWORK AGREEMENT AND DURATION OF THE PARTNERSHIP

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

⁸ The invitation to submit a proposal is an option reserved:

- for monopoly situations or beneficiaries designated in the basic act;
- for cases where work is carried out in a network with pre-determined beneficiaries under the conditions laid down in the basic acts or
- for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals.

⁹ Please use this option if earlier in this paragraph you have opted for an open call for proposals ("a call for proposals open to all applicants meeting the announced criteria")

¹⁰ This option is reserved for:

- humanitarian aid and civil protection operations;
- emergencies (where appropriate in relation to a predetermined triggering event);

- 2.2 The Framework Agreement shall be concluded for a period of [...] ¹¹ years starting from the date of its entry into force.
- 2.3 The Commission reserves the right to modify annexes to this Framework Agreement (in particular the template for Specific Agreements and the General Conditions) in line with updates of the Commission's standard grant contract for EU external actions. Such modifications shall not affect Specific Agreements signed before the introduction of the modifications.

ARTICLE 3 – COMMUNICATION DETAILS OF THE PARTIES

3.1 Communication details of the Commission

Any communication addressed to the Commission *[[for the purposes of [...]] shall be sent to the following address:*

*European Commission
Directorate-General [complete]
Directorate [complete]
Unit [complete]
[Post code, town and country]
E-mail address: [insert functional mailbox]]*

3.2 Communication details of the Partner

Any communication from the Commission to the Partner *[[for the purposes of [...]] shall be sent to the following address:*

*[Full name]
[Function]
[Name of the entity]
[Full official address]
E-mail address: [complete]*

If any affiliated entity

ARTICLE 4 – AFFILIATED ENTITIES

[7.1.xFor the purpose of this Framework Agreement, the following legal entities are considered as affiliated entities:

- <name of the legal entity>;
- <name of the legal entity>;

¹¹ Not more than four years, except in duly justified exceptional cases (Article 178 RAP).

Costs incurred by these affiliated entities may be accepted as eligible, provided the entities concerned are included in the Specific Agreement and abide by all the relevant rules applicable to the Partner under the relevant Specific Agreement.

SIGNATURES

For the Partner
[*function*/forename/surname]

For the Commission
[forename/surname]

[signature]
Done at [place], [date]

[signature]
Done at [place], [date]

In duplicate in English

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ANNEX II

General Conditions applicable to European Union Framework Partnership Agreements for External Actions

CONTENTS

Explanations of the terms used throughout these General Conditions may be found in the 'Glossary of terms', Annex A1 to the Practical Guide.

In case of operating grants, the term "Action" should be understood as "Work Programme".

All references to "days" in this document are to calendar days, unless otherwise specified.

Table of content

1.Article 1 - General Provisions.....	9
2.Article 2 - Obligation to provide financial and narrative reports	10
3.Article 3 - Liability.....	11
4.Article 4 - Conflict of interests and good conduct	11
5.Article 5 - Confidentiality	11
6.article 6 - Visibility	12
7.article 7 - Ownership/use of results and assets.....	12
8.Article 8 – Evaluation/monitoring of the Action.....	13
9.Article 9 — Amendment of the Framework agreement and Specific Agreements.....	13
10.Article 10 — Implementation	14
11.Article 11 – Extension and suspension.....	15
12.Article 12 — Termination of the Framework Agreement and specific agreements	16
13.Article 13 — Applicable law and dispute settlement.....	18
14.Article 14 — Eligible costs	19
15.Article 15 — Payment and interest on late payment.....	22
16.Article 16 — Accounts and technical and financial checks	27
17.Article 17 — Final amount of the grant	28
18.Article 18 — Recovery	30

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GENERAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 - GENERAL PROVISIONS

General principles

- 9.1. The Partner and the European Union represented by the Commission are the only parties to the Framework Agreement and the Specific Agreement.
- 9.2. The Framework Agreement, the Specific Agreements and the payments attached to a Specific Agreement may not be assigned to a third party in any manner whatsoever without the prior written consent of the Commission.

Data protection

- 9.3. Any personal data will be processed solely for the purposes of the performance, management and monitoring of the Framework Agreement and the Specific Agreements by the Commission and may also be passed to the bodies charged with monitoring or inspection tasks under European Union law. The Partner will have the right of access to its personal data and the right to rectify any such data. If the Partner has any queries concerning the processing of personal data, it shall address them to the Commission. The Partner will have right of recourse at any time to the European Data Protection Supervisor.
- 9.4. The Partner shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of the Framework Agreement and the Specific Agreements and shall adopt all appropriate technical and organisational security measures necessary to preserve the strictest confidentiality and limit access to this data.

Role of the Partner

- 9.5. The Partner shall:
- a) respect the common general objectives that formed the basis for establishing the Partnership, as mentioned in the Preamble out in Annex I, and endeavour to achieve in practice those objectives in each Action for which a specific grant is awarded;
 - b) maintain relations of mutual co-operation and regular and transparent exchanges of information with the Commission on the implementation and the follow-up to the out in Annex I and of any specific grant awarded by the Commission under the Framework Agreement, as well as on other matters of common interest related to the Framework Agreement;
 - c) carry out the Actions taking all necessary and reasonable measures to ensure that the Actions are carried out in accordance with the terms and conditions of the Framework Agreement and the Specific Agreements.

To this purpose, the Partner shall implement the Actions with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field.
 - d) be responsible for complying with any obligation incumbent on it from the Framework Agreement and the Specific Agreements;
 - e) inform the Commission of any event likely to affect or delay the implementation of an Action;
 - f) inform the Commission of any change in the legal, financial, technical, organisational or ownership situation of the Partner;

- g) be responsible in the event of audits, checks, monitoring or evaluations, as described in Article 16 for providing all the necessary documents, including its accounts, copies of the most relevant supporting documents and signed copies of any contract concluded according to Article 10.

ARTICLE 2 - OBLIGATION TO PROVIDE FINANCIAL AND NARRATIVE REPORTS

- 9.1. The Partner shall provide the Commission with all required information on the implementation of the Actions. The report shall describe the implementation of the Action according to the activities envisaged, difficulties encountered and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results (impact, outcomes or outputs) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged or employed and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action. The Partner shall draw up consolidated interim and final reports. These reports shall:
- a) cover each Action as a whole, regardless of which part of it is financed by the Commission;
 - b) consist of a narrative and a financial report drafted using the templates provided in Annex VI;
 - c) provide a full account of all aspects of each Action's implementation for the period covered, including in case of simplified cost options the qualitative and quantitative information needed to demonstrate the fulfilment of the conditions for reimbursement established in the relevant Specific Agreement;
 - d) include the current results within an updated table based on the logical framework matrix including the results achieved by the Action (impact, outcomes or outputs) as measured by their corresponding indicators; agreed baselines and targets, and relevant sources of verification;
 - e) determine if the intervention logic is still valid and propose any relevant modification including regarding the logical framework matrix;
 - f) be drafted in the currency and language of the relevant Specific Agreement;
 - g) include any update on the communication plan as provided by Article 6.2;
 - h) include any relevant reports, publications, press releases and updates related to the Actions.
- 9.2. Additionally the final report shall:
- a) cover any period not covered by the previous reports
 - b) include the proofs of the transfers of ownership as referred to in Article 7.5.
- 9.3. The Specific Agreements may set out additional reporting requirements.
- 9.4. The Commission may request additional information at any time. The Partner shall provide this information within 30 days of the request, in the language of the relevant Specific Agreement.
- 9.5. Reports shall be submitted with the payment requests, according to Article 15. If the Partner fails to provide any report or fails to provide any additional information requested by the Commission within the set deadline without an acceptable and written explanation

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of the reasons, the Commission may terminate the Framework Agreement and/or the relevant Specific Agreement according to Article 12.2 (a) and (f).

ARTICLE 3 - LIABILITY

- 9.1. The Commission cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Partner while an Action is being carried out or as a consequence of the Action. The Commission cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.
- 9.2. The Partner shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while an Action is being carried out or as a consequence of the Action. The Partner shall discharge the Commission of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Partner or the Partner's employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose of this Article 3 employees of the Partner shall be considered third parties.

ARTICLE 4 - CONFLICT OF INTERESTS AND GOOD CONDUCT

- 9.1. The Partner shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of the Framework Agreement and/or the Specific Agreements. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.
- 9.2. Any conflict of interests which may arise must be notified in writing to the Commission without delay. In the event of such conflict, the Partner shall immediately take all necessary steps to resolve it.
- 9.3. The Commission reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 9.4. The Partner shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under the Framework Agreement and the Specific Agreements, the Partner shall replace, immediately and without compensation from the Commission, any member of its staff in such a situation.
- 9.5. The Partner shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards

ARTICLE 5 - CONFIDENTIALITY

- 9.1. Subject to Article 16, the Commission and the Partner undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of the Specific Agreements and/or the Framework Agreement and identified in writing as confidential until at least 5 years after the payment of the balance of the relevant Specific Agreement or at least 5 years after the expiry or termination of the Framework Agreement for information related to the implementation of the Framework Agreement.
- 9.2. The Partner shall not use confidential information for any aim other than fulfilling its obligations under the Framework Agreement and the Specific Agreements unless otherwise agreed with the Commission.

ARTICLE 6 - VISIBILITY

- 9.1. Unless the Commission agrees or requests otherwise, the Partner shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the Action. Such measures shall comply with the Communication and Visibility Manual for European Union External Actions laid down and published by the Commission, that can be found at: http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf or with any other guidelines agreed between the Commission and the Partner.
- 9.2. The Partner shall submit a communication plan for the approval of the Commission and report on its implementation in accordance with Article 2.
- 9.3. In particular, the Partner shall mention the Action and the European Union's financial contribution in information given to the final recipients of the Action, in its internal and annual reports, and in any dealings with the media. It shall display the European Union logo wherever appropriate.
- 9.4. Any notice or publication by the Partner concerning the Action, including those given at conferences or seminars, shall specify that the Action has received European Union funding. Any publication by the Partner, in whatever form and by whatever medium, including the internet, shall include the following statement: 'This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of <Partner's name> and can under no circumstances be regarded as reflecting the position of the European Union.'
- 9.5. The Partner authorises the Commission to publish the Partner's name and address, nationality, the purpose of the Framework Agreement and each grant, duration and location as well as the maximum amount of each grant and the rate of funding of the Action's costs, as laid down in Article 3 of the Specific Agreement. Derogation from publication of this information may be granted if it could endanger the Partner or harm its interests.

ARTICLE 7 - OWNERSHIP/USE OF RESULTS AND ASSETS

- 9.1. Unless otherwise stipulated in the Specific Agreement, ownership of, and title and intellectual and industrial property rights to, the Actions' results, reports and other documents relating to the Actions will be vested in the Partner.
- 9.2. Without prejudice to Article 9.1, the Partner grants the Commission the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Actions whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 9.3. The Partner shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement the Specific Agreements.
- 9.4. In case natural, recognizable persons are depicted in a photograph or film, the Partner shall, in the final report to the Commission, submit a statement of these persons giving their permissions for the described use of their images. The above does not refer to photographs taken or films shot in public places where random members of the public are identifiable only hypothetically and to public persons acting in their public activities.
- 9.5. Unless otherwise clearly specified in the Description of the Action, the equipment, vehicles and supplies paid for by the Budget of the Action shall be transferred to the final beneficiaries of the Action, at the latest when submitting the final report.

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If there are no final beneficiaries of the Action to whom the equipment, vehicles and supplies can be transferred, the Partner may transfer these items to:

- local authorities
- local affiliated entity(ies)
- another action funded by the European Union
- or, exceptionally, retain ownership of these items.

In such cases, the Partner shall submit a justified written request for authorisation to the Commission, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.

In no event may the end use jeopardize the sustainability of the Action or result in a profit for the Partner.

- 7.6 Copies of the proofs of transfer of any equipment and vehicles for which the purchase cost was more than EUR 5000 per item, shall be attached to the final report. Proofs of transfer of equipment and vehicles whose purchase cost was less than EUR 5000 per item shall be kept by the Partner for control purposes.

ARTICLE 8 – EVALUATION/MONITORING OF THE ACTION

- 8.1 If the Commission carries out an interim or ex post evaluation or a monitoring mission, the Partner shall undertake to provide it and/or the persons authorised by it with the documents or information necessary for the evaluation or monitoring mission.

Representatives of the Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the Action performed by the Partner.

- 8.2 If either the Partner or the Commission carries out or commissions an evaluation in the course of the Action, it shall provide the other with a copy of the evaluation report.

ARTICLE 9 — AMENDMENT OF THE FRAMEWORK AGREEMENT AND SPECIFIC AGREEMENTS.

- 9.1. Any amendment to the Framework Agreement or a Specific Agreement, including the annexes thereto, shall be set out in writing. Specific Agreements can be modified only during their execution period.
- 9.2. The amendment may not have the purpose or the effect of making changes to the Framework Agreement or a Specific Agreement that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the Specific Agreement may not be increased.
- 9.3. If an amendment is requested by the Partner, the Partner shall submit a duly justified request to the Commission thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Commission.
- 9.4. Where the amendment to the Budget or Description of the Action of a Specific Agreement does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Partner may amend the budget and

inform the Commission accordingly, in writing and at the latest in the next report. This method may not be used to amend the headings for indirect costs, for the contingency reserve, for in-kind contributions or the amounts or rates of simplified cost options defined in the Contract.

- 9.5. Changes of address, bank account or auditor may simply be notified by the Partner. However, in duly substantiated circumstances, the Commission may oppose the Partner's choice.
- 9.6. The Commission reserves the right to require that the auditor referred to in Article 5.2 of the Specific Agreement be replaced if considerations which were unknown when the Specific Agreement was signed cast doubt on the auditor's independence or professional standards.

ARTICLE 10 — IMPLEMENTATION

Implementation contracts

- 10.1 If the Partner has to conclude implementation contracts with contractors in order to carry out the Action, these may only cover a limited portion of the Action and shall respect the contract-award rules and rules of nationality and origin set out in Annex IV.
- 10.2 To the extent relevant, the Partner shall ensure that the conditions applicable to it under Articles 3, 4, 6, and 16 are also applicable to contractors awarded an implementation contract.
- 10.3 The Partner shall provide in its report to the Commission a comprehensive and detailed report on the award and implementation of the contracts awarded under article 10.1, in accordance with the reporting requirements in section 2 of Annex VI.

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Financial support to third parties

- 10.4 In order to support the achievement of the objectives of the Action, and in particular where the implementation of the Action requires financial support to be given to third parties, the Partner may award financial support if so provided by the Specific Agreements.
- 10.5 The maximum amount of financial support shall be limited to EUR 60 000 per each third party, except where the main purpose of the Action is to redistribute the grant.
- 10.6 The Description of the Action, in conformity with the relevant instructions given in this regard by the Commission, shall define the types of entities eligible for financial support and include a fixed list with the types of activity which may be eligible for financial support. The criteria for the selection of the third parties recipient of this financial support, including the criteria for determining its exact amount, shall also be specified.
- 10.7 The Partner shall provide in its report to the Commission a comprehensive and detailed report on the award and implementation of any financial support given. These reports should provide, amongst other, information on the award procedures, on the identities of the recipient of financial support, the amount granted, the results achieved, the problems encountered and solutions found, the activities carried out as well as a timetable of the activities which still need to be carried out.
- 10.8 To the extent relevant, the Partner shall ensure that the conditions applicable to it under Articles 3, 4, 1-4.4, 6, and 16 are also applicable to third parties awarded financial support.

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ARTICLE 11 – EXTENSION AND SUSPENSION

Extension

- 11.1 The Partner shall inform the Commission without delay of any circumstances likely to hamper or delay the implementation of the Action. The Partner may request an extension of the Action's implementation period as laid down in Article 2 of the Specific Agreement in accordance with Article 9. The request shall be accompanied by all the supporting evidence needed for its appraisal.

Suspension by the Partner

- 11.2 The Partner may suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The Partner shall inform the Commission without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 11.3 The Partner or the Commission may then terminate the relevant Specific Agreement in accordance with Article 12.1. If the Specific Agreement is not terminated, the Partner shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the Commission accordingly.

Suspension by the Commission

- 11.8 The Commission may request the Partner to suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the Commission shall inform the Partner stating the nature and probable duration of the suspension.
- 11.9 The Partner or the Commission may then terminate the relevant Specific Agreement in accordance with Article 12.1. If the Specific Agreement is not terminated, the Partner shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the Commission.
- 11.10 The Commission may also suspend a Specific Agreement if the Commission has evidence that, or if, for objective and well justified reasons, the Commission deems necessary to verify whether presumably:
- a) the grant award procedure or the implementation of an Action have been subject to substantial errors, irregularities or fraud;
 - b) the Partner has breached any substantial obligation under the Framework Agreement or a Specific Agreement.
- 11.11 The Partner shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the Commission. If, notwithstanding the information, clarification or document provided by the Partner, the award procedure or the implementation of the Framework Agreement or a grant prove to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Commission may terminate the Framework Agreement or the relevant Specific Agreement according to Article 12(2) h.

Force majeure

- 11.12 The term force majeure, as used herein covers any unforeseeable events, not within the control of either party and which by the exercise of due diligence neither party is able to

overcome such as acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion. A decision of the European Union to suspend the cooperation with the partner country is considered to be a case of force majeure when it implies suspending funding under the Specific Agreement.

- 11.13 Neither Partner shall be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure.

Extension of the implementation period following a suspension.

- 11.14 In case of suspension according to Articles 11.2, 11.4 and 11.6, the implementation period of the Action shall be extended by a period equivalent to the length of suspension, without prejudice to any amendment to the Specific Agreement that may be necessary to adapt the Action to the new implementing conditions. This Article 11.10 does not apply in case of an operating grant.

ARTICLE 12 — TERMINATION OF THE FRAMEWORK AGREEMENT AND SPECIFIC AGREEMENTS

Termination in case of force majeure

- 12.1 In the cases foreseen in Article 11.2 and 11.4, if the Partner or the Commission believes that a Specific Agreement can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Partner or the Commission may terminate the Specific Agreement by serving two months written notice, without being required to pay indemnity.

Termination by the Commission

- 12.2 Without prejudice to Article 12.1, in the following circumstances the Commission may, after having duly consulted the Partner, terminate the Framework Agreement and/or the Specific Agreement without any indemnity on its part when:

- a) the Partner fails, without justification, to fulfil any substantial obligation incumbent on it by the Framework Agreement or the Specific Agreement and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
- b) the Partner or any person that assumes unlimited liability for the debts of the Partner is bankrupt, subject to insolvency or winding up procedures, is having its assets administered by a liquidator or by the courts, has entered into an arrangement with creditors, has suspended business activities, or is in any analogous situation arising from a similar procedure provided for under any national law or regulations relevant to the Partner;
- c) the Partner, or any related entity or person, have been found guilty of an offence concerning their professional conduct proven by any means;
- d) it has been established by a final judgment or a final administrative decision or by proof in possession of the Contracting Authority that the Partner has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or has committed an irregularity;
- e) a change to the Partner's legal, financial, technical, organisational or ownership situation substantially affects the implementation of the Framework Agreement or the

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Deleted: Partner, or any related entity or person, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the European Union's financial interests

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Specific Agreement or calls into question the decision awarding the Framework Agreement or a grant;

- f) the Partner or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the Framework Agreement or the Action or fail to supply – or fail to supply within the deadlines set under the Specific Agreement- any information related to the Action required by the Commission;
- g) the Partner has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- h) the Commission has evidence that the Partner, or any related entity or person, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Action;
- i) the Partner is subject to an administrative penalty referred to in Article 12.8;
- j) the Commission has evidence that the Partner is subject to a conflict of interests;
- k)** the Commission has evidence that the Partner has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the European Union and awarded to the Partner under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on the Framework Agreement and/or a Specific Agreement.

The cases of termination under points (b), (c), (d), (h), (j) and (k) may refer also to persons who are members of the administrative, management or supervisory body of the Partner and/or to persons having powers of representation, decision or control with regard to the Partner.

- 12.3 In the cases referred to in points (c), (d) (f) (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the Partner. Any related entity means, in particular, any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive No 83/349/EEC of 13 June 1983.

End date

- 12.4 The payment obligations of the European Union under a Specific Agreement shall end 18 months after the implementation period laid down in Article 2 of the Specific Agreement, unless the Specific Agreement is terminated according to Article 12.

The Commission shall postpone this end date, so as to be able to fulfil its payment obligations, in all cases where the Partner has submitted a payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in Article 13. The Commission shall notify the Partner of any postponement of the end date.

- 12.5 A Specific Agreement will be terminated automatically if it has not given rise to any payment by the Commission within two years of its signature.

Effects of Termination

- 12.6 Upon termination of a Specific Agreement the Partner shall take all immediate steps to bring the Action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 14, the Partner shall be entitled to payment only for the part of the Action carried out, excluding costs relating to current commitments that are due to be executed after termination.

To this purpose, the Partner shall introduce a payment request to the Commission within the time limit set by Article 15.2 starting from the date of termination.

In the event of termination according to Article 12.1, the Commission may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided, first paragraph of this Article 12.7, has been properly executed.

In the cases of termination foreseen in Article 12.2 a), c), d), f), h) and k) the Commission may, after having properly consulted the Partner and depending on the gravity of the failings, request full or partial repayment of amounts unduly paid for the Action.

Administrative sanctions

- 12.7 ~~Without prejudice to the application of other remedies laid down in the Contract, a sanction of exclusion from all contracts and grants financed by the EU, may be imposed, after an adversarial procedure, upon the Partner who, in particular,~~

~~a) is guilty of grave professional misconduct, has committed irregularities or has been found in serious breach of its contractual obligations. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, three years;~~

~~b) is guilty of fraud, corruption, participation in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, five years;~~

- 12.8 ~~In the situations mentioned in Article 13.7, in addition or in alternative to the sanction of exclusion, the Partner may also be subject to financial penalties representing 2-10% of the contract value.~~

- 12.9 ~~Where the Commission is entitled to impose financial penalties, it may deduct such financial penalties from any sums due to the Partner or call on the appropriate guarantee.~~

- 12.10 ~~The decision to impose administrative sanctions may be published on a dedicated internet-site, explicitly naming the Partner.~~

- 12.11 ~~The abovementioned administrative sanctions may also be imposed to persons who are members of the administrative, management or supervisory body of the Partner, to persons having powers of representation, decision or control with regard to the Partner.~~

ARTICLE 13 — APPLICABLE LAW AND DISPUTE SETTLEMENT

- 13.1 The Framework Agreement and the Specific Agreements shall be governed by the European Union law supplemented as appropriate by Belgian law.
- 13.2 The Parties shall do everything possible to settle amicably any dispute arising between them during the implementation of the Framework Agreement and the Specific

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Agreements. To that end, they shall communicate their positions and any solution that they consider possible in writing, and meet each other at either's request. The Partner and the Commission shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the Partner or the Commission may notify the other part that it considers the procedure to have failed.

- 13.3 In the event of failure to reach an amicable agreement, each party may submit the dispute to the Brussels courts.

FINANCIAL PROVISIONS

ARTICLE 14 — ELIGIBLE COSTS

Cost eligibility criteria

- 14.1 Eligible costs are actual costs incurred by the Partner which meet all the following criteria:
- a) they are incurred during the implementation of the Action as specified in Article 2 of the Specific Agreement. In particular:
 - (i) Costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement. Cash transfers between the Partner and affiliated entity(ies) may not be considered as costs incurred;
 - (ii) Costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - (iii) An exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the Action, which may be incurred after the implementation period of the Action;
 - (iv) Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the Partner before the start of the implementation period of the Action, provided the provisions of Annex IV have been respected.
 - b) they are indicated in the estimated overall Budget of the Action;
 - c) they are necessary for the implementation of the Action;
 - d) they are identifiable and verifiable, in particular being recorded in the accounting records of the Partner and determined according to the accounting standards and the usual cost accounting practices applicable to the Partner;
 - e) they comply with the requirements of applicable tax and social legislation;
 - f) they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Eligible direct costs

14.2 Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Partner shall be eligible:

a) the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs shall not exceed those normally borne by the Partner, unless it is justified by showing that it is essential to carry out the Action;

b) travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Partner according to its rules and regulations, or the rates published by the Commission at the time of such mission if reimbursed on the basis of simplified cost options;

c) purchase costs for equipment (new or used) and supplies specifically dedicated to the purposes of the Action, provided that ownership is transferred at the end of the Action when required in Article 7.5;

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d) depreciation, rental or leasing costs for equipment (new or used) and supplies specifically dedicated to the purposes of the Action;

e) costs of consumables;

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f) costs of service, supply and work contracts awarded by the Partner for the purposes of the Action referred to in Article 10.

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g) costs deriving directly from the requirements of the Specific Agreement (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers);

h) duties, taxes and charges, including VAT, paid and not recoverable by the Partner, unless otherwise provided in the Specific Agreements:

i)overheads, in the case of an operating grant.

Simplified cost options

14.3 In accordance with the detailed provisions in the Budget of the Action, eligible costs may also be constituted by any or a combination of the following cost options:

a) unit costs;

b) lump sums;

c) flat-rate financing;

d) apportionment for costs related to field offices;

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14.4 The methods used by the Partner to determine unit costs, lump sums or flat-rates or apportionment shall be clearly described and substantiated in the Budget of the Action and shall ensure compliance with the no-profit rule and shall avoid double funding of costs. The information used can be based on the Partner's historical and/or actual accounting and cost accounting data or on external information where available and appropriate.

Costs declared under simplified cost options shall satisfy the eligibility criteria set out in Article 14.1 and 14.2. They do not need to be backed by accounting or supporting

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documents, save those necessary to demonstrate the fulfillment of the conditions for reimbursement established in the Description and the Budget of the Action.

These costs may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of the Specific Agreement.

The amounts or rates of unit costs, lump sums or flat-rates set out in the Budget of the Action may not be amended unilaterally and may not be challenged by ex post verifications.

- 14.5 The total amount of financing that may be awarded on the basis of simplified cost options in accordance with Article 14.3 a) to c) may not exceed EUR 60 000, unless otherwise provided for in the Specific Agreement.

Contingency reserve

- 14.6 A reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5 % of the direct eligible costs may be included in the Budget of the Action, to allow for adjustments necessary in the light of unforeseeable changes of circumstances on the ground. It can be used only with the prior written authorisation of the Commission, upon duly justified request by the Partner.

Indirect costs

- 14.7 The indirect costs for the Action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the Action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the Partner in connection with the eligible direct costs for the Action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of the Specific Agreement.

A fixed percentage of the total amount of direct eligible costs of the Action not exceeding the percentage laid down in Article 3 of the Specific Agreement may be claimed to cover indirect costs for the Action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents. This amount shall not be taken into account with regard to the maximum amount of simplified cost options.

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 European Union budget during the period in question.

This Article 14.7 does not apply in the case of an operating grant.

In kind contributions

- 14.8 Any contributions in kind, which shall be listed separately in the Budget of the Action, do not represent actual expenditure and are not eligible costs. Unless otherwise specified in the Specific Agreement, contributions in kind may not be treated as co-financing by the Partner.

If contributions in kind are accepted as co-financing, the Partner shall ensure they comply with national tax and social security rules.

Notwithstanding the above, if the Description of the Action provides for contributions in kind, such contributions have to be provided.

Non-eligible costs

14.9 The following costs shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses, debts or potential future liabilities;
- c) costs declared by the Partner and financed by another action or work programme receiving a European Union grant (including through the European Development Fund);
- d) purchases of land or buildings, except where necessary for the direct implementation of the Action and according to the conditions specified in the Specific Agreement; in all cases the ownership shall be transferred in accordance with Article 7.5, at the latest at the end of the Action;
- e) currency exchange losses;
- f) credits to third parties, unless otherwise specified in the Specific Agreement
- g) in kind contributions
- h) salary costs of the personnel of national administrations, unless otherwise specified in the Specific Agreement and only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the Action were not undertaken.

Affiliated entities

14.10 Where the Specific Agreement contains a provision on entities affiliated to the Partner, costs incurred by such entity may be eligible, provided that they satisfy the same conditions under Articles 14 and 16, and that the Partner ensures that Articles 3, 4, 5, 6, 10, 16 are also applicable to the entity.

ARTICLE 15 — PAYMENT AND INTEREST ON LATE PAYMENT

Payment procedures

15.1 The Commission must pay the grant to the Partner following one of the payment procedures below, as set out in Article 4 of the Specific Agreement.

Option 1: Actions with an implementation period of 12 months or less or grant of EUR 100 000 or less

- (i) an initial pre-financing payment of 80 % of the maximum amount referred to in Article 3.2 of the Specific Agreement (excluding contingencies);
- (ii) the balance of the final amount of the grant.

Option 2: Actions with an implementation period of more than 12 months and grant of more than EUR 100 000

- (i) an initial pre-financing payment of 100 % of the part of the estimated budget financed by the Commission for the first reporting period (excluding contingencies). The part of the budget financed by the Commission is calculated by applying the percentage set out in Article 3.2 of the Specific Agreement;

- (ii) further pre-financing payments of 100 % of the part of the estimated budget financed by the Commission for the following reporting period (excluding not authorised contingencies):
- the reporting period is intended as a twelve-month period unless otherwise provided for in the Specific Agreements. When the remaining period to the end of the Action is up to 18 months, the reporting period shall cover it entirely;
 - within 60 days following the end of the reporting period, the Partner shall present an interim report or, if unable to do so, it shall inform the Commission of the reasons and provide a summary of progress of the Action;
 - if at the end of the reporting period the part of the expenditure actually incurred which is financed by the Commission is less than 70 % of the previous payment (and 100 % of any previous payments), the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous pre-financing payment and the part of the expenditure actually incurred which is financed by the Commission;
 - the Partner may submit a request for further pre-financing payment before the end of the reporting period, when the part of the expenditure actually incurred which is financed by the Commission is more than 70 % of the previous payment (and 100 % of any previous payments). In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
 - in addition, for grants of more than EUR 5 000 000, a further pre-financing payment may be made only if the part financed by the Commission of the eligible costs approved is at least equal to the total amount of all the previous payments excluding the last one;
 - the total sum of pre-financing payments may not exceed 90 % of the amount referred to in Article 3.2 of the Specific Agreement, excluding not authorised contingencies;
- (iii) the balance of the final amount of the grant.

Option 3: All Actions

- (i) the final amount of the grant.

Submission of final reports

- 15.2 The Partner shall submit the final report to the Commission no later than three months after the implementation period as defined in Article 2 of the Specific Agreement. The deadline for submission of the final report is extended to six months where the Partner does not have its headquarters in the country where the Action is implemented.

Payment request

- 15.3 The payment request shall be drafted using the model in Annex V and shall be accompanied by:
- a) a narrative and financial report in line with Article 2;

- b) a forecast budget for the following reporting period in case of request of further pre-financing;
- c) an expenditure verification report or a detailed breakdown of expenditure if required under Article 15.7;

For the purposes of the initial pre-financing payment, the signed Specific Agreement serves as payment request.

Payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information provided.

Payment deadlines

- 15.4 The initial pre-financing payment shall be made within 30 days of receipt of the payment request by the Commission.

Further pre-financing payments and payments of the balance shall be made within 60 days of receipt of the payment request by the Commission.

However, further pre-financing payments and payments of the balance shall be made within 90 days of receipt of the payment request by the Commission in any of the following cases:

- a) where the Partner implements the Action with with affiliated entity(ies);
- b) for grants exceeding EUR 5 000 000

The payment request is deemed accepted if there is no written reply by the Commission within the deadlines set above.

Suspension of the period for payments

- 15.5 Without prejudice to Article 12, the time-limits for payments may be suspended by notifying the Partner that:

- a) the amount indicated in its request of payments is not due, or;
- b) proper supporting documents have not been supplied, or;
- c) clarifications, modifications or additional information to the narrative or financial reports are needed, or;
- d) there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or;
- e) it is necessary to verify whether presumed substantial errors, irregularities, fraud have occurred in the grant award procedure or the implementation of the Action, or;
- f) it is necessary to verify whether the Partner has breached any substantial obligations under the Specific Agreement, or;
- g) the visibility obligations set out in Article 6 are not complied with.

The suspension of the time-limits for payments starts when the above notification is sent to the Partner. The time-limit starts running again on the date on which a correctly

formulated request for payment is recorded. The Partner shall provide any requested information, clarification or document within 30 days of the request.

If, notwithstanding the information, clarification or document provided by the Partner, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Commission may refuse to proceed further with payments and may, in the cases foreseen in Article 12, terminate accordingly the Framework Agreement and/or the Specific Agreement.

In addition, the Commission may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating the Framework Agreement and/or the Specific Agreement as provided for in Article 12.

Interest on late payment

- 15.6 If the Commission pays the Partner after the time limit, it shall pay default interest at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, if payments are in euro, on the first day of the month in which the time-limit expired, plus three and a half percentage points. The interest will be payable for the time elapsed between the expiry of the payment deadline and the date on which the Commission's account is debited.

By way of exception, when the interest calculated in accordance with this provision is lower than or equal to EUR 200, it will be paid to the Partner only upon demand submitted within two months of receiving late payment.

The default interest is not considered as income for the purposes of Article 17

This Article 15.6 does not apply if the Partner is a European Union Member State, including regional and local government authorities or other public body acting in the name and on behalf of the Member State for the purpose of the Specific Agreement.

Expenditure verification report

- 15.7 The Partner must provide an expenditure verification report for:
- a) any request for further pre-financing payment in case of grants of more than EUR 5 000 000;
 - b) any final report in the case of a grant of more than EUR 100 000.

The expenditure verification report shall conform to the model in Annex VII and shall be produced by an auditor approved or chosen by the Commission. The auditor shall meet the requirements set out in the Terms of Reference for expenditure verification in Annex VII.

The auditor shall examine whether the costs declared by the Partner and the revenue of the Action are real, accurately recorded and eligible under the Specific Agreement. The expenditure verification report shall cover all expenditure not covered by any previous expenditure verification report.

If no expenditure verification is required with requests for pre-financing payments, a detailed breakdown of expenditure covering the preceding reporting periods not already covered, shall be provided for every other request for further pre-financing payment and starting with the second request for further pre-financing payment (i.e. 3rd, 5th, 7th... pre-financing payment).

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The detailed breakdown of expenditure shall provide the following information for each cost heading in the financial report and for all underlying entries and transactions: amount of the entry or transaction, accounting reference (e.g. ledger, journal or other relevant reference) description of the entry or transaction (detailing the nature of the expenditure) and reference to underlying documents (e.g. invoice number, salary slip or other relevant reference), in line with Article 16.1. It shall be provided in electronic form and spread sheet format (excel or similar) whenever possible.

The detailed breakdown of expenditure shall be supported by a declaration of honour by the Partner that the information in the payment request is full, reliable and true and that the costs declared have been incurred and can be considered as eligible in accordance with the Specific Agreement.

The final report shall in all cases include a detailed breakdown of expenditure covering the whole Action.

Where the Partner is a government department or a public body, the Commission may accept to substitute the expenditure verification with a detailed breakdown of expenditure.

The expenditure verification report shall not be provided by the Partner if the verification is directly done by the Commission or by a body authorised to do so on the Commission's behalf, according to Article of 5.2 of the Specific Agreement.

Rules for currency conversion

- 15.8 The Commission shall make payments to the Partner to the bank account referred to in the financial identification form in Annex V, which allows the identification of the funds paid by the Commission. The Commission shall make payments in the currency set in the Specific Agreement.

Reports shall be submitted in the currency set out in the Specific Agreement, and may be drawn from financial statements denominated in other currencies, on the basis of the Partner's applicable legislation and applicable accounting standards. In such case and for the purpose of reporting, conversion into the currency set in the Specific Agreement shall be made using the rate of exchange at which the Commission's contribution was recorded in the Partner's accounts, unless otherwise provided for in the Specific Agreement. If at the end of the Action, a part of the expenses is pre-financed by the Partner (or by other donors), the conversion rate to be applied to this balance is the one set in the Specific Agreement according to the Partner's usual accounting practice. If no specific provision is foreseen in the Specific Agreement, the exchange rate of the last instalment received from the Commission will be applied.

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- 15.9 Unless otherwise provided for in the Specific Agreement, costs incurred in other currencies than the one used in the Partner's accounts for the Action shall be converted according to its usual accounting practices, provided they respect the following basic requirements: (i) they are written down as an accounting rule, i.e. they are a standard practice of the Partner, (ii) they are applied consistently, (iii) they give equal treatment to all types of transactions and funding sources, (iv) the system can be demonstrated and the exchange rates are easily accessible for verifications.

In the event of an exceptional exchange-rate fluctuation, the Parties shall consult each other with a view to amending the Action in order to lessen the impact of such a fluctuation. Where necessary, the Commission may take additional measures such as terminating the Specific Agreement.

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ARTICLE 16 — ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS

Accounts

- 16.1 The Partner shall keep accurate and regular accounts of the implementation of the Action using an appropriate accounting and double-entry book-keeping system.

The accounts:

- a) may be an integrated part of or an adjunct to the Partner's regular system;
 - b) shall comply with the accounting and bookkeeping policies and rules that apply in the country concerned;
 - c) shall enable income and expenditure relating to the Action to be easily traced, identified and verified.
- 16.2 The Partner shall ensure that any financial report as required under Article 2 can be properly and easily reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose the Partner shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Right of access

- 16.3 The Partner shall allow verifications to be carried out by the Commission, the European Anti-Fraud Office, the European Court of Auditors and any external auditor authorised by the Commission. The Partner has to take all steps to facilitate their work.
- 16.4 The Partner shall allow the above entities to:
- a) access the sites and locations at which the Action is implemented;
 - b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the Action;
 - c) take copies of documents;
 - d) carry out on-the-spot-checks;
 - e) conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the Action.
- 16.5 Additionally the European Anti-Fraud Office shall be allowed to carry out on-the-spot checks and inspections in accordance with the procedures laid down by the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities.

Where appropriate, the findings may lead to recovery by the Commission.

- 16.6 Access given to agents of the Commission, the European Anti-Fraud Office and the European Court of Auditors and to any external auditor authorised by the Commission carrying out verifications as provided for by this Article as well as by Article 15.7 shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject.

Record keeping

16.7 The Partner shall keep all records, accounting and supporting documents related to the Specific Agreement for five years following the payment of the balance and for three years in case of grants not exceeding EUR 60 000, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of.

They shall be easily accessible and filed so as to facilitate their examination and the Partner shall inform the Commission of their precise location.

16.8 All the supporting documents shall be available either in the original form, including in electronic form, or as a copy.

16.9 In addition to the reports mentioned in Article 2, the documents referred to in this Article include:

- a) Accounting records (computerised or manual) from the Partner's accounting system such as general ledger, sub-ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
- b) Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
- c) Proof of commitments such as contracts and order forms;
- d) Proof of delivery of services such as approved reports, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates) etc;
- e) Proof of receipt of goods such as delivery slips from suppliers;
- f) Proof of completion of works, such as acceptance certificates;
- g) Proof of purchase such as invoices and receipts;
- h) Proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
- i) Proof that taxes and/or VAT that have been paid cannot actually be reclaimed;
- j) For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
- k) Staff and payroll records such as contracts, salary statements and time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary. For expatriate and/or European-based staff (if the Action is implemented in Europe) analyses and breakdowns of expenditure per month of actual work, assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary.

16.10 Failure to comply with the obligations set forth in Article 17.1 to 17.9 constitutes a case of breach of a substantial obligation under this Contract. In this case, the Commission may in particular suspend the Contract, payments or the time-limit for a payment, terminate the Contract and/or reduce the grant.

ARTICLE 17 — FINAL AMOUNT OF THE GRANT

Final amount

15 January 2016

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Page 28 of 30

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- 17.1 The grant may not exceed the maximum ceiling in Article 3.2 of the Specific Agreement either in terms of the absolute value or the percentage stated therein.

If the eligible costs of the Action at the end of the Action are less than the estimated eligible costs as referred to in Article 3.1 of the Specific Agreement, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 of the Specific Agreement to the eligible costs of the Action approved by the Commission.

- 17.2 In addition and without prejudice to its right to terminate the Framework Agreement and/or the Specific Agreement pursuant to Article 12, if the Action is implemented poorly or partially - and therefore not in accordance with the Description of the Action in Annex I - or late, the Commission may, by a duly reasoned decision and after allowing the Partner to submit its observations, reduce the initial grant in line with the actual implementation of the Action and in accordance with the terms of the Framework Agreement and the Specific Agreement. This applies as well with regards to the visibility obligations set out in Article 6.

No profit

- 17.3 The grant may not produce a profit for the Partner, unless specified otherwise in Article 7 of the Specific Agreement. Profit is defined as a surplus of the receipts over the eligible costs approved by the Commission when the request for payment of the balance is made.

- 17.4 The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the Partner that fall within one of the two following categories:

a) income generated by the Action, unless otherwise specified in the Specific Agreement;

b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by the Specific Agreement and declared by the Partner as actual costs under this Contract. Any financial contribution that may be used by the Partner to cover costs other than those eligible under the Specific Agreement or that are not due to the donor where unused at the end of the Action are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Partner.

- 17.5 In case of an operating grant, amounts dedicated to the building up of reserves shall not be considered as a receipt.

- 17.6 Where the final amount of the grant determined in accordance with the Specific Agreement would result in a profit, it shall be reduced by the percentage of the profit corresponding to the final European Union contribution to the eligible costs approved by the Commission.

- 17.7 The provisions in Article 17.3 shall not apply to:

a) actions the objective of which is the reinforcement of the financial capacity of the Partner, if specified in Article 7 of the Specific Agreement;

b) actions which generate an income to ensure their continuity beyond the end of the Specific Agreement, if specified in Article 7 of the Specific Agreement;

c) grants of EUR 60.000 or less.

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ARTICLE 18 — RECOVERY

Recovery

- 18.1 If any amount is unduly paid to the Partner, or if recovery is justified under the terms of the Specific Agreement, the Partner undertakes to repay the Commission these amounts.
- 18.2 In particular, payments made do not preclude the possibility for the Commission to issue a recovery order following an expenditure verification report, an audit or further verification of the payment request.
- 18.3 If a verification reveals that the methods used by the Partner to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in the Specific Agreement, the Commission shall be entitled reduce the final amount of the grant proportionately up to the amount of the unit costs, lump sums or flat rate financing.
- 18.4 The Partner undertakes to repay any amounts paid in excess of the final amount due to the Commission within 45 days of the issuing of the debit note, the latter being the letter by which the Commission requests the amount owed by the Partner.

Interest on late payments

- 18.5 Should the Partner fail to make repayment within the deadline set by the Commission, the Commission may increase the amounts due by adding interest at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the Commission, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.

Offsetting

- 18.6 Amounts to be repaid to the Commission may be offset against amounts of any kind due to the Partner, after informing it accordingly. This shall not affect the Parties' right to agree on payment in instalments.

Other provisions

- 18.7 The repayment under Article 18.4 or the offsetting under Article 18.6 amount to the payment of the balance.
- 18.8 Bank charges incurred by the repayment of amounts due to the Commission shall be borne entirely by the Partner.
