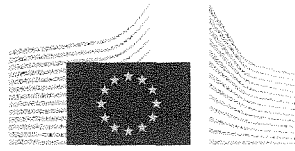




SESAR Deployment Framework Partnership Agreement

Brussels, 5 December 2014



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

FRAMEWORK PARTNERSHIP AGREEMENT

No. MOVE/E2-2014-717/SESAR FPA

The **European Union** (hereinafter referred to as "the Union"), represented by the European Commission (hereinafter referred to as "the Commission"), represented for the purposes of signature of this Framework partnership agreement by Ms Violeta Bulc, Commissioner for Transport,

on the one part,

and the following coordinating partners acting as the Deployment Manager:

1. NATS (En Route) plc ("NATS")

Company number: 4129273

Official address: 4000 Parkway, Whiteley, Fareham, Hampshire, United Kingdom PO15 7FL

VAT number: GB 440 3794 56

represented for the purpose of the present Agreement by Mr Richard Deakin, in his capacity as Chief Executive Officer

2. Société Air France, Société Anonyme ("Air France")

Official registration No: 420 495 178 RCS BOBIGNY

Official address: 45 rue de Paris, 95747 Roissy CDG CEDEX, France

VAT number: 61 420 495 178

represented for the purpose of the present Agreement by Mr Alain Bassil, in his capacity as Chief Operating Officer

3. Österreichische Gesellschaft für Zivilluftfahrt mit beschränkter Haftung, limited liability company ("Austro Control")

Registration number: 71000m

Official address: Schnirchgasse 11, A-1030 Wien, Austria

VAT number: ATU 37259408

represented for the purpose of the present Agreement by Mr Heinz Sommerbauer, in his capacity as Chief Executive Officer and Mr Thomas Hoffmann, in his capacity as Chief Operating Officer

4. Croatia Control Ltd. ("Croatia Control")

Registration number: 080328617

Official address: Rudolfa Fizira 2, Velika Gorica, Croatia

VAT number: 33052761319

represented for the purpose of the present Agreement by Mr Dragan Bilac, in his capacity as Director General

5. Deutsche Lufthansa Aktiengesellschaft ("Lufthansa")

Registration number: HR B 2168

Official address: Von-Gablenz-Strasse 2-6, D-50679 Köln

VAT number: DE 122 652 565

represented for the purpose of the present Agreement by Mr Kay Kratky in his capacity as Chief Operating Officer and Mr Werner Knorr, in his capacity as Senior Vice President Operations Frankfurt

6. The State of France, Ministry of ecology, sustainable development and energy, DGAC (Direction générale de l'aviation civile), DSNA (Direction des Services de la Navigation Aérienne), a government entity organised and existing under the laws of France ("DSNA")

Official address: 50 rue Henry Farman, 75720 Paris cedex 15, France

represented for the purpose of the present Agreement by Mr Maurice Georges, in his capacity as Director

7. DFS DEUTSCHE FLUGSICHERUNG GmbH ("DFS")

Registration number: HRB 34977

Official address: Am DFS Campus 10, Langen/ Hessen, D-63225

VAT number: DE114110232

represented for the purpose of the present Agreement by Mr Klaus-Dieter Scheurle in his capacity as Chairman and Chief Executive Officer and Mr Robert Schickling in his capacity as Managing Director Operations

8. easyJet Airline Company Limited ("easyJet")

Company number: 3034606

Hangar 89, London, Luton Airport, Luton, Bedfordshire, LU2 9PF United Kingdom

VAT number: GB 745360825

represented for the purpose of the present Agreement by Mr Warwick Brady, in his capacity as Chief Executive Officer

9. ENAIRE, business public entity ("ENAIRE")

Official address: Calle Arturo Soria, 109, 28043, Madrid, Spain

VAT number: ESQ 2822001J

represented for the purpose of the present Agreement by Mr. Ignacio González Sánchez, in his capacity as Director of Air Navigation

10. ENAV S.p.A. ("ENAV")

Registration number: 97016000586

Official address: Via Salaria 716, 00138, Rome, Italy

VAT number: 02152021008

represented for the purpose of the present Agreement by Mr Massimo Bellizzi, in his capacity as General Director

11. British Airways plc ("British Airways")

Company number: 1777777

Official address: Waterside, PO Box 365, Harmondsworth, UB7 0GB, United Kingdom

VAT number: 222452988

represented for the purpose of the present Agreement by Mr Garry Copeland, in his capacity as Managing Director of Combined Operations

12. Irish Aviation Authority, limited liability company (IAA)

Company number: 211082

Official address: Times Building, D'Olier street 11-12, Dublin 2, Ireland

VAT number: IE 8211082 B

represented for the purpose of the present Agreement by Mr Philip Hughes, in his capacity as Director Commercial Technology and Training

13. Luftfartsverket, a state enterprise ("LFV")

Company number 202195-0795

Official address: Vikboplan 11, 601 79 Norrköping, Sweden

VAT number: SE 202100079501

represented for the purpose of the present Agreement by Mr Olle Sundin, in his capacity as General Director

14. Naviair, a state owned company ("NAVIAIR")

Company number: 26059763

Official address: Naviair Allé 1, 2770 Kastrup, Denmark

VAT number: DK 26059763

represented for the purpose of the present Agreement by Mr Morten Dambæk, in his capacity as Chief Executive Officer

15. Polish Air Navigation Services Agency, a state legal entity ("PANS")

Official address: Ul. Wieżowa 8, 02-147 Warszawa, Poland

VAT number: 5222838321

represented for the purpose of the present Agreement by Mr Krzysztof Kapis, in his capacity as President of Polish Air Navigation Services Agency

16. Sesar Related Deployment Airport Operators Grouping, EEIG (“SDAG”)

Registration number: 0073682

Official address: Rue Montoyer 10, 1000 Brussels, Belgium

VAT number: BE 548 863 315

represented for the purpose of the present Agreement by Mr Luc Laveyne, in his capacity as Managing Director

hereinafter collectively referred to as “the coordinator”, duly represented for the purpose of signature of this Framework partnership agreement (hereinafter referred to as “the Framework agreement”) by Richard Deakin, Chief Executive Officer, NATS, if applicable⁵, by virtue of the mandates included in Annex IX of this Framework agreement

on the other part,

HAVE AGREED

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

- Annex I Action plan (including the Deployment Programme)
- Annex II General Conditions (hereinafter referred to as “the General Conditions”)
- Annex IIIa Model specific grant agreement for programme support actions
- Annex IIIb Model specific grant agreement for implementation projects
- Annex IVa *Model technical report for programme support actions: not applicable*
- Annex IVb Model technical report for implementation projects
- Annex Va Model financial statement for programme support actions
- Annex Vb Model financial statement for implementation projects
- Annex VIa Model terms of reference for the certificate on the financial statements for programme support actions
- Annex VIb Model terms of reference for the certificate on the financial statements for implementation projects
- Annex VII *Model terms of reference for the operational verification report: not applicable*

⁵ The partner from which originates the legal representative does not provide a mandate.

Annex VIII *Model terms of reference for the certificate on the compliance of the cost accounting practices: not applicable*

Annex IX Mandates provided to the coordinator by the other partners

which form an integral part of this 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.

The references to the "Commission" in this Framework agreement (except in Article II.18.3) shall be understood as references to the Innovation and Networks Executive Agency (hereinafter referred to as "the Agency") in relation to Specific agreements concluded under this Framework agreement by the Agency under the power delegated to it by the Commission, within the limits of that delegation. A direct reference to "the Agency" is made in the provisions that apply only to such Specific agreements.

PREAMBLE

The Union's SESAR project aims to modernise and harmonise the European Air Traffic Management (ATM) System from a technological and operational perspective. As an essential component of the Union's broader Single European Sky (SES) policy, SESAR contributes to achieving the SES high level performance objectives in terms of increasing the capacity of current European ATM system, while reducing their costs and the environmental impact of flights, yet increasing the level of safety.

The Commission is responsible for implementing the SES policy and SESAR. For this purpose, on 3 May 2013 the Commission adopted the Implementing Regulation (EU) No 409/2013⁶ setting up an EU framework supporting the deployment of SESAR. The Regulation defines two main instruments to support SESAR deployment:

- **Common Projects**, which are binding Commission Implementing Regulations that identify those ATM functionalities that are considered to be essential contributors to the improvement of the European ATM system performance, that are mature for implementation and that demonstrate that their potential to benefit the European ATM network, in particular if deployed in synchronisation; and
- **Deployment governance** to ensure the timely, synchronised and coordinated implementation of Common Projects involving all the relevant stakeholders through:
 - a **Policy level**, under the responsibility of the European Commission;
 - a **Management level**, under the responsibility of the **Deployment Manager** who ensures the coordinated and synchronised implementation of Common Projects in accordance with the **Deployment Programme**; and
 - an **Implementation level** that is responsible for implementing the ATM functionalities of the Common Projects in the European ATM Network through **Implementation projects**.

The Management and Implementation levels of the SESAR deployment governance are under the responsibility of the operational stakeholders that will have to implement Common Projects. The overall aim of this Framework agreement is to establish the Management and Implementation levels through a SESAR framework partnership between the Commission and operational stakeholders engaged in the area of ATM. These partners are selected by the Commission to establish a relationship of lasting cooperation to pursue the general objective of contributing to the implementation of the SES through timely, coordinated and synchronised implementation of Common Projects.

This Framework agreement also provides a framework for the Commission to provide financial support to the partners of the SESAR framework partnership that deploy SESAR ATM functionalities and to the Deployment Manager for the execution of its tasks in accordance with Regulation (EU) No 409/2013.

In the SESAR framework partnership the members of the Deployment Manager are the **coordinating partners** and the other partners executing the Implementation projects are the **implementing partners**.

⁶ COMMISSION IMPLEMENTING REGULATION (EU) No 409/2013 of 3 May 2013 on the definition of common projects, the establishment of governance and the identification of incentives supporting the implementation of the European Air Traffic Management Master Plan, OJ L 123, 4.5.2013, p. 1

SPECIAL CONDITIONS

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

I.1.1 Subject matter of the Framework agreement

I.1.1.1 The Framework agreement is concluded as part of a long-term cooperation (hereinafter referred to as "the partnership") between the Commission and the coordinating and implementing partners (collectively referred to as "partners") with the aim to contribute to the objectives of the Union policy in the field of SESAR deployment as referred to in the Preamble.

The coordinating partners shall act as the Deployment Manager in accordance with Regulation (EU) No 409/2013.

The Framework agreement defines the general rights and obligations of the parties in implementing their partnership.

I.1.1.2 The partnership shall be implemented in compliance with the Action plan set out in Annex I.

I.1.1.3 For the purposes of implementing the partnership the Commission may award to the partners specific grants for an action. An action may take form of a Connecting Europe Facility (CEF) programme support action⁷ (hereinafter referred to as "a programme support action") or SESAR deployment implementation project⁸ (hereinafter referred to as "an implementation project").

Programme support actions shall be covered by Specific agreements concluded between the Commission and the partners. Implementation projects shall be covered by Specific agreements concluded between the Agency and the partners under the power delegated to it by the Commission.

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", or respectively "Specific agreements for programme support actions" or "Specific agreements for implementation projects" when referring specifically to programmes support actions or implementation projects) 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 partners'

⁷ Article 2(7) of Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, OJ L 348, 20.12.2013, p.129

⁸ Article 10 of Implementing Regulation (EU) No 409/2013

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.

I.1.1.4 Articles II.12.4, II.23.2a(d)(ii) and II.25.3.3(c) shall not apply.

I.1.2 Procedure for award of specific grants

The Commission may consult its partners in order to obtain a proposal for an action in line with the Action plan set out in Annex I. Such consultation shall take place on the basis of a call for proposals open to all the partners for whom this type of activity is included in the Action plan set out in Annex I or a call for proposals open to all applicants meeting the announced criteria or an invitation to submit a proposal⁹. The call for proposals shall define the selection and award criteria to be applied. The invitation to submit a proposal shall define the award criteria to be applied. The partners shall not be obliged to submit a proposal in response to such a consultation.

I.1.3. Conclusion of Specific agreements

Where the Commission decides to award a specific grant, it shall propose to the partners to sign a Specific agreement in accordance with the model set out in Annex III. The Specific agreement shall be signed by the authorized representatives of the parties.

By signing the Specific agreement, the partners shall agree to carry out the action acting on their 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 date when the Framework agreement expires. Where the actions are carried out after the above-mentioned date, the terms of the Framework agreement shall continue to apply to the implementation of the Specific agreements governed by the Framework agreement.

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

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

I.2.2 The Framework agreement shall be concluded until 31.12.2020.

⁹ The invitation to submit a proposal is an option reserved:

- for monopoly situations or partners designated in the basic act;
- for cases where work is carried out in a network with pre-determined partners 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.

ARTICLE I.3 - DATA CONTROLLER AND COMMUNICATION DETAILS OF THE PARTIES

I.3.1 Data controller

The entity acting as a data controller according to Article II.6 shall be:

- the Director of the Shared Resource Directorate in DG MOVE/ENER for the data received in relation to this Framework agreement and the Specific agreements for programme support actions concluded by the Commission, and
- the Agency for the data received in relation to Specific agreements for implementation projects.

I.3.2 Communication details of the Commission and the Agency

Regarding the Framework agreement and Specific agreements for programme support actions:

Any communication addressed to the Commission related to technical matters shall be sent by post or e-mail to the following address:

European Commission
Directorate General for Mobility and Transport
Directorate E - Aviation and International Air Transport Affairs
Unit E.2 Single European Sky
1040 Brussels, Belgium
E-mail address: magda.salykova@ec.europa.eu

Any communication addressed to the Commission related to financial matters shall be sent by post or e-mail to the following address:

European Commission
Directorate General for Mobility and Transport
Shared Resource Directorate
Unit SRD 3
1040 Brussels, Belgium
E-mail address: jean-claude.merciol@ec.europa.eu

Regarding Specific agreements for implementation projects:

Any communication addressed to the Agency by post or e-mail shall be sent to the following address:

Innovation and Networks Executive Agency (INEA)
Department C - Connecting Europe Facility (CEF)
Unit INEA.C.03
B-1049 Brussels
Fax: +32(0)2 297 37 27
E-Mail addresses:

For general communication: inea@ec.europa.eu

For the submission of requests for payment, reports (except ASRs) and financial statements: inea@ec.europa.eu

Any communication addressed to the Agency by registered mail, courier service or hand-delivery shall be sent to the following address:

Innovation and Networks Executive Agency (INEA)
Avenue du Bourget, 1
B-1140 Brussels (Evere)

TEN-Tec shall be accessed via the following URL: <https://webgate.ec.europa.eu/tentec/>

I.3.3 Communication details of the partners

Any communication from the Commission or the Agency to the partners:

Massimo Garbini
Managing Director of SESAR Deployment Alliance
NATS
4000 Parkway, Whiteley, Fareham, Hampshire, United Kingdom PO15 7FL
E-Mail address: massimo.garbini@sesardeployment.aero

ARTICLE I.4 – ENTITIES AFFILIATED TO THE PARTNERS

The following entities are considered as affiliated entities to the partner:

- **European Region of the Airport Council International (ACI EUROPE)** aisbl, affiliated to **SDAG**

In addition to the conditions specified in Article II.21, the partner the entity is affiliated to shall ensure that the conditions applicable to it under Articles II.8, II.17 and II.26 are also applicable to the entity.

The estimated costs of the affiliated entity shall be clearly identifiable in the estimated budget set out in Annex II of the Specific agreement.

The amount actually received by each affiliated entity shall be reported as a part of the financial statement.

ARTICLE I.5 – OBLIGATION TO CONCLUDE AN INTERNAL CO-OPERATION AGREEMENT

The partners shall conclude an internal co-operation agreement regarding their operation and co-ordination, including all internal aspects related to the management of the partners and the implementation of the action(s).

ARTICLE I.6 – SPECIAL PROVISIONS ON THE FINANCIAL RESPONSIBILITY FOR RECOVERIES AND FINANCIAL PENALTIES

The financial responsibility of each partner and each affiliated entity shall be limited to the amount of contribution it has actually received.

References to a "partner" in Article II.26 shall be read also as references to an affiliated entity and the letter (a) in the third subparagraph of Article II.26.2 shall be read as follows:

"(a) specifying the amount due (including any amount unduly paid by the Commission as a contribution towards the costs incurred by its implementing bodies) and the reasons for recovery;"

The second subparagraph of Article II.26.2 and Point (c) of Article II.26.3 shall not apply.

ARTICLE I.7 – ADDITIONAL PROVISIONS ON SUBCONTRACTING

Sub-contracting of coordination tasks

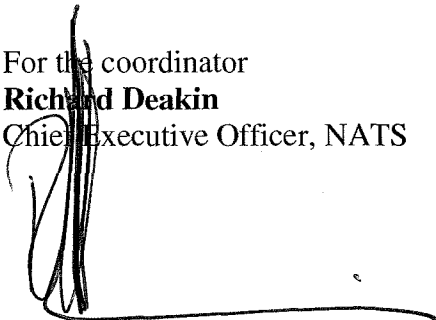
Notwithstanding the provisions of Article II.1.3, second subparagraph, the coordinator may subcontract support tasks related to the technical, financial and administrative coordination of the action in accordance with the provisions in Article II.10 of this Framework agreement. The coordinator retains sole responsibility for the EU contribution and for compliance with the obligations under the Framework agreement.

ARTICLE I.8 USE OF THE SESAR TRADEMARK

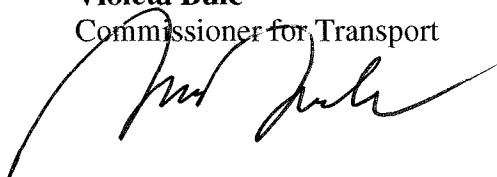
SESAR is a registered trademark of the European Union. The partners and their affiliated entities or implementing bodies may use the SESAR trademark in the context of actions relating to the Action plan set out in Annex I. Article II.7 shall apply mutatis mutandis to the use of the SESAR logo.

SIGNATURES

For the coordinator
Richard Deakin
Chief Executive Officer, NATS



For the Commission
Violeta Bulc
Commissioner for Transport



Done at Brussels, 5th of December

Done at Brussels, 5th of December

In duplicate in English

ANNEX II

GENERAL CONDITIONS

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PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

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

II.1.1 General obligations and role of the partners

The partners shall:

- (a) respect the common general objectives that formed the basis for establishing the partnership, as mentioned in the Preamble and in the Action plan set 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 implementation of the Action plan set 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) be responsible for complying with any legal obligations incumbent on them jointly or individually under applicable EU, international and national law;
- (d) be responsible for carrying out the actions, for which specific grants were awarded, in accordance with the terms and conditions of the Framework agreement and the Specific agreements;
- (e) make appropriate internal arrangements for the proper implementation of the Action plan set out in Annex I and of any specific grant awarded by the Commission under the Framework agreement, consistent with the provisions of the Framework agreement and the Specific agreements; where provided for in the Special Conditions, those arrangements shall take the form of an internal co-operation agreement between the partners.

II.1.2 General obligations and role of each partner

Each partner shall:

- (a) inform the coordinator immediately of any change likely to affect or delay the implementation of the action of which the partner 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 Framework agreement and the Specific agreement(s);
- (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 Commission according to the Framework agreement and the Specific agreement(s), except where the provisions thereof require that such information is submitted directly by the partner to the Commission.

II.1.3 General obligations and role of the coordinator

The coordinator shall:

- (a) monitor that the Action plan and actions are implemented in accordance with the Framework agreement and the Specific agreements;
- (b) be the intermediary for all communications between the partners and the Commission, except where provided otherwise in the Framework agreement or a Specific agreement, and, in particular, the coordinator shall:
 - (i) immediately provide the Commission 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 partners or of its affiliated entities, or to any event likely to affect or delay the implementation of an action, for which a specific grant was awarded, of which the coordinator is aware;
 - (ii) bear responsibility for supplying all documents and information to the Commission which may be required under the Framework agreement or a Specific agreement, except where provided otherwise in the Framework agreement or Specific agreement; where information is required from the other partners, the coordinator shall bear responsibility for obtaining and verifying this information before passing it on to the Commission;
- (c) make the appropriate arrangements for providing any financial guarantees required under the Framework agreement or a Specific agreement;
- (d) establish the requests for payment in accordance with the Framework agreement and the Specific agreements;
- (e) ensure that all the appropriate payments are made to the other partners 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 partners 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 Framework agreement or a Specific agreement or to their implementation shall be made in writing (in paper or electronic form), shall bear the number of the agreement concerned and shall be made using the communication details identified in Article I.3.

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 Framework agreement or the Specific agreement refer 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.3. 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.3. 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 Commission using the postal services is considered to have been received by the Commission on the date on which it is registered by the department identified in Article I.3.2.

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 Commission shall not be held liable for any damage caused or sustained by any of the partners, including any damage caused to third parties as a consequence of or during the implementation of an action.

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

ARTICLE II.4 - CONFLICT OF INTERESTS

- II.4.1** The partners shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Framework agreement or the Specific agreements 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 Framework agreement or the Specific agreements shall be notified to the Commission, in writing, without delay. The partners shall immediately take all the necessary steps to rectify this situation. The Commission 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 Commission and the partners 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 Framework agreement or the Specific agreements and which are explicitly indicated in writing as confidential.
- II.5.2** The partners shall not use confidential information and documents for any reason other than fulfilling their obligations under the Framework agreement and the Specific agreements, unless otherwise agreed with the Commission in writing.
- II.5.3** The Commission and the partners shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Framework agreement and the Specific agreements and for a period of five years starting from the payment of the balance under the Specific agreement concerned, unless:
- (a) the concerned party 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 Commission

Any personal data included in the Framework agreement and the Specific agreements shall be processed by the Commission 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.3.1 solely for the purposes of the implementation, management and monitoring of the Framework agreement and the Specific agreements, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of Union law.

The partners shall have the right of access to their personal data and the right to rectify any such data. Should the partners have any queries concerning the processing of their personal data, they shall address them to the data controller, identified in Article I.3.1.

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

II.6.2 Processing of personal data by the partners

Where the Framework agreement or the Specific agreement requires the processing of personal data by the partners, the partners may act only under the supervision of the data controller identified in Article I.3.1, 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 partners grant to their personnel shall be limited to the extent strictly necessary for the implementation, management and monitoring of the Framework agreement and the Specific agreements.

The partners 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 Commission;
- (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 Commission requests or agrees otherwise, any communication or publication related to an action, made by the partners 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 partners a right of exclusive use. The partners 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 partners are exempted from the obligation to obtain prior permission from the Commission to use the European Union emblem.

II.7.2 Disclaimers excluding Commission responsibility

Any communication or publication related to an action, made by the partners jointly or individually in any form and using any means, shall indicate that it reflects only the author's view and that the Commission is 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 partners

Unless stipulated otherwise in the Specific agreement, ownership of the results of an action, including industrial and intellectual property rights, and of the reports and other documents relating to it, shall be vested in the partners.

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 Specific agreement, the partners 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 Commission at the latest before the commencement of implementation.

The partners 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 Specific 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 partners grant the Union the right to use the results of an action for the following purposes:

- (a) use for its own purposes, and in particular, making available to persons working for the Commission, 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 Commission;
- (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 Specific agreement.

The partners 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 an action. Unless specified otherwise in the Specific agreement, 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 AN ACTION

II.9.1 Where the implementation of an action requires the procurement of goods, works or services, the partners 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.

The partners shall ensure that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 also towards the contractor.

Partners 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 partners shall retain sole responsibility for carrying out the action concerned and for compliance with the provisions of the Framework agreement and the Specific agreement. The partners shall ensure that any procurement contract contains provisions stipulating that the contractor has no rights vis-à-vis the Commission under the Framework agreement or the Specific agreement.

II.9.3 The partners shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5 and II.8 are also applicable to the contractor.

II.9.4 Where, in accordance with Article 3(a) of the Specific agreement, the grant takes the form of the reimbursement of eligible costs:

- If a partner breaches any of its obligations under the first or second subparagraph of Article II.9.1, the costs related to the contract concerned shall be ineligible;
- If a partner breaches any of its obligations under the third subparagraph of Article II.9.1, Article II.9.2 or II.9.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) of the Specific agreement, the grant takes the form of a unit, lump sum or flat-rate contribution, if a partner breaches any of its obligations under Article II.9.1, II.9.2 or II.9.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.10 – SUBCONTRACTING OF TASKS FORMING PART OF AN 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 an action as described in Annex I of a Specific agreement.

II.10.2 Partners may subcontract tasks forming part of an 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) in case of grants for programme support actions, the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex II of the Specific agreement;
- (d) any recourse to subcontracting, if not provided for in Annex I of the Specific agreement, is communicated by the coordinator and approved by the Commission without prejudice to Article II.12.2;

II.10.3 Partners 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.10.4 The partners shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Framework agreement and Specific agreements. The partners shall ensure that any subcontract contains provisions stipulating that the subcontractor has no rights vis-à-vis the Commission under the Framework agreement or any Specific agreement.

II.10.5 The partners shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5, II.7 and II.8 are also applicable to the subcontractor.

II.10.6 Where, in accordance with Article 3(a) of the Specific agreement, the grant takes the form of the reimbursement of eligible costs:

- If a partner breaches any of its obligations under Article II.10.2, the costs related to the subcontract concerned shall be ineligible;

- If a partner breaches any of its obligations under Article II.10.3, II.10.4 or II.10.5, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) of the Specific agreement the grant takes the form of a unit, lump sum or flat-rate contribution if a partner breaches any of its obligations under Article II.10.2, II.10.3, II.10.4 or II.10.5, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.11 - FINANCIAL SUPPORT TO THIRD PARTIES

II.11.1 Where the implementation of an action requires giving financial support to third parties, the partners shall give such financial support in accordance with the conditions specified in Annex I of the Specific agreement, 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 of the Specific agreement;
- (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.

The partners shall ensure that the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors, and – in relation to Specific agreements for implementation projects – the Agency, may exercise their rights under Article II.27 also towards the third parties receiving 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 partners shall give such financial support in accordance with the conditions specified in Annex I of the Specific agreement, which shall at least contain:

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

The partners shall ensure that the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors, and – in relation to Specific agreements for implementation projects – the Agency, may exercise their rights under Article II.27 also towards the third parties receiving a prize.

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

II.11.4 Where, in accordance with Article 3(a) of the Specific agreement, the grant takes the form of the reimbursement of eligible costs:

- If a partner breaches any of its obligations under Article II.11.1 or II.11.2, the costs related to the financial support shall be ineligible;
- If a partner breaches any of its obligations under Article II.11.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) of the Specific agreement the grant takes the form of a unit, lump sum or flat-rate contribution if a partner breaches any of its obligations under Article II.11.1, II.11.2 or II.11.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.12 – AMENDMENTS TO THE FRAMEWORK AGREEMENT AND THE SPECIFIC AGREEMENTS

II.12.1 Any amendment to the Framework agreement or a Specific agreement shall be made in writing.

II.12.2 An amendment may not have the purpose or the effect of making changes to the Framework agreement or the Specific agreement which would call into question the Commission's decision to establish the framework partnership or to award the specific grant or which would 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, as far as Specific agreements are concerned, at the latest one month before the end of the period set out in Article 2.2 of the Specific agreement, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

II.12.4 In case of a specific operating grant the period set out in Article 2.2 of the Specific agreement shall not be extended via amendments.

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

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 partners against the Commission 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 Commission 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 partners. In the absence of such an acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Commission.

II.13.2 In no circumstances shall such an assignment release the partners from their obligations towards the Commission.

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 Framework agreement or a Specific agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities, implementing bodies 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 Framework agreement or a Specific agreement if it has been prevented from fulfilling them by *force majeure*.

ARTICLE II.15 – SUSPENSION OF THE IMPLEMENTATION

II.15.1 Suspension of the implementation of an action by the partners

The coordinator, on behalf of the partners, may suspend the implementation of an 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 Commission without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

Unless the Specific agreement or the participation of a partner is terminated in accordance with Articles II.16.1, II.16.2 or points (c) or (d) of Article II.16.3.2, the coordinator shall, once the circumstances allow resuming the implementation of the action, inform the Commission immediately and present a request for amendment of the Framework agreement or Specific agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the Commission

II.15.2.1 The Commission may suspend the implementation of an action or any part thereof or, in the cases referred to in points (a), (b) and (c), also the implementation of the Framework agreement:

- (a) if the Commission has evidence that a partner has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Framework agreement or the Specific agreements or if a partner fails to comply with its obligations under those agreements;
- (b) if the Commission has evidence that a partner 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 partner under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on one or more specific grants awarded under the Framework agreement; or
- (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by a partner in the award procedure or in the implementation of the Framework agreement or the Specific agreements and needs to verify whether they have actually occurred; or
- (d) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action; or
- (e) in case of specific grants awarded for implementation projects, if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for

Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

II.15.2.2 The implementation of each action for which a specific grant has been awarded is deemed automatically suspended from the date on which the suspension of the implementation of the Framework agreement takes effect.

II.15.2.3 Before suspending the implementation the Commission shall formally notify the coordinator of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a), (b), (d) and (e) 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 partners within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the coordinator, the Commission 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 Commission 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), (b), (d) and (e) 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 partners 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 of the Framework agreement or the action, the partners shall endeavour to meet the notified conditions as soon as possible and shall inform the Commission of any progress made in this respect.

Unless the Framework agreement or the Specific agreement or participation of a partner is terminated in accordance with Articles II.16.1, II.16.2 or points (c), (i), (j), (k) or (m) of Article II.16.3.2, the Commission 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 Specific agreement concerned, as provided for in Article II.15.3.2 or, where applicable, lay down the necessary adaptations of the Framework agreement, on which the parties need to agree in accordance with Article II.15.3.1.

II.15.3 Effects of the suspension

- II.15.3.1** If the Framework agreement is not terminated, it may be adapted to the new implementing conditions in accordance with Article II.12. Such an amendment shall not have as a purpose or effect to extend the period set out in Article I.2.2.

The suspension of the implementation of the Framework agreement and of all automatically suspended actions in accordance with Article II.15.2.2 is deemed lifted as from the date of the notification by the Commission referred to in the sixth subparagraph of Article II.15.2.3. In this case Article II.15.3.2 shall not apply.

- II.15.3.2** If the implementation of a suspended action can be resumed and the Specific agreement is not terminated, an amendment to the Specific 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 of the implementation of the action 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 of the Specific agreement enters into force.

- II.15.3.3** Any costs incurred by the partners, 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 Commission to suspend the implementation of the action or of the Framework agreement is without prejudice to its right to terminate the Framework agreement or the Specific agreement or participation of a partner 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 FRAMEWORK AGREEMENT AND THE SPECIFIC AGREEMENTS

II.16.1 Termination of the Framework agreement or a Specific agreement by the coordinator

The coordinator, on behalf of all partners, may terminate the Framework agreement at any time by formally notifying the Commission thereof, specifying the date on which the termination shall take effect. The notification shall be sent before the termination is due to take effect. The partners shall complete the implementation of any Specific agreement, governed by the Framework agreement, which has entered into force before the date on which the termination of the Framework agreement takes effect.

In duly justified cases, the coordinator, on behalf of all partners, may terminate a Specific agreement by formally notifying the Commission 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 Commission considers that the reasons exposed cannot justify the termination, it shall formally notify the coordinator, specifying the grounds thereof, and the Specific agreement shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.1.

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

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

If the coordinator's participation is terminated without its agreement, the formal notification must be done by another partner acting on behalf of the other partners.

If no reasons are given or if the Commission 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.16.4.1.

Without prejudice to Article II.12.2, an amendment to the Framework agreement and Specific agreements shall be made, in order to introduce the necessary modifications.

II.16.3 Termination of the Framework agreement or a Specific agreement or the participation of one or more partners by the Commission

II.16.3.1 The Commission may decide to terminate the Framework agreement at any time by formally notifying the partners thereof, specifying the date on which the termination shall take effect. The notification shall be sent to the coordinator before the termination is due to take effect. Without prejudice to its right to terminate a Specific agreement according to Article II.16.3.2 and the effects of such a termination according to Article II.16.4, the Commission shall honour its obligations arising from the implementation of any Specific agreement, governed by the Framework agreement, which has entered into force before the date on which the termination of the Framework agreement takes effect.

II.16.3.2 The Commission may decide to terminate the Framework agreement or a Specific agreement or the participation of a partner in the Framework agreement or in an action, in the following circumstances:

- (a) if a change to the partner's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Framework agreement or the Specific agreement substantially or calls into question the Commission's decision to establish the framework partnership or to award the specific grant;
- (b) if, following the termination of the participation of any one or several partners, the necessary modifications to the Framework agreement or the Specific agreement would call into question the Commission's decision to establish the framework partnership or to award the specific grant or would result in unequal treatment of applicants;
- (c) if the partners do not implement the action as specified in Annex I of the Specific agreement or if a partner fails to comply with another substantial obligation incumbent on it under the terms of the Framework agreement or the Specific 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 Framework agreement or the Specific agreement would call into question the Commission's decision to establish the framework partnership or to award the specific grant or would result in unequal treatment of applicants;
- (e) if a partner 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 partner or any related person, as defined in the second subparagraph, have been found guilty of professional misconduct proven by any means;
- (g) if a partner 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 Commission has evidence that a partner 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 Commission has evidence that a partner 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 Framework agreement or the Specific agreement, including in the event of submission of false information or failure to submit required information in order to establish the framework partnership with the Commission or to obtain a specific grant;
- (j) if the Commission has evidence that a partner 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 partner under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on a specific grant awarded under the Framework agreement.
- (k) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action;
- (l) if the action has not started within two years of the starting date set out in Article 2.2 of the specific grant agreement or, for grants for studies, if the action has not started within one year of the starting date set out in Article 2.2 of the specific grant agreement; or
- (m) in case of specific grants awarded for implementation projects, if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

For the purposes of points (f), (h) and (i), "any related person" shall mean any natural person who has the power to represent the partner or to take decisions on its behalf.

II.16.3.3 Before terminating the Framework agreement or a Specific agreement or the participation of any one or several partners, the Commission 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 partners and, in the case of point (c) of Article II.16.3.2, to inform the Commission about the measures taken to ensure that the partners continue to fulfil their obligations under the agreement concerned.

If, after examination of the observations submitted by the coordinator, the Commission 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 Commission decides to pursue the termination procedure, it may terminate the Framework agreement or the Specific agreement or participation of any one or several partners by formally notifying the coordinator thereof, specifying the reasons for the termination.

In the cases referred to in points (a), (b), (c), (e), (g) and (k) of Article II.16.3.2, the formal notification shall specify the date on which the termination takes effect. In the cases referred to in points (d), (f), (h), (i), (j), (l) and (m) of Article II.16.3.2, 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

II.16.4.1 Where a Specific agreement is terminated, payments by the Commission shall be limited to the amount determined in accordance with Article II.25 on the basis of the eligible costs incurred by the partners 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 Specific agreement takes effect, as provided for in Articles II.16.1 and II.16.3.3, to produce a request for payment of the balance in accordance with Article II.23.2a or II.23.2c. If no request for payment of the balance is received within this time limit, the Commission 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 Commission 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 Commission.

Where the participation of a partner is terminated, the partner concerned shall submit to the coordinator in case of a grant for programme support action a technical report, or in case of a grant for implementation project an Action Status Report (ASR) and, where applicable, a financial statement covering the period from the end of the last reporting period according to Article 4 of the Specific agreement(s) concerned for which a report has been submitted to the Commission to the date on which the termination takes effect. The technical report or ASR 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 partner 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 partner concerned shall be included in the next payment request submitted by the coordinator in accordance with the schedule laid down in Article 4 of the Specific agreement(s) concerned.

Where the Commission, in accordance with point (c) of Article II.16.3.2, is terminating the Specific 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 Specific agreement takes effect for the coordinator to produce a request for payment of the balance in accordance with Article II.23.2a or II.23.2c; and
- (b) the Commission shall not reimburse or cover any costs incurred by the partners up to the date of termination or up to the end of the period set out in Article 2.2 of the Specific agreement, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in a technical report or an ASR approved by it.

In addition to the first, second and third subparagraphs, where the Specific agreement or the participation of a partner is terminated improperly by the coordinator within the meaning of Articles II.16.1 and II.16.2, or where the Specific agreement or the participation of a partner is terminated by the Commission on the grounds set out in points (c), (f), (h), (i), (j), (k) and (m) of Article II.16.3.2, the Commission may also reduce the specific 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 partners concerned, to submit their observations.

II.16.4.2 Where the Commission, in accordance with point (l) of Article II.16.3.2, is terminating the Specific agreement on the ground that the action has not started by the set deadline, the following shall apply:

- (a) the coordinator shall not produce a request for payment of the balance; and
- (b) the final amount of the grant shall be EUR 0 (zero euro). The Commission shall recover any amounts unduly paid in accordance with Article II.26.

II.16.4.3 Neither party shall be entitled to claim compensation on account of a termination of the Framework agreement or a Specific agreement by the other party.

ARTICLE II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES

II.17.1 By virtue of Articles 109 and 131(4) of 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 partner 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 an application or during the implementation of the Framework agreement or a Specific agreement, or has been found in serious breach of its obligations under the Framework agreement or a Specific 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 partner; and/or
- (b) financial penalties of 2% to 10% of the value of the contribution the partner concerned is entitled to receive, as indicated in the estimated budget set out in Annex II of the Specific agreement concerned as last amended.

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 Commission shall formally notify the partner concerned of any decision to apply such penalties.

The 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 of the Treaty on the Functioning of the European Union ("TFEU").

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

II.18.1 The Framework agreement and any Specific agreement are governed by the applicable Union law complemented, where necessary, by the law of Belgium.

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 partner concerning the interpretation, application or validity of the Framework agreement or any Specific 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 Article II.26 or financial penalties, the 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 partner which meet the following criteria:

- (a) they are incurred in the period of duration of the action set out in Article 2.2 of the Specific agreement, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article II.23.2a or II.23.2c.

Costs of contracts for goods, works or services or of subcontracts are considered to be incurred when the contract or subcontract (or a part of it) is executed, i.e. when the goods, works or services (including studies) are supplied, delivered or provided;

- (b) they are indicated in the estimated budget set out in Annex II of the Specific agreement;
- (c) they are incurred in connection with the action as described in Annex I of the Specific agreement and are necessary for its implementation; in particular, for the costs of contracts for goods, the goods are supplied in a Member State or in any other countries where the action is implemented as described in Annex I of the Specific agreement; for the costs of contracts for works, the works are delivered in a Member State or in any other countries where the action is implemented as described in Annex I of the Specific agreement; for the costs of contracts for services (including studies), the services provided concern a Member State or any other countries where the action is implemented as described in Annex I of the Specific agreement;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the partner and determined according to the applicable accounting standards of the country where the partner is established and with the usual cost accounting practices of the partner;
- (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 partner 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 partner'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 partner 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 partner and, unless otherwise agreed with the partner, in the premises of the partner;
 - (ii) the result of the work belongs to the partner; and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the partner;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the partner's usual practices on travel;
- (c) if a call for proposals or an invitation to submit a proposal referred to in Article I.1.2 provides for the eligibility of full equipment or infrastructure costs, the full costs of purchase of equipment or infrastructure and other assets shall be eligible under the Specific agreements signed further to such a call or an invitation, provided that they are treated as capital expenditure in accordance with the tax and accounting rules applicable to the partner and are recorded in the fixed assets account of its balance sheet and if the asset has been purchased in accordance with Article II.9.1. 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.

If a call for proposals or an invitation to submit a proposal referred to in Article I.1.2 provides that only depreciation costs are eligible, the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the partner are eligible under the Specific agreements signed further to such a call or an invitation, provided that the asset has been purchased in accordance with Article II.9.1 and that it is written off in accordance with the international accounting standards and the usual accounting practices of the partner.

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 2.2 of the Specific agreement concerned and the rate of actual use for the purposes of the action may be taken into account.

- (d) costs of consumables and supplies, provided that they are purchased in accordance with the first subparagraph of Article II.9.1 and are directly assigned to the action;
- (e) costs arising directly from requirements imposed by the Framework agreement or the Specific 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 the first subparagraph of Article II.9.1;
- (f) costs entailed by service contracts, including costs of environmental studies on the protection of the environment and on compliance with the relevant Union law, provided that the corresponding services are purchased in accordance with the first subparagraph of Article II.9.1 and costs entailed by subcontracts within the meaning of Article II.10, provided that the conditions laid down in Article II.10.2 are met;
- (g) costs of financial support to third parties within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 and II.11.2 are met;
- (h) duties, taxes and charges paid by the partner, notably non-deductible value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Special Conditions or in the Specific agreement.

II.19.3 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.

If a call for proposals or an invitation to submit a proposal referred to in Article I.1.2 provides for the eligibility of indirect costs, such cost shall be declared on the basis of a flat rate of 7% of the total eligible direct costs under the Specific agreements signed further to such a call or an invitation.

If a call for proposals or an invitation to submit a proposal referred to in Article I.1.2 does not provide for the eligibility of indirect costs, indirect costs shall not be eligible under the Specific agreements signed further to such a call or an invitation.

II.19.4 Ineligible costs

In addition to any other costs which do not fulfil 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 Commission charged by the bank of a partner;
- (h) costs declared by the partner 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 Commission for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a specific grant for an action awarded to a partner 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;
- (l) costs of land and building acquisition (including expropriation costs).

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

II.20.1 Reimbursement of actual costs

Where, in accordance with Article 3(a)(i) of the Specific agreement, the grant takes the form of the reimbursement of actual costs, the partner 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 partner must be able to provide adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records. In addition, the partner'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 3(a)(ii) or (b) of the Specific agreement, the grant takes the form of the reimbursement of unit costs or of a unit contribution, the partner must declare as eligible costs or as requested contribution the amount obtained by multiplying the amount per unit specified in Article 3(a)(ii) or (b) of the Specific agreement 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 partner must be able to provide adequate supporting documents to prove the number of units declared. However, the partner 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 3(a)(iii) or (c) of the Specific agreement, the grant takes the form of the reimbursement of lump sum costs or of a lump sum contribution, the partner must declare as eligible costs or as requested contribution the global amount specified in Article 3(a)(iii) or (c) of the Specific agreement, subject to the proper implementation of the corresponding tasks or part of the action as described in Annex I to the Specific agreement.

If requested to do so in the context of the checks or audits described in Article II.27, the partner must be able to provide adequate supporting documents to prove the proper implementation. However, the partner 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 3(a)(iv) or (d) of the Specific agreement, the grant takes the form of the reimbursement of flat-rate costs or of a flat-rate contribution, the partner must declare as eligible costs or as requested contribution the amount obtained by applying the flat rate specified in Article 3(a)(iv) or (d) of the Specific agreement.

If requested to do so in the context of the checks or audits described in Article II.27, the partner must be able to provide adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies. However, the partner 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 partner's usual cost accounting practices

Where, in accordance with Article 3(a)(v) of the Specific agreement, the grant takes the form of the reimbursement of unit costs declared on the basis of the partner's usual cost accounting practices, the partner 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 partner must be able to provide adequate supporting documents to prove the number of units declared.

Where, in accordance with Article 3(a)(v) of the Specific agreement, the grant takes the form of the reimbursement of lump sum costs declared on the basis of the partner's usual cost accounting practices, the partner 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 partner must be able to provide adequate supporting documents to prove the proper implementation.

Where, in accordance with Article 3(a)(v) of the Specific agreement, the grant takes the form of the reimbursement of flat-rate costs declared on the basis of the partner's usual cost accounting practices, the partner 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 partner 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 partner 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 3 of the Specific agreement.

ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE PARTNERS AND OF IMPLEMENTING BODIES DESIGNATED BY THE PARTNERS

Where the Special Conditions or the Specific agreement contain a provision on entities affiliated to the partners or a provision on implementing bodies, costs incurred by such an entity or body are eligible, provided that they satisfy the same conditions under Articles II.19 and II.20 as apply to the partner, and that the partner the entity is affiliated to or by which the implementing body is designated ensures that the conditions applicable to it under Articles II.3, II.4, II.5, II.7, II.9, II.10 and II.27 are also applicable to the entity or body.

The partners shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Framework agreement and Specific agreements. The partners shall ensure that any agreement or contract with an affiliated entity or implementing body contains provisions stipulating that the affiliated entity or implementing body has no right vis-à-vis the Commission under the Framework agreement or any Specific agreement.

ARTICLE II.22 – BUDGET TRANSFERS

The partners are allowed to adjust the estimated budget set out in Annex II of the Specific agreement, by transfers of amounts between themselves and between the different budget categories, without this adjustment being considered as an amendment of the Specific agreement within the meaning of Article II.12, provided that the action is implemented as described in Annex I of the Specific agreement.

The partners may not however:

- adjust amounts which, in accordance with Article 3(a)(iii) or, as applicable in case of several funding rates point (iii) of Article 3(a) or (c) of the Specific agreement, take the form of lump sums;
- add costs relating to subcontracts not provided for in Annex I of the Specific agreement, unless such additional subcontracts are approved in accordance with Article II.10.

By way of derogation from the first subparagraph, should partners want to modify the value of the total estimated CEF 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.

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

II.23.1a Requests for further pre-financing payments and supporting documents in case of grants for programme support actions

Where, in accordance with Article 4.1 of the Specific agreement, the pre-financing shall be paid in several instalments and where Article 4.1 of the Specific agreement 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 4.1 of the Specific agreement has been used.

Where, in accordance with Article 4.1 of the Specific agreement, the pre-financing shall be paid in several instalments and where Article 4.1 of the Specific agreement 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 V; and
- (c) where required by Article 4.1 of the Specific agreement, a financial guarantee.

II.23.1b Requests for pre-financing payments and supporting documents in case of grants for implementation projects

The coordinator shall submit an Action Status Report (ASR) no later than 31 March following the end of each reporting period.

The ASR shall be drawn up in accordance with the template provided by the Agency via TEN-Tec and include the following:

- (a) the Specific agreement number, the action number, the transport mode and the project of common interest it relates to;
- (b) the name and contact details of the author of the ASR;
- (c) information on the progress achieved by the action;
- (d) the updated indicative breakdown by activity of the estimated eligible costs of the action referred to in Annex II of the Specific agreement, including:
 - i. the estimated eligible costs incurred for the implementation of the action during the previous reporting periods,
 - ii. the updated estimated eligible costs to be incurred for the implementation of the action during the on-going reporting period and for each of the next reporting periods;
- (e) the financing needs per reporting period calculated as the amount obtained by application of the reimbursement rate(s) set out in Article 3 of the Specific agreement to the eligible costs referred to in indents (i) and (ii) of point (d);
- (f) the cumulated financing needs until the end of the on-going reporting period;
- (g) information on the contracts awarded for the implementation of the action and on compliance with the requirements set out in Articles II.9 and II.10;
- (h) environmental information;
- (i) information about measures taken to publicise the action;

- (j) for partners established in the European Union, the certification by the Member State in which the partner is established that the information provided in the ASR is full, reliable and true; in exceptional cases, at the request of the partner, the certification may be provided by the Member State in which the action is implemented;
- (k) in the first ASR, information on implementation schedule (such as critical path, key performance rates and risk analysis), governance and monitoring of the action (such as organisational structure, internal coordination, communication and reporting, and decision making process), and other relevant administrative provisions (such as quality controls and audits).
- (l) in subsequent ASRs, information on any modifications and, if applicable, on the progress of implementation of the arrangements referred to in point (k).

Where Article 4.1 of the Specific agreement provides for further pre-financing payments, the coordinator may submit a request for a further pre-financing payment together with the ASR.

The request for a further pre-financing payment shall be accompanied by the following documents:

- (a) a statement on the amount of the previous pre-financing payments used to cover costs of the action; and
- (b) where required by Article 4.1 of the Specific agreement, a financial guarantee.

II.23.2a Requests for interim payments or for payment of the balance and supporting documents in case of grants for programme support actions

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 4.1 of the Specific agreement, 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 IV; 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 3(a)(ii), (iii), (b) or (c) of the Specific agreement, 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 partner and its affiliated entities; they must be drawn up in accordance with the structure of the estimated budget set out in Annex II of the Specific agreement and with Annex V and detail the amounts for each of the forms of grant set out in Article 3 of the Specific agreement 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 partner 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 partner and its affiliated entities; it must be drawn up in accordance with Annex V;
- (d) a certificate on the financial statements and underlying accounts (“certificate on the financial statements”) where the following conditions are met:

- (i) in case of a specific grant for an action, where such a certificate is required by Article 4.1 of the Specific agreement or for each partner for which the total contribution in the form of reimbursement of actual costs as referred to in Article 3(a)(i) of the Specific agreement 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),

- (ii) in case of a specific operating grant, where such a certificate is required by Article 4.1 of the Specific agreement or where the total contribution in the form of reimbursement of actual costs as referred to in Article 3(a)(i) of the Specific agreement is at least EUR 100 000.

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 VI. It shall certify that the costs declared in the interim or final financial statement by the partner concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article 3(a)(i) of the Specific agreement are real, accurately recorded and eligible in accordance with the Framework agreement and the Specific 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 4.1 of the Specific agreement, an operational verification report (“operational verification report”), produced by an independent third party approved by the Commission and drawn up in accordance with Annex VII.

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 Framework agreement and the Specific 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 Framework agreement and the Specific 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.23.2b Requests for interim payments and supporting documents in case of grants for implementation projects

The coordinator shall submit a request for interim payment at least every two reporting periods. The request for interim payment shall be submitted within 8 months following the end of the reporting period.

The request for interim payment shall be accompanied by the following documents:

- (a) an interim financial statement drawn up in accordance with Annex V and containing a consolidated statement of the eligible costs incurred for the implementation of the action during the reporting period or the two reporting periods covered as well as a breakdown of the eligible costs incurred by each partner, its affiliated entities and its implementing bodies;
- (b) unless the Specific agreement provides otherwise, for each partner for which the total contribution in the form of reimbursement of actual costs 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 VI. It shall certify that the costs declared in the interim financial statement by the partner concerned, its affiliated entities or its implementing bodies for the categories of costs reimbursed on the basis of actual costs are real, accurately recorded and eligible in accordance with the Framework agreement and the Specific agreement.

The coordinator shall certify that the information provided in the request for interim payment is full, reliable and true. It shall also certify that the costs declared in the interim financial statement are real and eligible in accordance with the Framework agreement and Specific 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.

II.23.2c Final report in case of grants for implementation projects - request for payment of the balance and supporting documents in case of grants for implementation projects

The coordinator shall submit a request for payment of the balance within 12 months following the completion date of the action as referred to in Article 2 of the Specific agreement.

The request for payment of the balance shall be accompanied by the following documents:

- (a) the final report drawn up in accordance with Annex IV and containing the following:
 - (i) the Specific agreement number, the action number, the transport mode and the project of common interest it relates to;
 - (ii) the name and contact details of the author of the report;

- (iii) the objectives of the action (if any deviation is reported);
 - (iv) technical information on how the action was implemented and fulfilled its objectives;
 - (v) information on the contracts awarded for the implementation of the action and on compliance with the requirements set out in Articles II.9 and II.10;
 - (vi) environmental information;
 - (vii) information about measures taken to publicise the action;
 - (viii) information on other sources of Union funds (CEF, ERDF, Cohesion Fund, H2020, TEN-T, EIPA, etc.) that have been used for the project of common interest (e.g. previous or subsequent phases not covered by the Specific agreement);
- (b) the final financial statement drawn up in accordance with Annex V and containing:
- (i) a consolidated statement of the eligible costs incurred for the implementation of the action during the last reporting period or the last two reporting periods since the last interim financial statement as well as a breakdown of the eligible costs incurred by each partner, its affiliated entities and its implementing bodies;
 - (ii) 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 partner, its affiliated entities and its implementing bodies, aggregating the financial statements already submitted previously and indicating the receipts referred to in Article II.25.3.2 for each partner, its affiliated entities and its implementing bodies; it must be drawn up in accordance with Annex V;
- (c) for partners established in the European Union, the certification by the Member State in which the partner is established that i) the information provided is full, reliable and true and ii) the costs declared in the final financial statement are real and eligible in accordance with the Framework agreement and the Specific agreement; in exceptional cases, at the request of the partner, the certification may be provided by the Member State in which the action is implemented;
- (d) unless the Specific agreement provides otherwise, for which the total contribution in the form of reimbursement of actual costs 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 VI. It shall certify that the costs declared in the final financial statement by the partner concerned, its affiliated entities and its implementing bodies for the categories of costs reimbursed on the basis of actual costs are real, accurately recorded and eligible in accordance with the Framework agreement and the Specific agreement. It shall also certify that all the receipts referred to in Article II.25.3.2 have been declared;

The coordinator shall certify that the information provided in the request for payment of the balance is complete, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Framework agreement and the Specific 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, 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 by the deadline set out in Article II.23.2a, II.23.2b or II.23.2c and where the coordinator still fails to submit such a request within 60 days following a written reminder sent by the Commission, the Commission reserves the right to terminate the Specific agreement in accordance with Article II.16.3.2(c), with the effects described in the third and the fourth subparagraphs of Article II.16.4.1.

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.

Partners 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/infoeuro/infoeuro_en.cfm), determined over the corresponding reporting period.

Partners 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 partners with a float. It remains the property of the Union until it is cleared against interim payments or payment of the balance to the coordinator.

Where payment of pre-financing is conditional on receipt of a financial guarantee, the financial guarantee shall fulfil 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 Commission, by a third party;

- (b) the guarantor stands as first-call guarantor and does not require the Commission to have recourse against the principal debtor (i.e. the partner 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 Commission 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 the coordinator. The Commission shall release the guarantee within the following month.

For the first pre-financing payment, without prejudice to Article II.24.6, where Article 4.1 of the Specific agreement provides for the first pre-financing payment upon entry into force of the Specific agreement or following a later date, the Commission shall pay to the coordinator within 30 days following that date or, where required by Article 4.1 of the Specific agreement, following receipt of the request for pre-financing payment or of the financial guarantee, whichever is the latest.

II.24.2a Further pre-financing payments in case of grants for programme support actions

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.1a, the Commission 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.23.1a 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.24.2b Further pre-financing payments in case of grants for implementation projects

Where Article 4.1.2 of the Specific agreement provides for further pre-financing payments, the amount of the further pre-financing payment shall be calculated as follows:

- (a) the percentage specified in Article 4.1.2 of the Specific agreement shall be applied to the cumulated financing needs referred to in point (f) of point (d) of Article II.23.1b;
- (b) the total amount of previous pre-financing payments already made shall be deducted from the amount obtained in accordance with point (i) of point (d) of Article II.23.1b;
- (c) where the statement on the amount of the previous pre-financing payments used submitted in accordance with Article II.23.1b shows that less than 70 % of the total amount of the previous pre-financing payments already made has been used, the amount obtained in accordance with points (i) and (ii) of point (d) of Article II.23.1b shall be reduced by the difference between the 70 % threshold and the amount used.
- (d) the amount obtained in accordance with points (i) and (ii) of point (d) of Article II.23.1b shall be limited to the difference between the ceiling for pre-financing and interim payments set out in Article 4.1.3 of the Specific agreement and the total amount of pre-financing and interim payments already made.

Without prejudice to Articles II.24.5 and II.24.6, the Agency shall pay to the coordinator the amount due as further pre-financing payment within 60 days following receipt of the request for further pre-financing payment and of documents referred to in Article II.23.1b or, where required by Article 4.1 of the Specific agreement, following receipt of the financial guarantee.

II.24.3 Interim payments

Interim payments are intended to reimburse or cover the eligible costs incurred in implementing 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.23.2a or II.23.2b, the Commission shall pay to the coordinator the amount due as interim payment within the time limit specified in Article 4.2 of the Specific agreement.

This amount shall be determined following approval of the request for interim payment and the accompanying documents and, in case of grants for implementation projects, of the ASR for the reporting period or the two reporting periods covered. Approval of those documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information they contain.

The amount due as interim payment shall be determined as follows:

- (a) the following amounts, which depends on the form of the grant, shall be added:
 - (i) where, in accordance with Article 3(a) of the Specific agreement, 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 Commission for the concerned reporting period(s) and the corresponding categories of costs, for the partners, affiliated entities and implementing bodies; if Article 4.1 of the Specific agreement specifies another reimbursement rate, this other rate shall be applied instead;
 - (ii) where, in accordance with Article 3(b) of the Specific agreement, 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 Commission for the concerned reporting period(s) and for the corresponding partners, affiliated entities and implementing bodies;
 - (iii) where, in accordance with Article 3(c) of the Specific agreement, the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding partner, affiliated entities and implementing bodies, subject to approval by the Commission of the proper implementation during the concerned reporting period(s) of the corresponding tasks or part of the action in accordance with Annex I of the Specific agreement;
 - (iv) where, in accordance with Article 3(d) of the Specific agreement, 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 Commission for the concerned reporting period(s) and the corresponding partners, affiliated entities and implementing bodies.

- (b) the interim payment shall clear 100% of the pre-financing payments already made for the reporting periods covered by the request for interim payment or previous interim payments and which have not been cleared against previous interim payments. The amount of the pre-financing payments to be cleared shall be deducted from the amount obtained in accordance with point (a);
- (c) the amount obtained in accordance with points (a) and (b) shall be limited to the difference between the percentage of the ceiling for the pre-financing and interim payments set out in Article 4.1.3 of the Specific agreement and the total amount of the pre-financing and interim payments already made.

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 2.2 of the Specific agreement the remaining part of the eligible costs incurred by the partners 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.23.2a or II.23.2c, the Commission shall pay the amount due as the balance within the time limit specified in Article 4.2 of the Specific agreement.

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 they contain.

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 Commission may suspend the time limit for payment specified in Article 4.2 of the Specific agreement or in Article II.24.1 and II.24.2a or II.24.2b 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 Framework agreement and the Specific 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 Commission. 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 Commission 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 Commission reserves the right to terminate the Specific agreement in accordance with Article II.16.3.2(c), with the effects described in Article II.16.4.

II.24.6 Suspension of payments

The Commission may, at any time during the implementation of a Specific agreement, suspend the pre-financing payments, interim payments or payment of the balance for all partners, or suspend the pre-financing payments, interim payments or payments of the balance for any one or several partners:

- (a) if the Commission has evidence that a partner has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the grant, or if a partner fails to comply with its obligations under the Framework agreement or the Specific agreement;
- (b) if the Commission has evidence that a partner 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 partner under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on a specific grant awarded under the Framework agreement; or
- (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by a partner in the award procedure or in the implementation of the Framework agreement or the Specific agreement and needs to verify whether they have actually occurred; or
- (d) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action; or
- (e) in case of a grant for implementation project, if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy

on environmental protection).

Before suspending payments, the Commission shall formally notify the coordinator of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a), (b), (d) and (e) of the first subparagraph, the necessary conditions for resuming payments. The coordinator shall be invited to make any observations on behalf of all partners within 30 calendar days from receipt of this notification.

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

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Commission 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), (b), (d) and (e) 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 partners immediately. The suspension of payments shall take effect on the date when the notification is sent by the Commission.

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

The Commission 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 an action in accordance with Article II.15.1 or to terminate the Specific agreement or the participation of a partner in accordance with Article II.16.1 and Article II.16.2, the coordinator is not entitled to submit any requests for payments or, where the suspension concerns the pre-financing payments or interim payments for one or several partners only, any requests for payments and supporting documents relating to the participation of the concerned partner or partners in the action concerned.

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 4 of the Specific agreement.

II.24.7 Notification of amounts due

The Commission 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 Article 4.2 of the Specific agreement and in Article II.24.1, and without prejudice to Articles II.24.5 and II.24.6, the partners 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 partners 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.

The suspension of the time limit for payment in accordance with Article II.24.5 or of payment by the Commission 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 only upon request submitted by the coordinator within two months of the late payment.

II.24.9 Currency for payments

Payments by the Commission shall be made in euro.

II.24.10 Date of payment

Payments by the Commission shall be deemed to be effected on the date when they are debited to the Commission'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 Commission;
- (b) costs of transfer charged by the bank of a partner shall be borne by the partner;
- (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 Commission from its payment obligation.

ARTICLE II.25 – DETERMINING THE FINAL AMOUNT OF A SPECIFIC 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 specific grant shall be determined as follows:

- (a) where, in accordance with Article 3(a) of the Specific agreement, the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate(s) specified in that Article to the eligible costs of the action approved by the Commission for the corresponding categories of costs, activities, for the partners, affiliated entities and implementing bodies;
- (b) where, in accordance with Article 3(b) of the Specific agreement, 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 Commission for the corresponding partners, affiliated entities and implementing bodies;
- (c) where, in accordance with Article 3(c) of the Specific agreement, the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding partners, affiliated entities and implementing bodies, subject to approval by the Commission of the proper implementation of the corresponding tasks or part of the action in accordance with Annex I of the Specific agreement;
- (d) where, in accordance with Article 3(d) of the Specific agreement, 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 Commission for the corresponding partners, affiliated entities and implementing bodies.

Where Article 3 of the Specific agreement 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 partners by the Commission may in no circumstances exceed the maximum amount specified in Article 3 of the Specific agreement.

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 3 of the Specific agreement.

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

II.25.3.1 The specific grant may not produce a profit for the partners, unless specified otherwise in the Special Conditions or in the Specific agreement. "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 Commission in accordance with Article 3(a)(i) of the Specific agreement.

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 partners:

- (a) financial contributions referred to in point (b) of Article II.25.3.2, which may be used by the partners to cover costs other than the eligible costs under the Specific 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 2.2 of the Specific agreement;
- (c) in case of a specific operating grant, amounts dedicated to the building up of reserves.

II.25.3.4 The eligible costs to be taken into account are the consolidated eligible costs approved by the Commission for the categories of costs reimbursed in accordance with Article 3(a) of the Specific agreement.

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 partners, the profit shall be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission for the categories of costs referred to in Article 3(a)(i) of the Specific agreement. This final rate shall be calculated on the basis of the final amount of the grant in the form referred to in Article 3(a)(i) of the Specific agreement, as determined in accordance with Articles II.25.1 and II.25.2.

II.25.4 Reduction for poor, partial or late implementation, or breach of contractual obligations

If the action is not implemented properly in accordance with Annex I of the Specific agreement, or if any partner fails to comply with any other obligations under the Framework agreement or the Specific agreement, the Commission may reduce the grant amount set out in Article 3 of the Specific agreement in proportion to the improper implementation of the action or to the seriousness of the breach of obligations.

For specific agreements for implementation projects, this includes the case where the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

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 Commission shall formally notify the coordinator of its intention to recover the amount unduly paid:

- (a) specifying the amount due and the reasons for recovery;
- (b) inviting the coordinator to make any observations within a specified period; and
- (c) requesting the coordinator to submit a report on the distribution of payments to the partners within a specified period.

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

If the coordinator does not repay the Commission by the date specified in the debit note and has not submitted the report on the distribution of payments, the Commission shall recover the amount due from the coordinator in accordance with Article II.26.3, even if it has not been the final recipient of the amount due.

If the coordinator does not repay the Commission by the date specified in the debit note but has submitted the report on the distribution of payments made to the partners, the Commission shall recover the amount due from the partner which has been the final recipient of the amount due.

For that purpose, the Commission shall:

- (a) where, in accordance with Article 3(a) of the Specific agreement, the grant takes the form of the reimbursement of eligible costs:

- (i) identify the partners for which the amount calculated as follows is negative:

{{{Partner's costs (including the costs of its implementing bodies if applicable) declared in the final financial statement and approved by the Commission multiplied by the reimbursement rate(s) set out in Article 3(a) of the Specific agreement for the partner concerned divided by the amount calculated according to Article II.25.1} multiplied by the final grant amount calculated according to Article II.25}, minus the pre-financing and interim payments received by the partner}

(ii) formally notify to each partner identified according to point (i) a debit note specifying the terms and date for payment. The amount of the debit note shall be calculated as follows:

{ {amount calculated according to point (i) for the partner concerned divided by the sum of the amounts calculated according to point (i) for all the partners identified according to point (i) } multiplied by the amount set out in the debit note formally notified to the coordinator }

(b) where, in accordance with Article 3(b), (c) or (d) of the Specific agreement the grant takes the form of a unit, lump sum or flat-rate contribution, formally notify to each partner a debit note specifying the terms and date for payment. The amount of the debit note shall be calculated as follows:

{ { the pre-financing and interim payments received by the partner divided by the total amount of pre-financing and interim payments paid by the Commission } multiplied by the amount set out in the debit note formally notified to the coordinator };

(c) where Article 3 of the Specific agreement provides for a combination of different forms of grant, these amounts shall be added.

If the partner concerned does not repay the Commission by the date specified in the debit note, the Commission shall recover the amount due from the partner in accordance with Article II.26.3.

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 partner concerned by the audit or OLAF findings shall repay the Commission the amount in question.

Where the audit findings do not concern a specific partner, the coordinator shall repay the Commission the amount in question, even if it has not been the final recipient of the amount due.

Before recovery, the Commission shall formally notify the partner concerned or the coordinator of its intention to recover the amount unduly paid:

- (a) specifying the amount due (including any amount unduly paid by the Commission as a contribution towards the costs incurred by its affiliated entities or its implementing bodies) and the reasons for recovery;
- (b) inviting the partner concerned or the coordinator to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the partner concerned or the coordinator, the Commission decides to pursue the recovery procedure, the Commission may confirm recovery by formally notifying to the partner concerned or the coordinator a debit note ("debit note"), specifying the terms and the date for payment.

If the partner concerned or the coordinator does not repay the Commission by the date specified in the debit note, the Commission shall recover the amount due from the partner concerned or the coordinator in accordance with Article II.26.3.

II.26.3 Recovery procedure failing repayment by the date specified in the debit note

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

- (a) by offsetting it against any amounts owed to the partner 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 Commission may recover by offsetting before the due date; the partner’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 4.1 of the Specific agreement (“drawing on the financial guarantee”);
- (c) where provided for in the Special Conditions, by holding the partners jointly and severally liable;
- (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 partners shall not be jointly and severally liable for financial penalties which could be imposed on any defaulting partner 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 Commission 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 Commission shall be borne by the partner 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

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

The Commission may carry out technical and financial checks and audits in relation to the use of a specific grant. It may also check the statutory records of the partners 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 Commission may carry out interim or final evaluation of the impact of an action measured against the objective of the Union programme concerned, in order to assess whether the objectives, including those relating to environmental protection, have been attained.

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

Such checks, audits or evaluations may be initiated during the implementation of the Specific agreement and for a period of five years starting from the date of payment of the balance for the action concerned. This period shall be limited to three years if the maximum amount specified in Article 3 of the Specific agreement 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 Commission announcing it.

II.27.2 Duty to keep documents

The partners 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 for the action concerned.

This period shall be limited to three years if the maximum amount specified in Article 3 of the Specific agreement 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 partners 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 or audit is initiated before the payment of the balance, the coordinator shall provide any information, including information in electronic format, requested by the Commission or by any other outside body authorised by it. Where appropriate, the Commission may request such information to be provided directly by a partner.

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

For an evaluation, the coordinator shall provide any information, including information in electronic format, requested by the Commission, or by any other outside body authorised by it. Where appropriate, the Commission may request such information to be provided directly by a partner.

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

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

II.27.4 On-the-spot visits

During an on-the-spot visit, the partners shall allow Commission staff and outside personnel authorised by the Commission to have access to the sites and premises where the action concerned 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 partner concerned refuses to provide access to the sites, premises and information in accordance with the first and second subparagraphs, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the partner as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the partner 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 Commission or its authorised representative to the partner 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 partner 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 Commission 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 under the Specific agreement concerned, 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 specific

grant, determined in accordance with Article II.25, and the total amount paid to the partners under the Specific 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 Commission 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 a Specific agreement, in accordance with Article II.26, where the following conditions are fulfilled:

- (a) the partner 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 a specific grant awarded under the Framework agreement; 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 partner within the period referred to in Article II.27.1.

II.27.7.2 The Commission shall determine the amount to be corrected under the Specific agreement concerned:

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

For that purpose, the partner concerned shall revise the financial statements submitted under the Specific agreement taking account of the findings and resubmit them to the Commission 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 specific grant concerned, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the partners and approved by the Commission, and the total amount paid to the partner under the Specific 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 Specific 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 Commission shall formally notify the extrapolation method to be applied to the partner 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 Commission accepts the alternative method proposed by the partner, it shall formally notify the partner concerned thereof and determine the revised eligible costs by applying the accepted alternative method.

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

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 specific grant concerned, determined in accordance with Article II.25 on the basis of the revised eligible costs after extrapolation, and the total amount paid to the partners under the Specific 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 3 of the Specific agreement or part thereof, having regard to the principle of proportionality.

The Commission shall formally notify the flat rate to be applied to the partner 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 Commission accepts the alternative flat rate proposed by the partner, it shall formally notify the partner concerned thereof and correct the grant amount by applying the accepted alternative flat rate.

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

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 specific grant concerned after flat-rate correction and the total amount paid to the partners under the Specific 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 Commission, notably right of access, for the purpose of checks and investigations.

By virtue of Council Regulation (Euratom, EC) No 2185/96⁶ 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 (EU) No 883/2013⁷ of the European Parliament and the Council of 11 September 2013 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 Commission.

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

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

⁶ OJ L 292, 15.11.1996, p.2

⁷ OJ L 248, 18.09.2013, p.1

Specific agreement number: [complete]



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

Directorate E - Aviation and international transport affairs
Director

ANNEX IIIa – MODEL SPECIFIC GRANT AGREEMENT FOR PROGRAMME SUPPORT ACTIONS

SPECIFIC AGREEMENT No .../...
UNDER FRAMEWORK PARTNERSHIP AGREEMENT
No. MOVE/E2-2014-717/SESAR FPA

This specific agreement (hereinafter referred to as "the Specific agreement") is concluded between:

The **European Union** (hereinafter referred to as "the Union"), represented by the European Commission (hereinafter referred to as "the Commission"), represented for the purposes of signature of the Specific agreement by Mr Matthew Baldwin, Director of the Directorate E Aviation and International Transport Affairs in the Directorate General for Mobility and Transport, European Commission,

on the one part,

and the following coordinating partners acting as the Deployment Manager:

1. [full official name] [ACRONYM]

[official legal status or form]¹

[official registration No]²

[official address in full]

[VAT number],

2. [full official name] [ACRONYM]

[official legal status or form]³

[official registration No]⁴

[official address in full]

[VAT number],

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

⁴ To be deleted or filled in according to the "Legal Entity" form

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[idem for each coordinating partner]

hereinafter collectively referred to as “the coordinator”, represented for the purpose of signature of this Specific agreement by [function, forename and surname, company], if applicable⁵, by virtue of the mandate[s] included in Annex IV of the Framework Partnership Agreement

and the following other implementing partners:

3. [full official name- established in [country]]

4. [full official name- established in [country]]

[idem for each partner]

duly represented by the coordinator by virtue of the mandate[s] included in Annex IV of the Framework Partnership Agreement,

on the other part,

The following annexes form an integral part of the Specific agreement:

Annex I	Description of the action
Annex II	Estimated budget

⁵ The partner from which originates the legal representative does not provide a mandate.

ARTICLE 1 – SUBJECT MATTER OF THE SPECIFIC AGREEMENT

The Specific agreement is concluded in the context of the partnership established between the parties. It is drawn up in accordance with the relevant terms of framework partnership agreement No [...] signed between the Commission and the partners (coordinating as well as implementing partners) on [insert the date on which the last party has signed the Framework agreement] (hereinafter referred to as "the Framework agreement").

The Commission has decided to award a grant ("specific grant for an action"), under the terms and conditions set out in the Specific agreement and the Framework agreement, for the action entitled [insert title of the action in bold] ("the action") as described in Annex I.

With the signature of the Specific agreement, the partners accept the grant and agree to implement the action in accordance with the terms and conditions of the Specific agreement and the Framework agreement, acting on their own responsibility.

ARTICLE 2 – ENTRY INTO FORCE OF THE SPECIFIC AGREEMENT AND DURATION

2.1 The Specific agreement shall enter into force on the date on which the last party signs.

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 Specific agreement][insert date]⁶ ("the starting date"). [The above period shall be determined on the basis of calendar days.]

ARTICLE 3 - MAXIMUM AMOUNT AND FORM OF THE GRANT

The grant shall be of a **maximum amount of EUR [...]** and shall take the form of⁷:

(a) [The reimbursement of [...] % of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR [...]⁸ and which are:]

[Reimbursement of eligible costs: not applicable]

⁶ Such date shall be later than the date of entry into force of the Specific agreement unless authorised otherwise by the authorising officer, if the applicant can demonstrate the need to start the action before the entry into force of the grant agreement. In any case the indicated date should not be earlier than the date of the submission of the grant application (Article 130 FR post revision). By way of exception, the Calls for proposals resulting from the first CEF annual and multi-annual work programmes may provide for a starting date of the action and costs eligibility period as from 1/01/2014, in line with Article 8(2) CEF.

⁷ Please complete the form(s) which apply/ies to your grant in point (a), indents (i) to (v), point (b), point (c) and point (d). In case one of the forms is not used please leave in reference to the option for the sake of cross-references and simply indicate that they are not applicable (ex.: (a)(v) reimbursement of costs declared on the basis of the partner's usual cost accounting practices: not applicable). Please put the form(s) which apply/ies in bold.

⁸ Insert the amount of total estimated eligible costs for the action.

- (i) [actually incurred (“reimbursement of actual costs”) for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [reimbursement of actual costs: not applicable]
 - (ii) [declared on the basis of an amount of EUR [...] per [unit]] (“reimbursement of unit costs”) for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [reimbursement of unit costs: not applicable]
 - (iii) [declared on the basis of a lump sum of EUR [...]] (“reimbursement of lump sum costs”) for the [following categories of costs] [[for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [reimbursement of lump sum costs: not applicable]
 - (iv) [for indirect costs [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]; declared on the basis of a flat-rate of 7% of the total eligible direct costs (“reimbursement of flat-rate costs”);]
[declared on the basis of a flat-rate of [...] % of the eligible [direct][other] costs (“reimbursement of flat-rate costs”) for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...]]
[reimbursement of flat-rate costs: not applicable]
 - (v) [declared on the basis of [an amount per [unit]][a lump sum][a flat-rate] calculated in accordance with the partner’s usual cost accounting practices (“reimbursement of costs declared on the basis of the partner’s usual cost accounting practices”) for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...]] [reimbursement of costs declared on the basis of the partner’s usual cost accounting practices: not applicable]
- (b) [A unit contribution of EUR [...] per [unit]] (“unit contribution”) [to cover the following categories of eligible costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [unit contribution: not applicable]
- (c) [A lump sum contribution of EUR [...]] (“lump sum contribution”) [to cover the following categories of eligible costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [lump sum contribution: not applicable]
- (d) [A flat-rate contribution of [...] % of the [eligible [direct][other] costs] [[unit] [lump sum] contribution to the eligible [direct][other] costs] (“flat-rate contribution”) [to cover the following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]]: [...] [flat-rate contribution: not applicable]

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

4.1 Reporting periods and payments

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

4.1.1 Reporting periods

The action is divided into the following reporting periods:

- Reporting period 1 from the starting date of the action to [month X or date];
- Reporting period 2 from 1 January [year N+1] to 31 December [year N+1];
- Reporting period 3 from 1 January [year N+2] to 31 December [year N+2];
- [...];
- Last reporting period from 1 January [year N+X] to the completion date of the action.

[otherwise: Not applicable.]

4.1.2 Payments

[Upon entry into force of the Specific agreement,][Following [insert a date later than the date of the entry into force of the Specific agreement]], the Commission shall make the pre-financing payment of [EUR [insert amount (insert amount in words)]] to the coordinator in accordance with Article II.24.1 of the Framework agreement [, subject to the receipt [of a guarantee of [EUR [...]]] [an amount equal to the pre-financing to be paid]].

At the end of each reporting period, except the last reporting period, the Commission shall make an interim payment to the coordinator in accordance with Article II.24.3 of the Framework agreement.

At the end of the last reporting period, the Commission shall make the payment of the balance to the coordinator in accordance with Article II.24.4 of the Framework agreement.

[Option for actions with interim payments:

4.1.3 Ceiling for pre-financing and interim payments

The total amount of pre-financing and interim payments shall not exceed [...] % of the maximum grant amount set out in Article 3.]

4.2 Time limit for payments

The time limit for the Commission to make the *[interim payment(s) and]* payment of the balance is *[60][90]* days.

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 [language].

Those documents or, if applicable, scanned copies of the original signed paper versions and electronic files, shall be sent via e-mail to the Commission e-mail address specified in Article I.3.2 of the Framework agreement.

ARTICLE 5 – BANK ACCOUNT FOR PAYMENTS

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

Name of bank: [...]

Address of branch: [...]

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

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

[IBAN]/[BIC]/[SWIFT] code: [...]]⁹

ARTICLE 6 – ENTITIES AFFILIATED TO THE PARTNER¹⁰

[If affiliated entities are designated by one of more partners (as authorised in the Call for proposals):

For the purposes of the Specific agreement the following entities are considered as affiliated entities:

- *[name of the entity], affiliated to [name or acronym of the partner];*
 - *[name of the entity], affiliated to [name or acronym of the partner];*
- [idem for further affiliated entities]*

[otherwise: Not applicable.]

ARTICLE 7 - IMPLEMENTING BODIES DESIGNATED BY THE PARTNERS¹¹

[if no Member State or international organisation is a partner or if recourse to an implementing body is not foreseen:

Not applicable]

⁹ BIC or SWIFT code applies to for countries where the IBAN code does not apply.

¹⁰ Please include this provision if the partners would involve different affiliated entities in the implementation of the different specific action grants. In this case please delete the similar provision related to affiliated entities from the Framework agreement.

¹¹ Please include this provision if the partners would involve different implementing bodies in the implementation of the different specific action grants. In this case please delete the similar provision related to implementing bodies from the Framework agreement.

¹¹ Please include this provision if the partners would involve different implementing bodies in the implementation of the different specific action grants. In this case please delete the similar provision related to implementing bodies from the Framework agreement.

[if a Member State or an international organisation is a partner and it foresees recourse to an implementing body:

For the purpose of the Specific agreement, the following entities are considered as implementing bodies:

- *[[name of the entity], designated by [name or acronym of the partner]][the contractor to be designated by [name or acronym of the partner], if the contract with that contractor is awarded in accordance with Article II.9.2 of the Framework agreement];*
- *[[name of the entity], designated by [name or acronym of the partner]] [the contractor to be designated by [name or acronym of the partner], if the contract with that contractor is awarded in accordance with Article II.9.2 of the Framework agreement];*
[idem for further implementing bodies].]

ARTICLE 8 – ADDITIONAL PROVISIONS ON REIMBURSEMENT OF COSTS DECLARED ON THE BASIS OF THE PARTNER'S USUAL COST ACCOUNTING PRACTICES

[if the grant takes the form of the reimbursement of unit costs, lump sum costs or flat-rate costs:

In addition to the conditions set out in Article II.20.5 of the Framework agreement, where, in accordance with Article 3(a)(v), the grant takes the form of the reimbursement of unit costs, lump sum costs or flat-rate costs declared by the partner on the basis of its usual cost accounting practices, the partner shall ensure that the cost accounting practices used are also in compliance with the following conditions: [...].]

[if the grant does not take the form of the reimbursement of unit costs, lump sum costs or flat-rate costs:

Not applicable.]

[ARTICLE 9 – ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)]

[In addition to the provisions of Article II.8.3 of the Framework agreement, the partners shall warrant that the Union has the right[s] to:

[(...) communicate the results of the action by [insert other types of communication not specified in the General Conditions of the Framework agreement]]

[(...) [edit] [or] [re-write in another way] the results of the action, including [shortening], [summarising], [modifying the content], [correcting technical errors in the content] [insert other as appropriate];]

[(...) [cut], [insert [meta-data], [legends [or] [other graphic], [[visual], [audio] [or] [word] elements] [insert other as appropriate] [in] the results of the action];]

[(...) [extract a part (e.g. audio or video files) of], [divide into parts] [or] [compile] the results of the action;]

[(...) prepare derivative works of the results of the action;]

[(...) [translate], [insert subtitles in], [dub] the results of the action in:

- [English], [French], [German]*
- [all official languages of EU]*
- [languages of candidate countries]*
- [list other languages as appropriate]]*

[(...) authorise or sub-licence the modes of exploitation set out in point[s] [...] above to third parties.]

[The Union shall have the rights of use specified [in the General Conditions of the Framework agreement][and][in points [...] above] [for a period of [...]] [for the whole duration of the industrial or intellectual property right[s] concerned].]

[if the results of parts of the action are not vested in the partners:

By way of derogation from Article II.8.1 of the Framework agreement, ownership of the results of *[the action][the following activity as described in Annex I: [...]][the following activities as described in Annex I: [...]]*, including industrial and intellectual property rights, and of the reports and other documents relating to it shall be vested in *[official name, official address in full].]*

[if no additional provisions are to be provided for:

Not applicable.]

ARTICLE 10 - INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE

[in case of low value grants (i.e. equal to or lower than 60,000 EUR¹²):

By way of derogation from Article II.25.3 of the Framework agreement, the no-profit principle does not apply to the action.]

[otherwise: Not applicable.]

ARTICLE 11 - INELIGIBILITY OF VALUE ADDED TAX

[if the Call for proposals provides for the ineligibility of VAT or for activities which are implemented by partners, which are public entities acting as public authorities:

By way of derogation from Article II.19.2(h) of the Framework agreement, amounts of value added tax (VAT) paid are not eligible *[under the Specific agreement] [for the following [partner]*

¹² This ceiling applies to the grant allocated to the Action, not per partner.

[partners]: [name of partner(s) concerned] [and] [for the following activities as described in Annex I: [...]].¹³

[otherwise: Not applicable.]

ARTICLE 12 - ADDITIONAL PROVISIONS FOR INELIGIBLE COSTS

[for Cohesion Fund appropriations under CEF-Transport for grants given in the form of an interest rate subsidy or guarantee fee subsidy:

By way of derogation from point (d) of Article II.19.4 of the Framework agreement, interest on debt may be eligible.]

[for Cohesion Fund appropriations under CEF-Transport:

By way of derogation from point (l) of Article II.19.4 of the Framework agreement, the following costs may be eligible:

- (i) costs of purchase of land not built on and land built on, up to [10]¹⁴ % of the total eligible costs of the action,
- (ii) costs of purchase of derelict sites and purchase of sites formerly in industrial use which comprise buildings, up to [15] % of the total eligible costs of the action.]

[for CEF-Transport not related to Cohesion Fund appropriations:

Not applicable.]

ARTICLE 13 – WAIVING OF THE OBLIGATION TO PROVIDE CERTIFICATES ON THE FINANCIAL STATEMENTS

[if the Authorising Officer by Delegation (AOD) has waived the obligation for the partner(s) to provide certificates on financial statements (CFS) further to a risk assessment¹⁵:

By way of derogation from Article II.23.2a of the Framework agreement, the *[[following] partners][[following] partner] [name of partner(s) concerned] [partners that are public bodies*

¹³ To be added where the basic act provides for ineligibility of VAT or where the activities supported through the specific grant fall within one of the following categories:

- taxed activities or exempt activities with right of deduction. For those activities, VAT is deductible, hence ineligible;
- activities engaged in as a public authority by the partner where it is a State, regional or local government authority or another body governed by public law.

¹⁴ In exceptional and duly justified cases, the limit may be raised above the aforementioned percentage for operations concerning environmental conservation.

¹⁵ To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts which is compulsory according to Article II.23.2a of the Framework agreement, in the following cases (see Article 207(3) RAP):

- for partners which are public bodies or international organisations;
- for partners of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;
- where an audit has been or will be directly done by the Agency's own staff or by a body authorised to do so on its behalf.

established in the EU or international organisations] shall not submit a certificate on the financial statements together with a request *[for interim payment or]* for the balance payment.]

[otherwise: Not applicable.]

ARTICLE 14 - FINANCIAL SUPPORT TO THIRD PARTIES

[If the possibility to provide financial support to third parties is provided for in the Call for proposals or in an invitation to submit a proposal referred to in Article I.1.2 of the Framework agreement:

Article II.11 of the Framework agreement is applicable.]

[If the possibility to provide financial support to third parties is not provided for in the Call for proposals or in an invitation to submit a proposal referred to in Article I.1.2 of the Framework agreement:

Article II.11 of the Framework agreement is not applicable.]

ARTICLE 15 — IMPLEMENTATION OF ACTION TASKS BY PARTNERS NOT RECEIVING EU FUNDING¹⁶

[if one or more partner does not receive any EU funding:

The following *[partner][partners]* shall not receive EU funding:

- *[name of partner concerned];*
- *[idem for each partner not receiving EU funding].*

The costs *[it][they]* incur[s] shall not be taken into consideration for determining the final amount of the grant in accordance with Article II.25 of the Framework agreement.

Articles 3, 4, 5, 8, 10, 11, 12, 13 of the Specific Agreement and Articles II.9, II.10, II.11, II.13, II.19, II.20, II.21, II.22, II.23.2a (b), (c) and (d), II.24 and II.26 of the Framework Agreement shall not apply to *[that partner][those partners]*.

In addition, *[it][they]* shall not be subject to financial audits and checks referred to in Article II.27 of the Framework agreement.]

[if all partners are allocated EU funding in the Specific agreement:

Not applicable.]

¹⁶ Please include this provision if the partners not receiving EU funding are different in the implementation of the different specific action grants. In this case please delete the similar provision related to the partners not receiving EU funding from the Framework agreement.

SIGNATURES

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

[signature]

Done at [place], [date]

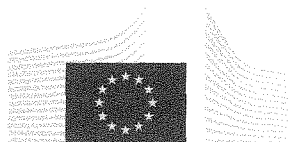
For the Commission
[forename/surname]

[signature]

Done at [place], [date]

In duplicate in English

Specific agreement number: [complete]



Innovation and Networks Executive Agency

Department C - Connecting Europe Facility (CEF)

ANNEX IIIb – MODEL SPECIFIC GRANT AGREEMENT FOR IMPLEMENTATION PROJECTS

SPECIFIC AGREEMENT No/... **UNDER FRAMEWORK PARTNERSHIP AGREEMENT** **No. MOVE/E2-2014-717/SESAR FPA**

This specific agreement (hereinafter referred to as "the Specific agreement") is concluded between:

The **Innovation and Networks Executive Agency (INEA)** ("the Agency"), under the powers delegated by the European Commission ("the Commission"), represented for the purposes of signature of this Specific agreement by the INEA Executive Director, Dirk Beckers,

on the one part,

and the following coordinating partners acting as the Deployment Manager:

1. [full official name] [ACRONYM]

[official legal status or form]¹

[official registration No]²

[official address in full]

[VAT number],

2. [full official name] [ACRONYM]

[official legal status or form]³

[official registration No]⁴

[official address in full]

[VAT number],

[idem for each coordinating partner]

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

⁴ To be deleted or filled in according to the "Legal Entity" form

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hereinafter collectively referred to as “the coordinator”, represented for the purpose of signature of this Specific agreement by [function, forename and surname, company], if applicable⁵, by virtue of the mandate[s] included in Annex IV of the Framework Partnership Agreement

and the following other implementing partners:

3. [full official name- established in [country]]

4. [full official name- established in [country]]

[idem for each partner]

duly represented by the coordinator by virtue of the mandate[s] included in Annex IV of the Framework Partnership Agreement,

on the other part,

The following annexes form an integral part of the Specific agreement:

Annex I	Description of the action
Annex II	Estimated budget of the action

⁵ The partner from which originates the legal representative does not provide a mandate.

ARTICLE 1 – SUBJECT MATTER OF THE SPECIFIC AGREEMENT

The Specific agreement is concluded in the context of the partnership established between the parties. It is drawn up in accordance with the relevant terms of framework partnership agreement No [...] signed between the Commission and the partners (coordinating as well as implementing partners) on [insert the date on which the last party has signed the Framework agreement] (hereinafter referred to as "the Framework agreement").

The Commission has decided to award a grant ("specific grant for an action"), under the terms and conditions set out in the Specific agreement and the Framework agreement, for the action entitled [insert title of the action in bold]⁶ ("the action"), action number [insert number of the action in bold] as described in Annex I.

With the signature of the Specific agreement, the partners accept the grant and agree to implement the action in accordance with the terms and conditions of the Specific agreement and the Framework agreement, acting on their own responsibility.

ARTICLE 2 – ENTRY INTO FORCE OF THE SPECIFIC AGREEMENT AND DURATION

2.1 The Specific agreement shall enter into force on the date on which the last party signs.

2.2 The action shall run from [the first day [of the month] following the date when the last party signs the Specific agreement] [insert date]⁷ ("the starting date") until [insert date] ("the completion date").

ARTICLE 3 - MAXIMUM AMOUNT AND FORM OF THE GRANT

The grant for the action shall be of a **maximum amount of EUR [...]**

The grant shall take the form of⁸:

(a) *[Option if there is a single reimbursement rate for the action: the reimbursement of [...]% of*

⁶ The action number shall correspond to the proposal code (as issued by TENtec).

⁷ Such date shall be later than the date of entry into force of the agreement unless authorised otherwise by the authorising officer, if the applicant can demonstrate the need to start the action before the entry into force of the grant agreement. In any case the indicated date should not be earlier than the date of the submission of the grant application (Article 130 FR post revision). By way of exception, the Calls for proposals resulting from the first CEF annual and multi-annual work programmes may provide for a starting date of the action and costs eligibility period as from 1/01/2014, in line with Article 8(2) CEF.

⁸ Please complete the form(s) which apply/ies to your grant in point (a), indents (i) to (v), point (b), point (c) and point (d). In case one of the forms is not used please leave in reference to the option for the sake of cross-references and simply indicate that they are not applicable (ex.: (a)(v) reimbursement of costs declared on the basis of the partner's usual cost accounting practices: not applicable). Please put the form(s) which apply/ies in bold.

the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR [...] ⁹ and which are:

- (i) [actually incurred ("reimbursement of actual costs") for the [following categories of costs] [following activities [for studies][for works][for telematic applications systems and services]] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of actual costs: not applicable]
 - (ii) [declared on the basis of an amount of EUR [...] per [unit]] ("reimbursement of unit costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of unit costs: not applicable]
 - (iii) [declared on the basis of a lump sum of EUR [...]] ("reimbursement of lump sum costs") for the [following categories of costs] [[for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of lump sum costs: not applicable]
 - (iv) [declared on the basis of a flat-rate of [...] % of the eligible [direct][other] costs ("reimbursement of flat-rate costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of flat-rate costs: not applicable]
 - (v) [declared on the basis of [an amount per [unit]][a lump sum][a flat-rate] calculated in accordance with the partner's usual cost accounting practices ("reimbursement of costs declared on the basis of the partner's usual cost accounting practices") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of costs declared on the basis of the partner's usual cost accounting practices: not applicable]
- (a) **[Option if there are several reimbursement rates for the action: the reimbursement of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR [...], according to the following conditions:**
- (a1) Reimbursement of [...] % the eligible costs for the [following categories of costs] [following activities [for studies][for works][for telematic applications systems and services]] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] which are
 - (i) [actually incurred ("reimbursement of actual costs") [for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of actual costs: not applicable]
 - (ii) [declared on the basis of an amount of EUR [...] per [unit]] ("reimbursement of unit costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of unit costs: not applicable]
 - (iii) [declared on the basis of a lump sum of EUR [...]] ("reimbursement of lump sum costs") for the [following categories of costs] [[for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]]

⁹ Insert the amount of total estimated eligible costs for the action.

- [reimbursement of lump sum costs: not applicable]
- (iv) [declared on the basis of a flat-rate of [...] % of the eligible [direct][other] costs ("reimbursement of flat-rate costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities]: [...]] [reimbursement of flat-rate costs: not applicable]
 - (v) [declared on the basis of [an amount per [unit]][a lump sum][a flat-rate] calculated in accordance with the partner's usual cost accounting practices ("reimbursement of costs declared on the basis of the partner's usual cost accounting practices") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities]: [...]] [reimbursement of costs declared on the basis of the partner's usual cost accounting practices: not applicable]
- (a2) Reimbursement of [...] % the eligible costs for the [following categories of costs] [following activities [for studies][for works][for telematic applications systems and services]] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] which are
- (i) [actually incurred ("reimbursement of actual costs") [for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of actual costs: not applicable]
 - (ii) [declared on the basis of an amount of EUR [...] per [unit]] ("reimbursement of unit costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...]] [reimbursement of unit costs: not applicable]
 - (iii) [declared on the basis of a lump sum of EUR [...]] ("reimbursement of lump sum costs") for the [following categories of costs] [[for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies] [[and] for [each of] the [following] sub-actions]: [...]] [reimbursement of lump sum costs: not applicable]
 - (iv) [declared on the basis of a flat-rate of [...] % of the eligible [direct][other] costs ("reimbursement of flat-rate costs") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities]: [...]] [reimbursement of flat-rate costs: not applicable]
 - (v) [declared on the basis of [an amount per [unit]][a lump sum][a flat-rate] calculated in accordance with the partner's usual cost accounting practices ("reimbursement of costs declared on the basis of the partner's usual cost accounting practices") for the [following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities]: [...]] [reimbursement of costs declared on the basis of the partner's usual cost accounting practices: not applicable]

(a3) [idem for each reimbursement rate]]

[Reimbursement of eligible costs: not applicable]

- (b) [A unit contribution of EUR [...] per [unit]] ("unit contribution") [to cover the following categories of eligible costs] [for [each of] the [following] partners] [[and] affiliated entities]

[[and] implementing bodies]: [...] [unit contribution: not applicable]

- (c) *[A lump sum contribution of EUR [...] (“lump sum contribution”) [to cover the following categories of eligible costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...] [lump sum contribution: not applicable]*
- (d) *[A flat-rate contribution of [...] % of the [eligible [direct][other] costs] [[unit] [lump sum] contribution to the eligible [direct][other] costs] (“flat-rate contribution”) [to cover the following categories of costs] [for [each of] the [following] partners] [[and] affiliated entities] [[and] implementing bodies]: [...] [flat-rate contribution: not applicable]*

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

4.1 Reporting periods and payments

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

4.1.1 Reporting periods

The action is divided into the following reporting periods:

- Reporting period 1 from the starting date of the action to 31 December [year N];
- Reporting period 2 from 1 January [year N+1] to 31 December [year N+1];
- Reporting period 3 from 1 January [year N+2] to 31 December [year N+2];
- [...];
- Last reporting period from 1 January [year N+X] to the completion date of the action.

4.1.2 Payments

[for actions with one single pre-financing payment:

[Upon entry into force of the Specific agreement,][Following [insert a date later than the date of the entry into force of the Specific agreement]], the Agency shall make the pre-financing payment of [EUR [...]] [[...]% of the maximum grant amount specified in Article 3] to the coordinator in accordance with Article II.24.1 of the Framework agreement[, subject to the receipt [of a request for pre-financing payment [to be submitted within [...] days from the entry into force of the Specific agreement]]][and] [of a guarantee of [EUR [...]] [an amount equal to the pre-financing to be paid]].

[for actions with several pre-financing payments:

[Upon entry into force of the Specific agreement][Following [insert a date later than the date of the entry into force of the Specific agreement]], the Agency shall make a first pre-financing payment equivalent to [EUR [...]] [[...]% of the amount of the first instalment as indicated in Annex II of the Specific agreement] to the coordinator in accordance with Article II.24.1[, subject

to the receipt [of a request for pre-financing payment [to be submitted within [...] days from the entry into force of the Specific agreement]][and] [of a guarantee of [EUR [...]] [an amount equal to the first pre-financing payment to be made]].

At the end of each reporting period, except the last reporting period, the coordinator may submit a request for further pre-financing payment in accordance with Article II.23.1b of the Framework agreement. The further pre-financing payment shall be calculated on the basis of [...] % of the cumulated financing needs and in accordance with Article II.24.2b of the Framework agreement. The Agency shall make the further pre-financing payment to the coordinator in accordance with Article II.24.2b of the Framework agreement[, subject to the receipt of a further guarantee of an amount equal to the further pre-financing payment to be made].

[Option for actions with interim payments:

At the end of at least every two reporting periods, the coordinator shall submit a request for interim payment in accordance with Article II.23.2b of the Framework agreement. The Agency shall make an interim payment to the coordinator in accordance with Article II.24.3 of the Framework agreement.]

At the end of the last reporting period, the coordinator shall submit the request for payment of the balance in accordance with Article II.23.2c of the Framework agreement. The Agency shall make the payment of the balance to the coordinator in accordance with Article II.24.4 of the Framework agreement.]

[Option for actions with interim payments:

4.1.3. Ceiling for pre-financing and interim payments

The total amount of pre-financing [and interim] payments shall not exceed [...] % of the maximum grant amount set out in Article 3.]]

4.2 Time limit for payments

The time limit for the Agency to make the [interim payment(s) and] payment of the balance is 90 days.

4.3 Language and submission means of requests for payment, reports and financial statements

All requests for payments, reports and financial statements shall be submitted in [language].

The Action Status Report referred to in Article II.23.1b of the Framework agreement shall be submitted via TEN-Tec.

Other documents or, if applicable, scanned copies of the original signed paper versions and electronic files, shall be sent via e-mail to the address of the Agency specified in Article I.3.2 of the Framework agreement.

ARTICLE 5 – BANK ACCOUNT FOR PAYMENTS

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

Name of bank: [...]

Address of branch: [...]

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

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

[IBAN]/[BIC]/[SWIFT] code: [...]]¹⁰

ARTICLE 6 – ENTITIES AFFILIATED TO THE PARTNER¹¹

[If affiliated entities are designated by one of more partner (as authorised in the Call for proposals):

For the purposes of the Specific agreement the following entities are considered as affiliated entities:

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

[idem for further affiliated entities]

[otherwise: Not applicable.]

ARTICLE 7 - IMPLEMENTING BODIES DESIGNATED BY THE PARTNERS¹²

[if no Member State or international organisation is a partner or if recourse to an implementing body is not foreseen:

Not applicable]

[if a Member State or an international organisation is a partner and it foresees recourse to an implementing body:

For the purpose of this Specific agreement, the following entities are considered as implementing bodies:

- [[name of the entity], designated by [name or acronym of the partner]][the contractor to be designated by [name or acronym of the partner], if the contract with that contractor

¹⁰ BIC or SWIFT code applies to for countries where the IBAN code does not apply.

¹¹ Please include this provision if the partners would involve different affiliated entities in the implementation of the different specific action grants. In this case please delete the similar provision related to affiliated entities from the Framework agreement.

¹² Please include this provision if the partners would involve different implementing bodies in the implementation of the different specific action grants. In this case please delete the similar provision related to implementing bodies from the Framework agreement.

¹² Please include this provision if the partners would involve different implementing bodies in the implementation of the different specific action grants. In this case please delete the similar provision related to implementing bodies from the Framework agreement.

- is awarded in accordance with Article II.9.2 of the Framework agreement];
- *[[name of the entity], designated by [name or acronym of the partner]] [the contractor to be designated by [name or acronym of the partner], if the contract with that contractor is awarded in accordance with Article II.9.2 of the Framework agreement]; [idem for further implementing bodies].]*

ARTICLE 8 – ADDITIONAL PROVISIONS ON REIMBURSEMENT OF COSTS DECLARED ON THE BASIS OF THE PARTNER'S USUAL COST ACCOUNTING PRACTICES

[if the grant takes the form of the reimbursement of unit costs, lump sum costs or flat-rate costs:

In addition to the conditions set out in Article II.20.5 of the Framework agreement, where, in accordance with point (v) of Article 3(a)[(a1)[,][and] (a2) [and (aN)]]¹³, the grant takes the form of the reimbursement of unit costs, lump sum costs or flat-rate costs declared by the partner on the basis of its usual cost accounting practices, the partner shall ensure that the cost accounting practices used are also in compliance with the following conditions: [...].]

[if the grant does not take the form of the reimbursement of unit costs, lump sum costs or flat-rate costs:

Not applicable.]

[ARTICLE 9 – ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)]

[In addition to the provisions of Article II.8.3 of the Framework agreement, the partners shall warrant that the Union has the rights to:

- summarize the results of the action;
- extract a part (e.g. audio or video files) of, divide into parts or compile the results of the action.

[if the results of (parts of) the action are not vested in the partners:

By way of derogation from Article II.8.1 of the Framework agreement, ownership of the results of [the action][the following activity as described in Annex I: [...]][the following activities as described in Annex I: [...]], including industrial and intellectual property rights, and of the reports and other documents relating to it shall be vested in [official name, official address in full].]

[if no additional provisions are to be provided for:

Not applicable.]

ARTICLE 10 - INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE

¹³ Text in case several funding rates apply, in accordance with Article 3(a).

[in case of low value grants (i.e. equal to or lower than 60,000 EUR¹⁴):

By way of derogation from Article II.25.3 of the Framework agreement, the no-profit principle does not apply to the action.]

[otherwise: Not applicable.]

ARTICLE 11 - INELIGIBILITY OF VALUE ADDED TAX

[if the Call for proposals provides for the ineligibility of VAT or for activities which are implemented by partners, which are public entities acting as public authorities:

By way of derogation from Article II.19.2(h) of the Framework agreement, amounts of value added tax (VAT) paid are not eligible [under the Specific agreement] [for the following [partner] [partners]: [name of partner(s) concerned] [and] [for the following activities as described in Annex I: [...]].]¹⁵

[otherwise: Not applicable.]

ARTICLE 12 - ADDITIONAL PROVISIONS FOR INELIGIBLE COSTS

[for Cohesion Fund appropriations under CEF-Transport for grants given in the form of an interest rate subsidy or guarantee fee subsidy:

By way of derogation from point (d) of Article II.19.4 of the Framework agreement, interest on debt may be eligible.]

[for Cohesion Fund appropriations under CEF-Transport:

By way of derogation from point (l) of Article II.19.4 of the Framework agreement, the following costs may be eligible:

- (i) costs of purchase of land not built on and land built on, up to [10]¹⁶ % of the total eligible costs of the action,
- (ii) costs of purchase of derelict sites and purchase of sites formerly in industrial use which comprise buildings, up to [15]²⁷ % of the total eligible costs of the action.]

[for CEF-Transport not related to Cohesion Fund appropriations:

Not applicable.]

¹⁴ This ceiling applies to the grant allocated to the Action, not per partner.

¹⁵ To be added where the basic act provides for ineligibility of VAT or where the activities supported through the grant fall within one of the following categories:

- taxed activities or exempt activities with right of deduction. For those activities, VAT is deductible, hence ineligible;
- activities engaged in as a public authority by the partner where it is a State, regional or local government authority or another body governed by public law.

¹⁶ Ceiling by default in line with Article 69(3)(b) of Regulation (EU) No 1303/2013. However, in exceptional and duly justified cases, the limit may be raised above the aforementioned percentage for operations concerning environmental conservation.

ARTICLE 13 – WAIVING OF THE OBLIGATION TO PROVIDE CERTIFICATES ON THE FINANCIAL STATEMENTS

[if the Authorising Officer by Delegation (AOD) has waived the obligation for the partner(s) to provide certificates on financial statements (CFS) further to a risk assessment¹⁷:

By way of derogation from Article II.23.2b and II.23.2c of the Framework agreement, the *[[following] partners][[following] partner] [name of partner(s) concerned] [partners that are public bodies established in the EU or international organisations]* shall not submit a certificate on the financial statements together with a request *[for interim payment or]* for the balance payment.]

[otherwise: Not applicable.]

ARTICLE 14 - FINANCIAL SUPPORT TO THIRD PARTIES

[If the possibility to provide financial support to third parties is provided for in the Call for proposals or in an invitation to submit a proposal referred to in Article I.1.2 of the Framework agreement:

Article II.11 of the Framework agreement is applicable.]

[If the possibility to provide financial support to third parties is not provided for in the Call for proposals or in an invitation to submit a proposal referred to in Article I.1.2 of the Framework agreement:

Article II.11 of the Framework agreement is not applicable.]

ARTICLE 15 — IMPLEMENTATION OF ACTION TASKS BY PARTNERS NOT RECEIVING EU FUNDING¹⁸

[if one or more partner does not receive any EU funding:

The following *[partner][partners]* shall not receive EU funding:

- *[name of partner concerned];*
- *[idem for each partner not receiving EU funding].*

The costs *[it][they]* incur[s] shall not be taken into consideration for determining the final amount of the grant in accordance with Article II.25 of the Framework agreement.

¹⁷ To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts which is compulsory according to Article II.23.2, in the following cases (see Article 207(3) RAP):

- for partners which are public bodies or international organisations;
- for partners of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;
- where an audit has been or will be directly done by the Agency's own staff or by a body authorised to do so on its behalf.

¹⁸ Please include this provision if the partners not receiving EU funding are different in the implementation of the different specific action grants. In this case please delete the similar provision related to the partners not receiving EU funding from the Framework agreement.

Articles 3, 4, 5, 8, 10, 11, 12, 13 of the Specific Agreement and Articles II.9, II.10, II.11, II.13, II.19, II.20, II.21, II.22, II.23.2b, II.23.2c (b), (c) and (d), II.24 and II.26 of the Framework agreement shall not apply to *[that partner][those partners]*.

In addition, *[it][they]* shall not be subject to financial audits and checks referred to in Article II.27 of the Framework agreement.]

[if all partners are allocated EU funding in the Specific agreement: Not applicable.]

SIGNATURES

For the coordinator
[function/forename/surname]

For the Agency
[forename/surname]

[signature]

[signature]

Done at *[place]*, *[date]*

Done at *[place]*, *[date]*

In duplicate in English

ANNEX I
DESCRIPTION OF THE ACTION

ANNEX II
ESTIMATED BUDGET OF THE ACTION

W

15

ANNEX IVb
MODEL TECHNICAL REPORT(S) FOR IMPLEMENTATION PROJECTS

The templates for technical reports as referred to in Article 4 of the Specific agreement and II.23 are those provided by the Agency, and are available on the Agency website at the following link:

http://inea.ec.europa.eu/en/cef/cef_transport/beneficiaries_info_point/beneficiaries_info_point.htm

The templates published may be updated by the Agency as the need arises.

ANNEX Va

MODEL FINANCIAL STATEMENT FOR PROGRAMME SUPPORT ACTIONS

WV

NS

Explanatory notes:

Interim payment request:

- * Information to be declared under B2 and B3 is not compulsory at the moment of the request for interim payment.
- * Each beneficiary (including the coordinator) fills-in a "financial statement" form for each reporting period. In case a beneficiary declares costs of affiliated entities, the beneficiary also provides the information relative to them.
- * The coordinator prepares the "consolidated financial statement", which aggregates the financial statements of all the partners (including the coordinator).

Final payment request:

- * Information under B2 and B3 which was not compulsory for interim payments, becomes compulsory for final payment requests.
- * Each partner (including the coordinator) fills-in a "financial statement" form for:
 - a/ the last reporting period. In case of affiliated entities, the beneficiary also provides the information relative to them.
 - b/ an aggregate financial statement comprising all the reporting periods.
- * The coordinator prepares the "consolidated financial statement" for the last reporting period, which aggregates the financial statements of all the partners (including the coordinator).
- * The coordinator prepares the "consolidated financial statement" for the entire project, which aggregates all the financial statements previously submitted and indicates the receipts (B2 and B3) for each partner and its affiliated entities. The "consolidated financial statement" becomes the "summary financial statement" as per Article II.23.2a(c) of the Framework partnership agreement.

CONSOLIDATED STATEMENT
and
PAYMENT REQUEST
(to be completed and signed by the coordinator)

Specific Grant Agreement Number:

Acronym:

Action:

Coordinator's name:

Reporting Period Number:

Period fromto

Legal Representative: Mr./Ms.

Person in charge of the preparation of this consolidated statement and payment request:

Mr./Ms.:

Signature:

Date:

	Estimated eligible actual costs Direct Costs					Estimated eligible costs declared on the basis of flat rates = NOT APPLICABLE					Total estimated eligible costs					Reimbursement rate	Estimated EU financial contribution reimbursing eligible costs
	(EUR)					(EUR)					(EUR)					%	(EUR)
	a(x)	a(y)	a(z)	a(n)	A= sum(a(x)..a(n))	b(x)	b(y)	b(z)	b(n)	B= sum(b(x)..b(n))	a(x)+b(x)	a(y)+b(y)	a(z)+b(z)	a(n)+b(n)	(C) = (A) + (B)	(D)	(E) = (C)*(D)
A - ESTIMATED ELIGIBLE COSTS	Coordinator and affiliated entities	Co-partner "y" and affiliated entities	Co-partner "z" and affiliated entities	Co-partner "n" and affiliated entities	Total	Coordinator and affiliated entities	Co-partner "y" and affiliated entities	Co-partner "z" and affiliated entities	Co-partner "n" and affiliated entities	Total	Coordinator and affiliated entities	Co-partner "y" and affiliated entities	Co-partner "z" and affiliated entities	Co-partner "n" and affiliated entities	Total		
1. Staff / Personnel costs																	
2. Travel and Subsistence																	
3. Purchase of Equipment																	
4. Consumables and Supplies																	
5. Subcontracting																	
6. Other costs																	
Total estimated eligible direct costs																	
7. Estimated eligible indirect costs (overheads) - NOT APPLICABLE																	
TOTAL ESTIMATED ELIGIBLE COSTS (sum(A1..A7))															EXPENDITURE		
B - FUNDING											Coordinator and affiliated entities	Co-partner "y" and affiliated entities	Co-partner "z" and affiliated entities	Co-partner "n" and affiliated entities	Total		
1. Requested EU financial contribution (sum column E)																	
2. Income generated by the action																	
3. Financial contribution by third parties																	
4. Financial contribution by the partners (own resources)																	
TOTAL FUNDING (sum(B1..B4))															REVENUE		

I Mr./Ms. _____ as legal representative of the coordinator, hereby certify that the information provided in this consolidated statement is full, reliable and true. I certify that the costs incurred can be considered eligible in accordance with the agreement and that all receipts have been declared. The request for payment is substantiated by adequate supporting documents that can be checked.

Total amount requested for this period:

EUROS

Comments, if any:

Signature:

Date:

and

AS

FINANCIAL STATEMENT

Specific Grant Agreement Number:		Acronym:
Action:		

Partner's name:	
Affiliated "y" name:	
Affiliated "z" name:	
Affiliated "n" name:	

Reporting Period Number:	Period from _____ to _____
--------------------------	----------------------------

Legal Representative: Mr./Ms.

	Estimated eligible actual costs <u>Direct Costs</u>					Estimated eligible costs declared on the basis of flat rates = NOT APPLICABLE					Total estimated eligible costs					Reimbursement rate	Estimated EU FINANCIAL contribution reimbursing eligible costs	
	(EUR)					(EUR)					(EUR)					%	(EUR)	
	a(x)	a(y)	a(z)	a(n)	A= sum(a(x).. <a(n))< th=""><th>b(x)</th><th>b(y)</th><th>b(z)</th><th>b(n)</th><th>B=sum(b(x)..<b(n))< th=""><th>a(x)+b(x)</th><th>a(y)+b(y)</th><th>a(z)+b(z)</th><th>a(n)+b(n)</th><th>(C) = (A) + (B)</th><th>(D)</th><th>(E) = (C)*(D)</th></b(n))<></th></a(n))<>	b(x)	b(y)	b(z)	b(n)	B=sum(b(x).. <b(n))< th=""><th>a(x)+b(x)</th><th>a(y)+b(y)</th><th>a(z)+b(z)</th><th>a(n)+b(n)</th><th>(C) = (A) + (B)</th><th>(D)</th><th>(E) = (C)*(D)</th></b(n))<>	a(x)+b(x)	a(y)+b(y)	a(z)+b(z)	a(n)+b(n)	(C) = (A) + (B)	(D)	(E) = (C)*(D)	
A - ESTIMATED ELIGIBLE COSTS	Partner	Affiliated "y"	Affiliated "z"	Affiliated "n"	Total	Partner	Affiliated "y"	Affiliated "z"	Affiliated "n"	Total	Partner	Affiliated "y"	Affiliated "z"	Affiliated "n"	Total			
1. Staff / Personnel costs																		
2. Travel and Subsistence																		
3. Purchase of Equipment																		
4. Consumables and Supplies																		
5. Subcontracting																		
6. Other costs																		
Total estimated eligible direct costs																		
7. Estimated eligible indirect costs (overheads) - NOT APPLICABLE																		
TOTAL ESTIMATED ELIGIBLE COSTS (sum(1..7))															EXPENDITURE			
B - FUNDING											Partner	Affiliated "y"	Affiliated "z"	Affiliated "n"	Total			
1. Requested EU financial contribution (sum column E)																		
2. Income generated by the action																		
3. Financial contribution by third parties																		
4. Financial contribution by the partners (own resources)																		
TOTAL FUNDING (sum(1..4))																REVENUE		

NS

ANNEX Vb

MODEL FINANCIAL STATEMENT(S) FOR IMPLEMENTATION PROJECTS

The templates for financial statements as referred to in Article 4 of the Specific agreement and Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

http://inea.ec.europa.eu/en/cef/cef_transport/beneficiaries_info_point/beneficiaries_info_point.htm

The templates published may be updated by the Agency as the need arises.

ANNEX VIa

MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS FOR PROGRAMME SUPPORT ACTIONS

1. AUDITORS ELIGIBLE TO DELIVER THE CERTIFICATE ON THE FINANCIAL STATEMENTS

Each partner is free to choose a qualified external auditor, including its statutory external auditor, provided that the following cumulative requirements are met:

- the external auditor must be **independent** from the partner;
- the external auditor must be **qualified** to carry out statutory audits of accounting documents in accordance with national legislation implementing the Directive on statutory audits of annual accounts and consolidated accounts⁴ or any Union legislation replacing this Directive. Partners established in third countries must comply with equivalent national regulations in the same field and the certificate on the financial statement provided will consist of an independent report of factual findings based on procedures specified by the Community.

Public bodies have the choice between an external auditor and a competent public officer. Where a public body opts to use a competent public officer, the auditor's independence is usually defined as independence from the partner "in fact and/or in appearance". A preliminary condition is that this competent public officer was not involved in any way in drawing up the Financial Statements and that she/he is not hierarchically dependent from the officer responsible for the Financial Statements.

2. SCOPE AND CONTENT OF CERTIFICATES ON THE FINANCIAL STATEMENTS

The partner is required to submit to the European Commission, in addition to the Financial Statement, a Certificate which includes notably an independent report of factual findings produced by an auditor in support of the payment requested by the partner under Article 4.1 of the Specific grant agreement.

Certificates on the Financial Statements shall state that the costs claimed and the receipts declared during the period for which they are provided, as well as the declaration of the interest yielded by the pre-financing meet the conditions required by the Framework partnership agreement and the Specific grant agreement.

The auditor undertakes this engagement:

- in accordance with the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- in compliance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) of IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures

engagements, the European Commission requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

The auditor performs the procedures specified in point 3 below and uses the evidence obtained from these procedures as the basis for the Certificate.

3. PROCEDURES FOR CERTIFICATE ON THE FINANCIAL STATEMENTS

3.1 Procedures to be carried out by the auditor regarding the Financial Statement

The procedures listed on the left hand side of the table are to be carried out **unaltered** by the auditor. The Commission has designed these procedures in order to obtain standardised and comparable reports from all auditors, who are expected to carry out the procedures without adaptation for the particular circumstances of the partner.

When performing these procedures the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations or any others deemed necessary in carrying out these procedures.

In particular the minimal sample sizes should always be respected, and all procedures should be carried out in full.

Procedures	Standard factual finding and basis for exception reporting
Personnel Costs	
1. Recalculate hourly personnel and overhead rates for personnel (full coverage if less than 20 employees, otherwise a sample of minimum 20, or 20% of employees, whichever is the greater), indicate the number of productive hours used and hourly rates. Where sampling is used, selection should be random with a view to producing a representative sample. 'Productive hours' represent the (average) number of hours made available by the employee in a year after the deduction of holiday, sick leave and other entitlements. This calculation should be provided by the Partner.	For each employee in the sample of ___, the Auditor obtained the personnel costs (salary and employer's costs) from the payroll system together with the productive hours from the time records of each employee. For each employee selected, the Auditor recomputed the hourly rate by dividing the actual personnel costs by the actual productive hours, which was then compared to the hourly rate charged by the Partner. If the productive hours or costs of personnel cannot be identified, they should be listed (together with the amounts) as exceptions in the main report.
2. For the same selection examine and describe time recording of employees (paper/ computer, daily/weekly/monthly, signed, authorised).	Employees record their time on a daily/ weekly/ monthly basis using a paper/computer-based system. The time-records selected were authorised by the project manager or other superior. If no time records are available which fit the above description, this should be listed as an exception in the main report.
3. Employment status and employment conditions of personnel. The Auditor should obtain the employment contracts of the employees selected and compare with the standard employment contract used by the Partner.	For the employees selected, the Auditor inspected their employment contracts and found that they were: – directly hired by the Partner in accordance with its national legislation, – under the sole technical supervision and responsibility of the latter, and – remunerated in accordance with the normal practices of the Partner. Personnel who do not meet all three conditions should be listed (together with the amounts) as

	exceptions in the main report.
Subcontracting	
4. Obtain a written description from the Partner regarding 3 rd party resources used and compare with Annex I to the Specific grant agreement.	The Auditor compared the description of the 3 rd party resources provided by the Partner to the specification in Annex I to the Specific grant agreement, and found them to be the same If the descriptions do not clearly match, this should be reported as an exception in the main report.
5. Inspect documents and obtain confirmations that subcontracts are awarded according to a procedure including an analysis of best value for money (best price-quality ratio), transparency and equal treatment. Full coverage if less than 20 items, otherwise a sample of minimum 20, or 20% of the items, whichever is the greater.	The Auditor obtained tendering documents for each subcontract entered into and found that the tendering process was followed and that a written analysis of value-for-money had been prepared by the Partner in support of the final choice of subcontractor, or that the contract had been awarded as part of an existing framework contract entered into prior to the beginning of the project. If the Auditor is not provided with evidence of either of the above situations, the amount of the subcontract should be listed as an exception in the main report.
Equipment	
6. Allocation of equipment subject to depreciation is correctly identified and allocated to the project unless a derogation from Article II.19.2(c) has been introduced in the specific conditions of the Framework partnership agreement or Specific grant agreement. Full coverage if less than 20 items, otherwise a sample of minimum 20, or 20% of the items, whichever is the greater.	The Auditor traced the equipment charged to the project to the accounting records and the underlying invoices. The Partner has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting. The asset value was agreed to the invoice and no VAT or other identifiable indirect taxes were charged, unless the Partner can show that he is unable to recover it according to the applicable national legislation. The depreciation method used to charge the equipment to the project was compared to the Partner's normal accounting policy and found to be the same. If assets have been charged which do not comply with the above, they should be listed (together with the amounts) as exceptions in the main report.
Travel Costs	
7. Travel costs correctly identified and allocated to the project (and in line with Partner's normal policy for non-EC work regarding first-class travel, etc.) Full coverage if less than 20 items, otherwise a sample of minimum 20, or 20% of the items, whichever is the greater. The Partner should provide written evidence of its normal policy for travel costs (e.g. use of first class tickets) to enable the Auditor to compare the travel charged with this policy.	The Auditor inspected the sample and found that the Partner had allocated travel costs to the project by marking of invoices and purchase orders with the project reference, resulting in traceable allocation in the project accounts. The costs charged were compared to the invoices and found to be the same. No VAT (unless non-recoverable under national legislation) was charged. The use of first class travel was in line with the written policy provided by the Partner. Costs which are not allocated to project accounts and do not have a clear attribution (normally by writing the project number on the original invoice) should be listed (together with the amounts) as exceptions in the main report.
Consumables	
8. Consumables correctly identified and allocated to the project. Where applicable, obtain confirmation that contracts are awarded according to a procedure including an analysis of best value for money (best price-quality ratio) or of the lowest price. Full coverage if less than 20 items, otherwise a sample of minimum 20, or 20% of the items, whichever is the greater.	The Auditor inspected the sample and found that the Partner had allocated consumable costs to the project by marking of invoices and purchase orders with the project reference, resulting in traceable allocation in the project accounts. The costs charged were compared to the invoices and found to be the same. No VAT (unless non-recoverable under national legislation) was charged.

	Costs which are not allocated to project accounts and do not have a clear attribution (normally by writing the project number on the original invoice) should be listed (together with the amounts) as exceptions in the main report.
Exchange Rates	
9. Inspect and compare exchange rates into Euros	The Auditor compared the exchange rates used for conversion with the applicable exchange rates determined according to the conditions of the Framework partnership agreement. Where rates cannot be agreed, an exception should be noted, (together with the amount) in the main report.
Identification of Receipts	
10. The Partner is obliged to declare in its claim any receipts related to the project (income from events, rebates from suppliers, etc.)	The Auditor examined the relevant project accounts and obtained representations from the Partner that the amounts listed represent a complete record of the sources of income connected with the project. The amount included in the claim regarding receipts is the same as the amount recorded in the project accounting. Any discrepancies in the receipts noted in the accounts and those reported by the Partner should be noted (together with the amount) as exceptions in the main report.

3.2 When can the auditor change the model answer and when should he report an exception?

Where the auditor's factual findings are not consistent with the "Standard factual finding" given on the right hand side of the Table, then an exception should be noted. For each standard finding, non-exhaustive examples where the Commission expects exceptions to be noted is indicated in bold under the corresponding factual findings. In general, if the auditor is not able to establish whether the information provided by the partner matches the standard finding defined by the Commission, this should be reported as an exception.

3.3 Will all exceptions result in a rejection of costs by the Commission?

The Commission will consider each exception in the context of the report as a whole and other evidence at its disposal. It will therefore make eligibility decisions on a case by case basis using the evidence provided. The more detail the auditor provides regarding exceptions, the easier it will be to assess the situation and come to a reasoned decision on the claim under consideration. The auditor should report the findings as fully as possible, to facilitate this process.

4. FORM OF CERTIFICATES ON THE FINANCIAL STATEMENTS

The use by the external auditor or competent public officer of the reporting format attached is compulsory.

The Certificate on the Financial Statements has to be transmitted by the partner to the Commission with the Financial Statements.

Certificate Model***To be printed on letterhead paper of the Auditor***

<Name of contact person(s)>, < Position>
 < Partner's name>
 <Address>
 <dd Month yyyy>

We [*legal name of the audit firm*], established in [*full address/city/state/province/country*] represented for signature of this Report by [*name and function of an authorised representative*] have performed agreed-upon procedures regarding the costs declared in the Financial Statement(s)³ of [*name of partner*] hereinafter referred to as the Partner and which is to be presented to the European Commission under Framework partnership agreement and Specific grant agreement [*EC agreements references: titles, acronyms, numbers*] for the following period(s) [*insert period(s) covered by the Financial Statement(s)*]. This engagement involved performing certain specified procedures, according to Annex V of the Framework partnership agreement, the results of which the European Commission uses to draw conclusions as to the eligibility of the costs claimed.

Our engagement was carried out in accordance with :

- International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants ('IFAC');
- the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the European Commission requires that the Auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*;

As requested, we have only performed the procedures set out in Annex V of the Framework partnership agreement and we have reported our factual findings on those procedures.

The scope of these agreed upon procedures has been determined solely by the European Commission and the procedures were performed solely to assist the European Commission in evaluating whether the costs claimed by the Partner in the accompanying Financial Statement has been claimed in accordance with the Framework partnership agreement and Specific grant agreement. The Auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Financial Statements.

Had we performed additional procedures or had we performed an audit or review of the Financial Statements of the Partner in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of Information

The Report sets out information provided to us by the management of the Partner in response to specific questions or as obtained and extracted from the Partner's information and accounting systems.

Factual Findings

The above mentioned Financial Statement(s) per Activity was (were) examined and all procedures specified in Annex V of the Framework partnership agreement were carried out. On the basis of the results of these procedures, we found that:

[Choose option]

[Option 1] The eligible costs of [insert amount] declared by the Partner in the Financial Statement are real, accurately recorded and eligible and all receipts have been declared, in accordance with the Framework partnership agreement and Specific grant agreement.

[Option 2] The eligible costs [insert amount] declared by the Partner in the Financial Statement are real, accurately recorded and eligible and all receipts have been declared, in accordance with the Framework partnership agreement and Specific grant agreement with the following exceptions:

.....

All documentation and accounting information to enable us to carry out these procedures has been provided to us by the Partner. Except as indicated below, no exceptions were noted.

Exceptions

In some cases, the Auditor was not able to successfully complete the procedures specified. These exceptions are as follows:

exceptions such as inability to reconcile key information, unavailability of data which prevented the Auditor from carrying out the procedures, etc. should be listed here. The Commission will use this information to decide the amounts which will be reimbursed.

Use of this Report

This Report is solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the Partner and the European Commission and solely for the purpose of submission to the European Commission in connection with the requirements as set out in Article 4 of the Specific grant Agreement. This Report may not be relied upon by the Partner or by the European Commission for any other purpose, nor may it be distributed to any other parties. The European Commission may only disclose this Report to others who have regulatory rights of access to it, in particular the European Anti Fraud Office and the European Court of Auditors.

This Report relates only to the Financial Statement(s) specified above and does not extend to any other financial statements of the Partner.

No conflict of interest exists between the Auditor and the Partner in establishing this Report.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

[legal name of the audit firm]

[[name and function of an authorised representative]

<dd Month yyyy>, <Signature of the Auditor>

ANNEX VIb

MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

- For options [*in italic in square brackets*]: choose the applicable option. Options not chosen should be deleted.
- For fields in [grey in square brackets]: enter the appropriate data.

The model terms of reference for the certificate on the financial statements include templates for:

- the Terms of Reference for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed under the Connecting Europe Facility (CEF), and
- the independent report of factual findings on costs declared under a grant agreement financed under the Connecting Europe Facility (CEF), including its annex.

The templates will be added to this Framework agreement through the amendment. They may be updated by the Agency as the need arises.

