



Innovation and Networks Executive Agency

Department C - Connecting Europe Facility (CEF)

**GRANT AGREEMENT
UNDER THE CONNECTING EUROPE FACILITY (CEF) -
TELECOMMUNICATIONS SECTOR**

AGREEMENT No INEA/CEF/ICT/A2019/2063993

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 Agreement by the Head of Department C of the Agency, **Andreas Boschen**,

on the one part,

and

1. Narodne centrum zdravotnickych informacii (NCZI)

Public

Lazaretska 26

81109 Bratislava

Slovakia

VAT No SK2020830119

represented for the purposes of signature of this Agreement by Director General of Narodne centrum zdravotnickych informacii, **Peter Bielik**

hereinafter referred to collectively as "the beneficiaries", and individually as "beneficiary" for the purposes of this Agreement,

on the other part,

HAVE AGREED

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

- Annex I Description of the action
- Annex II General Conditions (hereinafter referred to as "the General Conditions")
- Annex III Estimated budget of the action

Agreement number: INEA/CEF/ICT/A2019/2063993
Action No: 2019-SK-IA-0050

Annex IV Mandates provided to the coordinator by the other beneficiaries: not applicable
Annex V Model technical report(s)
Annex VI Model financial statement(s)
Annex VII Model terms of reference for the certificate on the financial statements

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

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

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

SPECIAL CONDITIONS

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ARTICLE 1 – SUBJECT MATTER OF THE AGREEMENT

The Commission has decided to award a grant, under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled "**Deployment of Cross Border eHealth Services in the Slovak Republic - NCZI**" ("the action"), action number **2019-SK-IA-0050** as described in Annex I.

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

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

- 2.1 The Agreement shall enter into force on the date on which the last party signs.
- 2.2 The action shall run from 01/07/2020 ("the starting date") until 30/06/2024 ("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 328,393**.

The grant shall take the form of:

- (a) the reimbursement of 75.00% of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR 437,857 and which are:
- (i) actually incurred ("reimbursement of actual costs")
 - (ii) reimbursement of unit costs: not applicable
 - (iii) reimbursement of lump sum costs: not applicable
 - (iv) for indirect costs declared on the basis of a flat-rate of 7% of the total eligible direct costs minus subcontracting costs within the meaning of Article II.10 and costs of financial support to third parties within the meaning of Article II.11 ("reimbursement of flat-rate costs");
 - (v) declared on the basis of an amount per unit calculated in accordance with the beneficiary's usual cost accounting practices ("reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices") for personnel costs
- (b) unit contribution: not applicable
- (c) lump sum contribution: not applicable
- (d) flat-rate contribution: not applicable
- (e) financing not linked to costs: 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, the following reporting and payment arrangements shall apply:

4.1.1 Reporting periods

The action is divided into the following reporting periods:

- One single reporting period from the starting date to the completion date of the action.

4.1.2 Payments

Upon entry into force of the Agreement, the Agency shall make the pre-financing payment of EUR 197,036 (one hundred ninety-seven thousand thirty-six euros) to the coordinator in accordance with Article II.24.1.

At the end of each reporting period, except the last reporting period, the Agency shall make an interim payment to the coordinator in accordance with Article II.24.2.

At the end of the last reporting period, the Agency shall make the payment of the balance to the coordinator in accordance with Article II.24.3.

4.2 Time limit for payments

The time limit for the Agency to make the 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 English.

Those documents or, if applicable, scanned copies of the original signed paper versions and electronic files, shall be sent via e-mail to the e-mail address specified in Article 6.2.

ARTICLE 5 – BANK ACCOUNT FOR PAYMENTS

Payments shall be made to the following bank accounts:

- for Narodne centrum zdravotnickych informacii:

Name of bank: Statna Pokladnica

Precise denomination of the account holder: Narodne centrum zdravotnickych informacii

Full account number (including bank codes): SK9081800000007000206676

BIC code: SPSRSKBA

ARTICLE 6 - DATA CONTROLLER AND COMMUNICATION DETAILS OF THE PARTIES

6.1 Data controller

The entity acting as a data controller according to Article II.6 shall be the Director of the Agency.

6.2 Communication details of the Agency

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 C5 Telecommunications
W-910
B-1049 Brussels
Fax: +32(0)2 297 37 27
E-Mail address: INEA-CEF-ICT@ec.europa.eu

6.3 Communication details of the beneficiaries

Any communication from the Agency to the beneficiaries shall be sent to the following addresses:

- for Narodne centrum zdravotnickych informacii:
Eva Sabajova
eHealth Interoperability Analyst
Lazaretska 26, 81109 Bratislava, Slovakia
E-mail address: eva.sabajova@nczisk.sk

ARTICLE 7 – ENTITIES AFFILIATED TO THE BENEFICIARIES

Not applicable.

ARTICLE 8 - IMPLEMENTING BODIES DESIGNATED BY THE BENEFICIARIES

Not applicable.

ARTICLE 9 - MONO-BENEFICIARY GRANT

Any reference to the 'coordinator' or the 'beneficiaries' shall be interpreted as references to the 'beneficiary'.

ARTICLE 10 – ADDITIONAL PROVISIONS ON REIMBURSEMENT OF COSTS DECLARED ON THE BASIS OF THE BENEFICIARY'S USUAL COST ACCOUNTING PRACTICES

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

with the conditions laid down in Commission Decision C(2016)478 of 3 February 2016.

ARTICLE 11 – ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

In addition to the provisions of Article II.8.3, the beneficiaries shall warrant that the Agency has the rights to:

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

ARTICLE 12 – OBLIGATION TO CONCLUDE AN INTERNAL CO-OPERATION AGREEMENT

Not applicable.

ARTICLE 13 - INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE

Not applicable.

ARTICLE 14 - INELIGIBILITY OF VALUE ADDED TAX

Not applicable.

ARTICLE 15 - SPECIAL PROVISIONS ON ELIGIBLE COSTS

Not applicable.

ARTICLE 16 – WAIVING OF THE OBLIGATION TO PROVIDE CERTIFICATES ON THE FINANCIAL STATEMENTS

Not applicable.

ARTICLE 17 - FINANCIAL SUPPORT TO THIRD PARTIES

Article II.11 is not applicable.

ARTICLE 18 — IMPLEMENTATION OF ACTION TASKS BY BENEFICIARIES NOT RECEIVING EU FUNDING

Not applicable.

ARTICLE 19 – SETTLEMENT OF DISPUTES WITH NON EU BENEFICIARIES

Not applicable.

ARTICLE 20 – BENEFICIARIES WHICH ARE INTERNATIONAL ORGANISATIONS

Not applicable.

ARTICLE 21 – JOINT AND SEVERAL FINANCIAL LIABILITY FOR RECOVERIES

Not applicable.

ARTICLE 22 – IMPLEMENTATION OF ACTIVITIES NOT FINANCIALLY SUPPORTED UNDER THE AGREEMENT

Not applicable.

ARTICLE 23 – ELIGIBILITY OF VOLUNTEERS' WORK

Not applicable.

SIGNATURES

For the beneficiary Narodne centrum
zdravotnickych informacii

For the Agency

Peter Bielik

Andreas Boschen

Done at Bratislava, on 08 JUL 2020

Done at Brussels, on

In duplicate in English

ANNEX I DESCRIPTION OF THE ACTION

ARTICLE I.1 – SCOPE AND OBJECTIVES OF THE ACTION

The aim of the Action is to prepare, test and deploy the cross-border Patient Summary (PS) service and operate the National Contact Point for eHealth (NCPeH), according to best practices and taking into account the existing national infrastructure.

Slovakia intends to implement the Patient Summary as Country A (country of citizen affiliation) in 2023.

The Action will contribute to reaching the following general objectives:

- 1) Enable seamless cross-border care and secure access to patient health information between European healthcare systems;
- 2) Contribute to patient safety by reducing the frequency of medical errors and by providing quick access to patient health information when abroad; and
- 3) Provide medical personnel with life-saving information in emergency situations and reduce the repetition of diagnostic procedures.

At the end of the Action, Slovakia will be ready to take part in the EU-wide exchange of Patient Summary through the Slovak National Contact Point for eHealth (NCPeH).

ARTICLE I.2 – LOCATION OF THE ACTION

- I.2.1 Member State(s): Slovakia
- I.2.2 EEA country(ies): not applicable
- I.2.3 Third country(ies): not applicable

ARTICLE I.3 – ACTIVITIES

I.3.1 Activities timetable

Activity number	Activity title	Indicative start date	Indicative end date	Milestone number
1	Preparation and Implementation	01/07/2020	31/01/2024	1
2	Service Testing, Approval and Deployment	01/02/2021	31/01/2024	4
3	Operation	30/06/2023	30/06/2024	5, 6
4	Dissemination, Training and Support	01/10/2020	30/06/2024	2, 3, 7
5	Governance and Management	01/07/2020	30/06/2024	8

I.3.2 Activities description

Activity 1: Preparation and Implementation

The aim of this activity is to design a national deployment plan and perform national preparatory and implementing activities towards the provision of cross-border eHealth services according to the Service Level Agreement (SLA) defined for Operation.

The Slovak Republic will prepare, test, deploy PS in 2023 and operate the National Contact Point for eHealth (NCPeH), according to best practices and experience, properly connected with the already available national infrastructure.

The activity includes the following tasks:

T1.1 - Plan and monitor progress activities towards service operation

- define detailed preparation and implementation plan,
- adopt and localize the monitoring tools, in line with other Member States,
- monitor the overall progress of Activity 1 related tasks.

T1.2 - Design National architecture

- analyse current architecture of the National Infrastructure and how to connect with the NCPeH,
- design the overall architecture and specify the National Connector,
- specify the transformation of the national PS documents into the EU-Friendly documents (and update accordingly to latest EU guidelines).

T1.3 - Establish organisational requirements and procedures

The organisational procedures will be set in line with the eHN Organisational Framework for NCPeH. Roles, procedures and tasks will be identified and assigned to the specific actors, including the institutions relevant for the provision of Country A services (i.e. patient consent management).

T1.4 - Establish legal, security and privacy requirements and procedures

The "Agreement between National Authorities or National Organisations responsible for National Contact Points for eHealth on the Criteria required for the participation in Cross-Border eHealth Information Services" as adopted during the 11th eHealth Network meeting together with its further recommendations will be signed by Slovak relevant authorities. It will allow the Slovak NCPeH to be part of the Cross-border eHealth Information Services (CBeHIS) if it is compliant with the criteria set in the Agreement, taking into account the relevant processes and requirements defined in the documents referred to in its Annex.

T1.5 - Assure Semantic interoperability of PS

The main task relates to the semantic assets management, namely:

- The clinical documents in HL7 CDA V2 Level 3 structured and coded according to the European Commission Guidelines and the associated implementation Guides.
- The common terminologies, defined in the Master ValueSet Catalogue (MVC) and their translation and transcoding according to national requirements (Master Translation/Transcoding Catalogue: MTC).

T1.6 - OpenNCP localisation implementation, integration and testing

The OpenNCP toolkit is centrally managed by European Commission DG SANTE, in co-operation with the OpenNCP Community started in epSOS and consolidated in EXPAND project. The OpenNCP is not turn-key software and for that it needs localizations and the implementation of appropriate National Connectors toward the National Infrastructure. Within this task, the OpenNCP will be implemented, integrated and tested.

Activity 2: Service Testing, Approval and Deployment

The aim of this activity is to test (nationally and internationally), audit and provide evidence on the MS readiness level towards the provision of PS-A services.

The activity includes the following tasks:

T2.1 - Undergo the Preparatory Pre-Production Testing

According to the eHDSI Test Framework, the Test Strategy defines a set of testing phases that the eHDSI Deploying Countries should undergo to provide evidence about the NCPeH technical gateway conformance with the eHDSI Specifications.

The Slovak Republic will participate in the necessary events as a preparatory stage for the Formal pre-production tests, to confirm the readiness to go-live.

T2.2 - Undergo the Formal Pre-Production Testing

To confirm the technical readiness to go-live the Slovak republic will participate in the Formal Pre-Production Testing in 2022.

T2.3 - Undergo the Initial Audit

To confirm organizational and operational readiness to go-live, the Slovak Republic will apply and undergo the Initial Audit in line with the methodology adopted by the eHMSEG. The Slovak Republic will apply for an Initial Audit according to the rules set up in the eHDSI Audit Framework. Together with the application, Slovakia will send to Auditors its self-assessment (in line with the Audit Readiness Criteria).

Evidence of the audit results will be provided to the eHealth Member State Expert Group and eHealth Network, for the Member State approval to enter operation with Cross-border eHealth Information Services.

T2.4 - Prepare country go-live readiness approval processes

The Slovak republic will prepare and submit to the eHMSEG the documents necessary to issue the eHMSEG Recommendations to the eHealth Network to go-live. This set of documents will be composed of the Member State Overall Readiness Statement to go-live (in line with the template adopted by the eHN) supported by the Formal Pre-Production Testing Reports and Initial Audit Report (or Follow-up report) and any other necessary documents.

This process will be repeated each time a new service is being prepared to enter in Operation.

T2.5 - Deploy the services

The task will allow bringing into the operational environment all the technical, semantic and organizational components requested to provide the cross-border eHealth services.

The main steps to be performed are:

- Implement the operational environment for the servers, the security assets, the connection

with the National Infrastructure and the Central Configuration Services
- deploy the NCPeH, the portal and the National Connector components,
- configure the system toward the Central Configuration Services and the synchronization of the Local Terminology Service.

These operational steps will be performed for each time a new service is being prepared to enter Operation.

Change management and bug fixing is foreseen under task T3.2 "Service Maintenance and Change Management".

T2.6 – Undergo the Non regression testing

When the services have been deployed, the non-regression tests will be performed.

These tests will be repeated for the deployment of new services or as last action after change management, which implies the installation of NCPeH minor or major releases.

Activity 3: Operation

The aim of this activity is to ensure the provision of cross-border eHealth services according to Service Level Agreement and defined Key Indicators (Performance and Success) and the maintenance of assets necessary to the provision of cross-border eHealth services as well as Change and Risk management and to ensure continuity and proper functioning of the IT system.

The activity includes the following tasks:

T3.1 Service Provision and Monitoring

The approved and deployed services will be provided according to the release plan:

- 2023: Patient Summary Country A

The cross-border services will be provided, in line with the specifications for 7x7 days. Changes in the Service levels will be discussed and agreed with other Member States. Service and performance monitoring, including reporting of the service uptime, will be adopted to be able to intervene in case of performance degradation or service interruption.

T3.2 Service Maintenance and Change Management

A trouble ticketing process will be put in place to manage incidents, problems, change requests.

The process to manage changes, specified in eHDSI, will be applied.

Any change in the operation environment has to be first validated in the pre-production environment, according to the approved Change Management procedures. Major changes will require the application of specific non-regression tests.

Changes may refer to semantic upgrades (e.g. adoption of new version of the MVC/MTC) or changes in nationally used code systems (changes of the MTC) or fixing in the CDA documents, software patches, minor or major OpenNCP releases.

During planned changes, the service could be temporarily suspended. As far as possible these planned maintenances will be performed during night.

If explicitly requested by the Commission competent body, NCPeH redundancy could be applied, to guarantee, as far as possible, the continuity of service during the planned or unplanned maintenance.

Operation and change management indicators will be collected and reported on a quarterly basis.

T.3.4: Service Evaluation

The evaluation process will follow three complementary approaches:

- Automatic data collection, programming and activating the specific OpenNCP component (always guaranteeing the privacy of the patient).
- Light questionnaires, provided to the Health Professionals and Patients, to assess the user satisfaction.
- Thorough evaluation sessions with domain experts, to assess the clinical validity and collecting indications for service / clinical documents improvements.

Service evaluation results will be collected and reported on a semi-annual basis.

Activity 4: Dissemination, Training and Support

This activity will aim at the following objectives:

- Raise awareness and demand among citizens and health professionals regarding the provision of cross-border eHealth services,
- Promote educational and training initiatives to empower and support end-users as well as other MS entering Operation.

The activity will put in place and exploit differentiated communication channels:

- Project Content Management System,
- Project Web Portal, co-ordinated with the Web Portals of the other Member States,
- Social Media and web channels.

An overall communication strategy will be defined and aligned with other Member States.

The activity includes the following tasks:

T4.1 Health professional Dissemination, Education and Training

Specific communication and educational sessions will be organized in order to inform and train the Health Professionals (physicians who generate the Patient Summaries).

Training activities (approximately 5 organised trainings) will not be limited to teach how to use the system but also to learn about the differences among the Member States approaches, e.g. to consent management, way of creating the Patient Summaries and clinical implication of these differences.

T4.2 MS and stakeholder involvement and engagement

Decision-makers and decision-takers involvement is mandatory for the success of the eHealth cross-border services.

Overall strategies and action roadmap will be agreed with other Member States and implemented according to national specificities in order to trigger the specific initiatives toward the Health Professionals and citizens.

T4.3 Dissemination focusing on citizens and end-users

Slovak citizens will be made aware of their rights in terms of cross-border care and about the availability of eHealth cross-border services. This will include information on actions to be done while still at home, to enable the use of these eHealth services (i.e. consent signature, request for their Patient Summary to the GPs) and about the activated Points of Care in the visited Countries.

Targeted mass communication focusing on informing different types of users, such as tourists, students and business travellers will be designed and put in place.

T.4.4: Help Desk and Support

A help desk service will be set up and organised according to the eHDSI Country Service Desk Guideline adopted by the eHMSEG.

Activity 5: Governance and Management

The objectives of this activity are:

- Establish the link and the binding channel between the Slovak Republic, the eHealth DSI and other MS providing the services.
- Establish the appropriate national management structure.
- Establish the link and the binding channel between the Slovak republic, the eHealth DSI and other MS providing the services, as well as establish the appropriate national management structure to assure the provision of cross-border eHealth services.

The activity includes the following tasks:

T5.1 Acting and reporting according to the eHDSI Governance

Within this task Slovakia will participate and act according to the procedures defined by the eHealth DSI governance model, namely by complying with eHOMB and eHMSEG instructions and requests, as well as adopting eHealth Network decisions regarding policies, guidelines and approval to enter in Operation with eHealth Cross Border Services.

T5.2 Management of National activities

Within this task a national governance and management structure will be established to guarantee the execution of the proposed plan (deployment, operation, dissemination and support), as well as to assure the existence of the relevant skills and competences for a successful deployment strategy adjusted to national specificities.

The national governance and management structure will follow, as much as possible, the following organisation:

- Steering Board: to take high level strategic decisions,
- Executive Committee: to take tactical and operational decisions,
- Expert Groups (as much as needed), to deal with very technical matters, namely: legal, semantic, technical, security and education.

The beneficiary will identify within its organisation the persons responsible for the following roles:

- NCPeH - Organisation
- NCPeH - Contact person
- NCPeH - Technical
- NCPeH - Security
- NCPeH - Help desk

ARTICLE I.4 – MILESTONES AND MEANS OF VERIFICATION

Milestone number	Milestone description	Indicative completion date	Means of verification
1	Completion of the deployment schedule with activities, milestones and tasks	30/09/2020	Approved service deployment plan
2	Definition of the service dissemination, education and training plan for Patient Summary completed	31/12/2020	Approved service dissemination, education and training plan
3	Planning of the service support with responsibilities, workflow and stakeholder definition completed	31/03/2024	Approved service provision support plan
4	Compliance of the national node with the service requirements and recommendations for Patient Summary achieved	31/05/2023	Service Readiness Statement for Patient Summary issued by MS
5	Start of operation of Patient Summary (Country A)	30/06/2023	Go-live statement/confirmation issued by MS
6	Completion of the operation activity	30/06/2024	Submitted service provision report/Go Live global statement for the NCPeH
7	Completion of the service dissemination, training and support activity	30/06/2024	Yearly reports on dissemination, education and training, service provision and helpdesk performance
8	Completion of governance and management activity	30/06/2024	Report(s) on participation in national governance activities

ANNEX II GENERAL CONDITIONS

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PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – GENERAL OBLIGATIONS OF THE BENEFICIARY

The beneficiary shall:

- (a) be responsible for carrying out the action in accordance with the terms and conditions of the Agreement;
- (b) be responsible for complying with any legal obligations incumbent on it under applicable EU, international and national law;
- (c) inform the Agency immediately of any events or circumstances likely to affect or delay the implementation of the action of which the beneficiary is aware;
- (d) inform the Agency 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;
- (e) inform the Agency immediately of any change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046¹, including for its affiliated entities.

ARTICLE II.2 – COMMUNICATIONS BETWEEN THE PARTIES

II.2.1 Form and means of communications

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

In particular, the parties agree that any formal notification made by mail or email has full legal effect and is admissible as evidence in administrative or judicial proceedings.

If a party requests written confirmation of an electronic communication within a reasonable time, the sender must provide the signed hard copy of the document sent electronically as soon as possible.

Formal notifications shall be made by registered mail with return receipt or equivalent, or by electronic mail, which provides the sender with compelling evidence that the message was delivered to the specified recipient.

II.2.2 Date of communications

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

Electronic communication is deemed to have been received by the receiving party on the day

¹ Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, repealing Regulation (EU, Euratom) No 966/2012 (2012 Financial Regulation)

of successful dispatch of that communication, provided that it is sent to the addressees listed in Article 6. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In this case, the sending party shall immediately send again such communication to any of the other addresses listed in Article 6. The sending party must be able to prove the date of dispatch, for instance by an automatically generated read or receipt report. 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 Agency using the postal or courier services is considered to have been received by the Agency on the date on which it is registered by the department identified in Article 6.2.

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

ARTICLE II.3 – LIABILITY FOR DAMAGES

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

II.3.2 Except in cases of force majeure, the beneficiaries shall compensate the Agency for any damage sustained by it as a result of the implementation of the action or because the action was not implemented in full compliance with the Agreement.

ARTICLE II.4 - CONFLICT OF INTERESTS

II.4.1 The beneficiaries shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional life, any other direct or indirect personal interest or any other shared interest with the Agency, or any third party related to the subject matter of the Agreement (“conflict of interests”).

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

ARTICLE II.5 – CONFIDENTIALITY

II.5.1 The Agency and the beneficiaries shall preserve the confidentiality of any information and documents, in any form, which are disclosed in writing or orally in relation to the implementation of the Agreement and which are explicitly indicated in writing as confidential. It does not include information that is publicly available.

II.5.2 The Agency and the beneficiaries shall not use confidential information and documents for any reason other than fulfilling their obligations under the Agreement, unless otherwise agreed with the other party in writing.

II.5.3 The Agency and the beneficiaries shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Agreement and for a period of five years starting from the payment of the balance, unless:

- (a) the party concerned agrees to release the other party from the confidentiality obligations earlier;
- (b) the confidential information or documents become public through other means than a breach of the confidentiality obligations;
- (c) the disclosure of the confidential information or documents is required by law.

ARTICLE II.6 – PROCESSING OF PERSONAL DATA

II.6.1 Processing of personal data by the Agency

Any personal data included in the Agreement shall be processed by the Agency pursuant to Regulation (EU) No 2018/1725².

Such data shall be processed by the data controller identified in Article 6.1 solely for the purposes of the implementation, management and monitoring of the Agreement or to protect the financial interests of the EU, including checks, audits and investigations in accordance with Article II.27.

The beneficiaries shall have the right of access, rectify or erase their own personal data and the right to restrict or, where applicable, the right to data portability or the right to object to data processing in accordance with Regulation (EU) 2018/1725. For this purpose, they must send any queries concerning the processing of their personal data to the data controller, identified in Article 6.1.

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

II.6.2 Processing of personal data by the beneficiaries

The beneficiaries must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

The beneficiary may grant its personnel access only to data that is strictly necessary for implementing, managing and monitoring the agreement. The beneficiary must ensure that the personnel authorised to process personal data has committed itself to confidentiality or is

² Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC

under appropriate statutory obligation of confidentiality.

The beneficiary must adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature, scope, context and purposes of processing of the personal data concerned. This is in order to ensure, as appropriate:

- (a) the pseudonymisation and encryption of personal data;
- (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;
- (c) the ability to restore the availability and access to personal data in a timely manner in the event of a physical or technical incident;
- (d) a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing;
- (e) measures to protect personal data from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data transmitted, stored or otherwise processed.

ARTICLE II.7 – VISIBILITY OF UNION FUNDING

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

Unless the Agency requests or agrees otherwise, any communication or publication related to the action, made by the beneficiaries jointly or individually, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, etc.), shall indicate that the action has received funding from the Union and shall display the European Union emblem.

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

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

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

II.7.2 Disclaimers excluding Agency responsibility

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

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

II.8.2 Pre-existing rights

Pre-existing material is any materials, document, technology or know-how which exists prior to the beneficiary using it for the production of a result in the implementation of the action. Pre-existing right is any industrial and intellectual property right on pre-existing material; it may consist in a right of ownership, a licence right and/or a right of use belonging to the beneficiary or any other third parties.

If the Agency sends the beneficiaries a written request specifying which of the results it intends to use, the beneficiaries must:

- (a) establish a list specifying all pre-existing rights included in those results; and
- (b) provide this list to the Agency at the latest with the request for payment of the balance.

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

II.8.3 Rights of use of the results and of pre-existing rights by the Agency

The beneficiaries grant the Agency the following rights to use the results of the action:

- (a) for its own purposes, and in particular, to make available to persons working for the Agency, Union institutions, other Union agencies and bodies and to Member States' institutions, as well as to copy and reproduce in whole or in part and in an unlimited number of copies;
- (b) reproduction: the right to authorise direct or indirect, temporary or permanent reproduction of the results by any means (mechanical, digital or other) and in any form, in whole or in part;
- (c) communication to the public: the right to authorise any display performance or communication to the public, by wire or wireless means, including making the results available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them; this right also includes communication and broadcasting by cable or by satellite;
- (d) distribution: the right to authorise any form of distribution of results or copies of the results to the public;

- (e) adaptation: the right to modify the results;
- (f) translation;
- (g) the right to store and archive the results in line with the document management rules applicable to the Agency, including digitalisation or converting the format for preservation or new use purposes;
- (h) where the results are documents, the right to authorise the reuse of the documents in conformity with Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents if that Decision is applicable and if the documents fall within its scope and are not excluded by any of its provisions. For the sake of this provision, the terms 'reuse' and 'document' have the meanings given to them by Decision 2011/833/EU.

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

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

Information about the copyright owner shall be inserted when the result is divulged by the Agency. The copyright information shall read: "© – [year] – [name of the copyright owner]. All rights reserved. Licenced to the Innovation and Networks Executive Agency under conditions."

If the beneficiaries grant rights of use to the Agency, this does not affect their confidentiality obligations under Article II.5 or the beneficiaries' obligations under Article II.1.

ARTICLE II.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

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

The beneficiaries 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.

II.9.2 Beneficiaries acting in their capacity of 'contracting authorities' within the meaning of Directive 2014/24/EU³ or any previous applicable Union legislation or 'contracting

³ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

entities' within the meaning of Directive 2014/25/EU⁴ or any previous applicable Union legislation must comply with the applicable national public procurement rules.

II.9.3 The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any procurement contract contains provisions stipulating that the contractor has no rights vis-à-vis the Agency under the Agreement.

II.9.4 The beneficiaries 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.9.5 Where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary breaches any of its obligations under Article II.9.1, the costs related to the contract concerned shall be ineligible;
- If a beneficiary breaches any of its obligations under Article II.9.2, II.9.3 or II.9.4, the grant may be reduced in proportion to the seriousness of the breach of obligations.

A 'breach of obligations' shall be understood as a failure by the beneficiary to fulfil one or more of its contractual obligations.

Where, in accordance with Article 3(b), (c), (d) or (e) the grant takes the form of a unit, lump sum, flat-rate contribution or financing not linked to costs, if a beneficiary breaches any of its obligations under Article II.9.1, II.9.2, II.9.3 or II.9.4, the grant may be reduced in proportion to the seriousness of the breach of obligations.

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

II.10.1 A "subcontract" is a procurement contract within the meaning of Article II.9, which covers the implementation by a third party of tasks forming part of the action as described in Annex I.

II.10.2 Beneficiaries may subcontract tasks forming part of the action, provided that, in addition to the conditions specified in Article II.9.1, the following conditions are complied with:

- (a) subcontracting does not cover core tasks of the action;
- (b) recourse to subcontracting is justified having regard to the nature of the action and what is necessary for its implementation;
- (c) the estimated costs of the subcontracting are clearly identifiable in the estimated

⁴ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

budget set out in Annex III;

- (d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the coordinator and approved by the Agency. The Agency may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries request an amendment as provided for in Article II.12; or
 - (ii) after recourse to subcontracting if the subcontracting:
 - is specifically justified in the interim or final technical report referred to in Article II.23.2; and
 - does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.10.3 Beneficiaries acting in their capacity of 'contracting authorities' within the meaning of Directive 2014/24/EU⁵ or any previous applicable Union legislation or contracting entities within the meaning of Directive 2014/25/EU⁶ or any previous applicable Union legislation must comply with the applicable national public procurement rules.

II.10.4 The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any subcontract contains provisions stipulating that the subcontractor has no rights vis-à-vis the Agency under the Agreement.

II.10.5 The beneficiaries 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), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary breaches any of its obligations under Article II.10.2, the costs related to the subcontract concerned shall be ineligible;
- If a beneficiary 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) the grant takes the form of a unit, lump sum or flat-rate contribution if a beneficiary 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

⁵ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

⁶ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

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

- (a) the maximum amount of financial support, which shall not exceed EUR 60 000 for each third party except if achieving the objective of the action as specified in Annex I would otherwise be impossible or overly difficult;
- (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 beneficiaries 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 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 beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the eligibility and award criteria;
- (b) the amount of the prize;
- (c) the payment arrangements;

The beneficiaries 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 third parties receiving a prize.

II.11.3 The beneficiaries 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), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary 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 beneficiary 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) the grant takes the form of a unit, lump sum or flat-rate contribution if a beneficiary 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 AGREEMENT

- II.12.1** Any amendment to the Agreement shall be made in writing.
- II.12.2** An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.
- II.12.3** Any request for amendment shall be duly justified, be accompanied by appropriate supporting documents and shall be sent to the other party in due time before it is due to take effect, and in any case three months before the end of the period set out in Article 2.2, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.
- II.12.4** A request for amendment shall be jointly submitted by all the beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries.
- II.12.5** Amendments shall enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

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

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

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

The assignment shall only be enforceable against the Agency if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the beneficiary requesting the assignment.

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 Agency.

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

ARTICLE II.14 – FORCE MAJEURE

- II.14.1** "*Force majeure*" shall mean any unforeseeable, exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any of their

obligations under the Agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities, implementing bodies or third parties in receipt of financial support and which proves to be inevitable in spite of exercising due diligence. Any default of a service, defect in equipment or material or delays in making them available, as well as labour disputes, strikes or financial difficulties cannot be invoked as *force majeure*, unless they stem directly from a relevant case of *force majeure*.

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

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

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

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

II.15.1 Suspension of the implementation by the beneficiaries

The beneficiaries, acting jointly, or a beneficiary, acting on behalf of all beneficiaries, may suspend the implementation of the action or any part thereof, if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of *force majeure*. The beneficiaries, acting jointly, or a beneficiary, acting on behalf of all beneficiaries, shall inform the Agency without delay, giving the reasons for suspension, including details about the date or period when the exceptional circumstances occurred and the expected date of resumption.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.16.1, II.16.2 or points (c) or (d) of Article II.16.3.1, the beneficiaries acting jointly, or a beneficiary, acting on behalf of all beneficiaries, shall, once the circumstances allow resuming the implementation of the action, inform the Agency immediately and present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the Agency

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

- (a) if the Agency has evidence that a beneficiary has committed irregularities, fraud or breach of obligations in the award procedure or in the implementation of the Agreement;
- (b) if the Agency has evidence that a beneficiary has committed systemic or recurrent irregularities, fraud or serious breach of obligations under other grants funded by the Union or the European Atomic Energy Community

which were awarded to that beneficiary under similar conditions, provided that those irregularities, fraud or breach of obligations have a material impact on this grant;

- (c) if the Agency suspects irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred; 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.

II.15.2.2 Before suspending the implementation the Agency shall formally notify all the beneficiaries of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a), (b) and (d) of Article II.15.2.1, the necessary conditions for resuming the implementation. The beneficiaries shall be invited to submit observations within 30 calendar days from receipt of this notification.

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

If no observations have been submitted or if, despite the observations submitted by the beneficiaries, the Agency decides to pursue the suspension procedure, it may suspend the implementation by formally notifying all the beneficiaries thereof, specifying the reasons for the suspension and, in the cases referred to in points (a), (b) and (d) 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 suspension shall take effect five calendar days after the receipt of the notification by the beneficiaries or on a later date, where the notification so provides.

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

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.16.1, II.16.2 or points (c), (i), (j), (k) or (o) of Article II.16.3.1, the Agency shall, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify all the beneficiaries thereof and invite them to present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.3 Effects of the suspension

If the implementation of the action can be resumed and the Agreement is not terminated, an

amendment to the Agreement shall be made in accordance with Article II.12 in order to establish the date on which the action shall be resumed, to extend the duration of the action and to make any other modifications that may be necessary to adapt the action to the new implementing conditions.

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

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

The right of the Agency to suspend the implementation is without prejudice to its right to terminate the Agreement or the participation of a beneficiary in accordance with Article II.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 damages due to a suspension by the other party.

ARTICLE II.16 – TERMINATION OF THE AGREEMENT

II.16.1 Termination of the Agreement by the beneficiaries

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

If no reasons are given or if the Agency considers that the reasons exposed cannot justify the termination, it shall formally notify all the beneficiaries, specifying the grounds thereof, and the Agreement shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.1. The termination takes effect on the day specified in the formal notification.

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

In duly justified cases, the participation of any one or several beneficiaries in the Agreement may be terminated by that beneficiary or those beneficiaries, or by another beneficiary acting on behalf of the other beneficiaries. When notifying such termination to the Agency, the beneficiary or beneficiaries shall include the reasons for the termination of the participation, the date on which the termination shall take effect, the proposal of the remaining beneficiaries relating to the reallocation of the tasks of that beneficiary or those beneficiaries or, where relevant, to the nomination of one or more replacements which shall succeed that beneficiary or those beneficiaries in all their rights and obligations under the Agreement, if notification is made by another beneficiary, the opinion of the beneficiary or beneficiaries the participation of which is terminated (or proof that this opinion has been requested in writing), and a request for amendment as provided for in Article II.16.4.1. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the Agency considers that the reasons exposed cannot justify the termination, it shall formally notify all the beneficiaries, 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. The termination takes effect on the day specified in the formal notification.

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

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

- (a) if a change to the beneficiary's legal, financial, technical, organisational or ownership situation or a change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046, is likely to affect the implementation of the Agreement substantially, calls into question the decision to award the grant;
- (b) if, following the termination of the participation of any one or several beneficiaries, the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (c) if the beneficiaries, any related person as defined in the second subparagraph or any natural person who is essential for the award or for the implementation of the agreement have committed serious breach of obligations, including improper implementation of the action as specified in Annex I;
- (d) in the event of *force majeure*, notified in accordance with Article II.14, or in the event of suspension by the coordinator as a result of exceptional circumstances, notified in accordance with Article II.15, where resuming the implementation is impossible or where the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (e) if a beneficiary or a natural or legal person that assumes unlimited liability for the debts of that beneficiary:
 - i. is declared bankrupt, is subject to insolvency or winding up procedures, its assets are being administered by a liquidator or by a Court, has entered into an agreement with creditors, has suspended business activities or is in any analogous situation arising from a similar procedure provided for under the Union or national law;
 - ii. is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;

- (f) if a beneficiary or any related person, or any natural person who is essential for the award or for the implementation of the agreement has committed:
 - i. grave professional misconduct proven by any means;
 - ii. fraud;
 - iii. corruption;
 - iv. conduct related to criminal organisations;
 - v. money laundering;
 - vi. terrorism-related crimes (including terrorism financing);
 - vii. child labour or other offences concerning trafficking of human beings;
- (g) if a beneficiary or any related person or any natural person who is essential for the award or for the implementation of the agreement has created an entity under a different jurisdiction with the intend to circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business;
- (h) a beneficiary or any related person or any natural person who is essential for the award or for the implementation of the agreement has been created with the intend referred to in point (g) ;
- (i) if the Agency has evidence that a beneficiary or any related person, or any natural person who is essential for the award or for the implementation of the agreement, has committed irregularities, fraud or breach of obligations in the award procedure or in the implementation of the Agreement, including in the event of submission of false information or failure to submit required information;
- (j) if the Agency has evidence that a beneficiary has committed systemic or recurrent irregularities, fraud or serious breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those irregularities, fraud or breach of obligations have a material impact on this grant;
- (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 or, for grants for studies, if the action has not started within one year of the starting date set out in Article 2.2;
- (m) not applicable;
- (n) not applicable;
- (o) if the Agency has sent a beneficiary a formal notification asking it to end the participation of its affiliated entity because that entity is in a situation

provided for in points (e) to (j) and that beneficiary has failed to request an amendment ending the participation of the entity and reallocating its tasks.

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

For the purposes of points (f), (i) and (j), "fraud" shall mean any intentional act or omission affecting the Union's financial interests relating to the use or presentation of false, incorrect or incomplete statements or documents, to non-disclosure of information in violation of a specific obligation.

For the purposes of points (i) and (j), "irregularity" shall mean any infringement of a provision of Union law resulting from an act or omission by a beneficiary, which has or would have the effect of prejudicing the Union's budget.

For the purposes of point (f), "grave professional misconduct" shall mean a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.

For the purpose of points (c), (e), (i) and (j), "breach of obligations" shall mean as defined in the 2nd hyphen of Article II.9.5

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

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

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

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

II.16.4 Effects of termination

II.16.4.1 Where the Agreement is terminated, payments by the Agency shall be limited to the amount determined in accordance with Article II.25 on the basis of the eligible costs incurred by the beneficiaries and the actual level of implementation of the action on the date when the termination takes effect. Costs relating to current commitments, which are not due for execution until after the termination, shall not be taken into account. The beneficiaries shall have 60 days from the date when the termination of the Agreement takes effect, as provided for in Articles II.16.1 and II.16.3.2, to produce a request for payment of the balance in accordance with Article II.23.2. If no request for payment of the balance is received within this time limit, the Agency shall not reimburse or cover any costs or contributions 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 Agency shall recover any amount already paid, if its use is not substantiated by the technical reports and, where applicable, by the financial statements approved by the Agency.

Where the participation of a beneficiary is terminated, the beneficiaries must submit a request for amendment including:

- (i) a proposal to reallocate the tasks of the beneficiary or beneficiaries concerned by the termination; and
- (ii) if necessary, the addition of one or more new beneficiaries to succeed the beneficiary or beneficiaries concerned in all their rights and obligations under the Agreement.

If the Agency terminates the participation of a beneficiary, the beneficiaries must submit the request for amendment within 60 calendar days from the day on which the termination takes effect. If the beneficiaries terminate the participation of a beneficiary, the request for amendment must be included in the formal notification of termination referred to in Article II.16.2.

If termination takes effect after the end of the implementation period, no request for amendment must be provided.

If the request for amendment is rejected by the Agency, the Agreement may be terminated in accordance with Article II.16.3.1 (b). The request for amendment may be rejected if it calls into question the decision awarding the grant or is contrary to the equal treatment of applicants.

The beneficiary concerned shall have 60 days from the date when the termination of its participation takes effect to submit to the Agency a technical report and a financial statement covering the period from the end of the last reporting period according to Article 4.1.1 for which a report has been submitted to the Agency to the date on which the termination takes effect. It may also produce a request for interim payment in accordance with Article II.23.2. Only activities undertaken before the date when the termination takes effect or the end date of the implementation period as specified in Article 2.2, whichever is the earliest, must be taken into account. Where the grant takes the form of reimbursement of costs actually incurred as provided for in Article 3(a)(i), only those costs incurred by the beneficiary concerned up to the date when termination of its participation takes

effect shall be reimbursed or covered by the grant. Costs relating to current commitments, which were not due for execution until after the termination, shall not be taken into account.

Where the Agency, in accordance with point (c) of Article II.16.3.1, is terminating the Agreement or the participation of a beneficiary on the grounds that a beneficiary 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 or second subparagraph shall apply, subject to the following:

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

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

After termination, the concerned beneficiary's obligations continue to apply, in particular those under Articles 4, II.5, II.7, II.8, II.13, II.27 and any additional provisions on the use of the results, as set out in the Special Conditions.

II.16.4.2 Where the Agency, in accordance with point (l) of Article II.16.3.1, is terminating the Agreement on the ground that the action has not started by the set deadline, the following shall apply:

- (a) no beneficiary shall produce a request for payment of the balance; and
- (b) the final amount of the grant shall be EUR 0 (zero euro). The Agency 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 by the other party.

ARTICLE II.17 – NOT APPLICABLE

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

- II.18.1** The Agreement is governed by the applicable Union law complemented, where necessary, by the law of 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 beneficiary concerning the interpretation, application or validity of this Agreement, if such dispute cannot be settled amicably.
- II.18.3** By virtue of Article 299 TFEU, for the purposes of recoveries within the meaning of Article II.26, 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 beneficiary which meet the following criteria:

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

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 of the action set out in Annex III;
- (c) they are incurred in connection with the action as described in Annex I 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; 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; 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;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

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

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

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

conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, provided that these costs are in line with the beneficiary's usual policy on remuneration.

Those costs include actual salaries plus social security contributions and other statutory costs included in the remuneration. They may also comprise additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;

The costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may be included under such costs of personnel, provided that the following conditions are fulfilled:

- (i) the natural person works under the conditions similar to those of an employee (in particular regarding the way the work is organized, the tasks are performed and the premises where they are performed);
 - (ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
- (c) the full costs of purchase of equipment and other assets shall be eligible, provided that they are treated as capital expenditure in accordance with the tax and accounting rules applicable to the beneficiary 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;

- (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 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 or II.11.2 are met;
- (h) duties, taxes and charges paid by the beneficiary, notably non-deductible value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the 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.

Eligible indirect costs shall be declared on the basis of a flat rate of 7% of the total eligible direct costs minus subcontracting costs within the meaning of Article II.10 and costs of financial support to third parties within the meaning of Article II.11.

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 and dividends paid by a beneficiary;
- (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 Agency charged by the bank of a beneficiary;
- (h) costs declared by the beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget); In particular, beneficiaries receiving an operating grant financed by the EU or Euratom budget cannot declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.
- (i) contributions in kind from third parties;

- (j) excessive or reckless expenditure;
- (k) deductible VAT;

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

II.20.1 Reimbursement of actual costs

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

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

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

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

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

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

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

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

statements, to prove the amount declared as lump sum.

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

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

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

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

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

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

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

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

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

II.20.6 Reimbursement of pre-determined financing not linked to costs

Where, in accordance with Article 3(c), the grant takes the form of the reimbursement of financing not linked to costs, the beneficiary must declare as eligible costs or as requested contribution the global amount specified in Article 3(e), subject to the proper implementation of the corresponding tasks or part of the action as described in Annex I.

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

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

- II.21.1** Where the Special Conditions contain a provision on entities affiliated to the beneficiaries 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 beneficiary, and that the beneficiary to which the entity is affiliated or by which the implementing body is designated ensures 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 entity or body.
- II.21.2** The beneficiary to which the entity is affiliated or by which the implementing body is designated shall ensure that the conditions applicable to it under Articles II.3, II.4, II.5, II.7, II.9 and II.10 are also applicable to the entity or body.
- II.21.3** The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any 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 Agency under the Agreement.

ARTICLE II.22 – BUDGET TRANSFERS

The estimated budget breakdown set out in Annex III may be adjusted by transfers of amounts between budget categories, without this adjustment being considered as an amendment of the Agreement within the meaning of Article II.12, provided that the action is implemented as described in Annex I.

The beneficiary may not however:

- adjust amounts which, in accordance with Article 3(a)(iii) or (c), take the form of lump sums or which, as provided for in Article 3(c), take the form of financing not linked to cost;
- add costs relating to subcontracts not provided for in Annex I, unless such additional subcontracts are approved in accordance with Article II.10.

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

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

Not applicable.

II.23.2 Interim and final reports - Requests for interim payments or for payment of the balance and supporting documents

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

This request shall be accompanied by the following documents:

- (a) an interim report (“interim technical report”) or, for the payment of the balance, a final report on implementation of the action (“final technical report”), drawn up in accordance with Annex V; the interim or final technical report must contain the information needed to justify the eligible costs declared or the contribution requested on the basis of financing not linked to costs, unit costs/contribution and lump sums where the grant takes the form of the reimbursement of financing not linked to costs, unit or lump sum costs or of a financing not linked to costs, unit or lump sum contribution in accordance with Article 3(a)(ii), (iii), (b) or (c) or (e), as well as information on subcontracting as referred to in Article II.10.2(d);
- (b) an interim financial statement (“interim financial statement”) or, for the payment of the balance, a final financial statement (“final financial statement”); the interim or final financial statements must include a consolidated statement as well as a breakdown of the amounts claimed by each beneficiary, its affiliated entities and implementing bodies; they must be drawn up in accordance with the structure of the estimated budget set out in Annex III and with Annex VI and detail the amounts for each of the forms of

grant set out in Article 3 for the reporting period concerned;

- (c) only for the payment of the balance, a summary financial statement ("summary financial statement"); this statement must include a consolidated financial statement and a breakdown of the amounts declared or requested by each beneficiary, 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 for each beneficiary, its affiliated entities and its implementing bodies; it must be drawn up in accordance with Annex VI;
- (d) not applicable;
- (e) unless the Special Conditions provide otherwise, a certificate on the financial statements and underlying accounts ('certificate on the financial statements') for each beneficiary, each affiliated entity and each implementing body, if:
 - (i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article 3(a)(i) (and for which no certificate has yet been submitted) is EUR 325 000 or more;
 - (ii) the maximum grant amount indicated for that beneficiary, its affiliated entities and implementing bodies in the estimated budget as reimbursement of actual costs is EUR 750 000 or more.

This certificate shall be produced by an approved external auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII. It shall certify that the costs declared in the interim or final financial statement by the beneficiary concerned, its affiliated entities or and its implementing bodies for the categories of costs reimbursed in accordance with Article 3(a)(i) are real, accurately recorded and eligible in accordance with the Agreement. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3 have been declared.

The coordinator shall certify that the information provided in the request for interim payment or for payment of the balance is full, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3 have been declared.

II.23.3 Non-submission of documents

Where a beneficiary 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.23.2 and where the beneficiary still fails to submit such a request within 60 days following a written reminder sent by the Agency, the Agency reserves the right to terminate the Agreement in accordance with Article II.16.3.1(c), with the effects described in the third and the fourth subparagraphs of Article II.16.4.1.

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.

Beneficiaries with general accounts in a currency other than the euro shall convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of *Official Journal of the European Union*, determined over the corresponding reporting period, available at:

<http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>.

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

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

ARTICLE II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS

II.24.1 Pre-financing

II.24.1.1 The pre-financing is intended to provide the beneficiaries with a float. It remains the property of the Union until it is cleared against the payment of the balance to the coordinator.

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

- (a) it is provided by an approved bank or an approved financial institution. The guarantee shall be denominated in euros. Where a beneficiary is established in a third country, the Agency may agree that a bank or a financial institution established in that third country may provide the guarantee if it considered that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. At the request of the coordinator and acceptance by the Agency, the financial guarantee may be replaced by a joint and several guarantee by a third party;
- (b) the guarantor stands as first-call guarantor and does not require the Agency to have recourse against the principal debtor (i.e. the beneficiary concerned); and
- (c) it provides that it remains in force until the pre-financing is cleared against the payment of the balance by the Agency and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to the coordinator. The Agency shall release the guarantee within the following month.

II.24.1.2 Without prejudice to Article II.24.5, where Article 4.1 provides for a pre-financing

payment upon entry into force of the Agreement or following a later date, the Agency shall pay to the coordinator within 30 days following that date or, where required by Article 4.1, following receipt of the financial guarantee.

II.24.2 Interim payments

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

Without prejudice to Articles II.24.4 and II.24.5, on receipt of the documents referred to in Article II.23.2, the Agency shall pay to the coordinator the amount due as interim payment within the time limit specified in Article 4.2.

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

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

- (a) the following amounts, which depend on the form of the grant, shall be added:
 - (i) where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate specified in that Article to the eligible costs of the action approved by the Agency for the concerned reporting period and the corresponding categories of costs, beneficiaries, affiliated entities and implementing bodies;
 - (ii) where, in accordance with Article 3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified in that Article by the actual number of units approved by the Agency for the concerned reporting period and for the corresponding beneficiaries, affiliated entities and implementing bodies;
 - (iii) where, in accordance with Article 3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding beneficiaries, affiliated entities and implementing bodies, subject to approval by the Agency of the proper implementation during the concerned reporting period of the corresponding tasks or part of the action in accordance with Annex I;
 - (iv) where, in accordance with Article 3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Agency for the concerned reporting period and the corresponding beneficiaries, affiliated entities and implementing bodies.
 - (v) where, in accordance with Article 3(e), the grant takes the form of financing not linked to costs, the Agency applies financing not linked to costs specified in that

Article for the corresponding beneficiaries, affiliated entities and implementing bodies if it finds that the conditions specified in Annex I are fulfilled and/or the results specified in Annex I are achieved during the concerned reporting period.

- (b) the amount obtained in accordance with point (a) shall be limited to the difference between the ceiling for pre-financing and interim payments set out in Article 4.1.3 and the total amount of the pre-financing and interim payments already made.

II.24.3 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 the remaining part of the eligible costs and contributions incurred for the implementation of the action. 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.24.4 and II.24.5, on receipt of the documents referred to in Article II.23.2, the Agency shall pay the amount due as the balance within the time limit specified in Article 4.2.

This amount shall be determined following approval of the request for payment of the balance and of the accompanying documents and in accordance with the fourth subparagraph. Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the compliance, authenticity, completeness or 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 for each beneficiary in accordance with Article II.25, the total amount of pre-financing and interim payments already made to the beneficiary.

II.24.4 Suspension of the time limit for payment

The Agency may suspend the time limit for payment specified in Article 4.2 at any time by formally notifying the beneficiary concerned that its request for payment cannot be met, either because it does not comply with the provisions of the Agreement, or because the appropriate supporting documents have not been produced, or because there is doubt about the eligibility of the costs declared in the financial statement.

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

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

II.24.5 Suspension of payments

II.24.5.1 The Agency may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance for all beneficiaries, or suspend the pre-financing payments or interim payments for any one or several beneficiaries:

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

II.24.5.2 Before suspending payments, the Agency shall formally notify all the beneficiaries of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a), (b) and (d) of Article II.24.5.1, the necessary conditions for resuming payments. The beneficiaries shall be invited to make any observations within 30 calendar days from receipt of this notification.

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

If no observations have been submitted or if, despite the observations submitted by the beneficiaries, the Agency decides to pursue the procedure of payment suspension, it may suspend payments by formally notifying all the beneficiaries thereof, specifying the reasons for the suspension and, in the cases referred to in points (a), (b) and (d) of Article II.24.5.1, the definitive conditions for resuming payments or, in the case referred to in point (c) of Article II.24.5.1, the indicative date of completion of the necessary verification.

The suspension of payments shall take effect on the date when the notification is sent by the Agency.

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

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

During the period of suspension of payments and without prejudice to the right to suspend the implementation of the action in accordance with Article II.15.1 or to terminate the Agreement or the participation of a beneficiary in accordance with Article II.16.1 and Article II.16.2, the beneficiary or beneficiaries concerned by the suspension of payments are not entitled to submit any requests for payments.

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 4.1.

II.24.6 Notification of amounts due

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

II.24.7 Interest on late payment

On expiry of the time limits for payment specified in Articles 4.2 and II.24.1, and without prejudice to Articles II.24.4 and II.24.5, the beneficiaries are entitled to interest on late payment at the rate applied by the European Central Bank for its main refinancing operations in euros ("the reference rate"), plus three and a half points. The reference rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

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

The suspension of the time limit for payment in accordance with Article II.24.4 or of payment by the Agency in accordance with Article II.24.5 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.24.9.

The interest payable shall not be considered for the purposes of determining the final amount of grant within the meaning of Article II.25.3.

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

II.24.8 Currency for payments

Payments by the Agency shall be made in euro.

II.24.9 Date of payment

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

II.24.10 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 Agency shall be borne by the Agency;
- (b) costs of transfer charged by the bank of a beneficiary shall be borne by the beneficiary;
- (c) all costs of repeated transfers caused by one of the parties shall be borne by the party which caused the repetition of the transfer.

II.24.11 Payments to the beneficiaries

The Agency shall make payments to each beneficiary.

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

II.25.1 Calculation of the final amount

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

- (a) where, in accordance with Article 3(a), the grant to the beneficiary, its affiliated entities or its implementing bodies takes the form of the reimbursement of eligible costs actually incurred, the amount obtained by application of the reimbursement rate(s) specified in that Article to the eligible costs approved by the Agency for the corresponding categories of costs and activities;
- (b) where, in accordance with Article 3(b), the grant to the beneficiary, its affiliated entities or its implementing bodies 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 Agency;

- (c) where, in accordance with Article 3(c), the grant to the beneficiary, its affiliated entities or its implementing bodies takes the form of a lump sum contribution, the lump sum specified in that Article, subject to approval by the Agency of the proper implementation of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article 3(d), the grant to the beneficiary, its affiliated entities or its implementing bodies 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 Agency;
- (e) where, in accordance with Article 3(e), the grant takes the form of a financing not linked to costs, the amount specified in that Article for the corresponding beneficiaries, affiliated entities and implementing bodies if it finds that the conditions specified in Annex I were fulfilled and/or the results specified in Annex I were achieved.

The amount of volunteers' work declared as direct eligible costs for the corresponding beneficiaries and affiliated entities must be limited to the following amount, whichever is the lowest:

- (i) the total sources of financing as indicated in the final financial statement and as accepted by the Agency multiplied by fifty per cent; or
- (ii) the amount of volunteers' work indicated in the estimated budget set out in Annex III.

Where Article 3 provides for a combination of different forms of grant for the beneficiary, its affiliated entities or its implementing bodies, these amounts shall be added.

II.25.2 Maximum amount

The total amount paid by the Agency to a beneficiary may in no circumstances exceed the maximum amount of the grant for that beneficiary specified in Article 3.

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

If volunteers' work is declared as part of direct eligible costs, the final amount of the grant is limited to the amount of total eligible costs and contributions approved by the Agency minus the amount of volunteers' work approved by the Agency.

II.25.3 Reduction due to the no-profit rule

The grant may not produce a profit for the beneficiary, unless specified otherwise in the Special Conditions.

The profit must be calculated as follows:

- (a) calculate the surplus of the total receipts of the action, over the total eligible costs of the action, as follows:

{ receipts of the action

minus

the consolidated total eligible costs and contributions approved by the Agency corresponding to the amounts determined in accordance with Article II.25.1 }

The receipts of the action are calculated as follows:

{ the revenue generated by the action for the beneficiary and its affiliated entities other than non-profit organisations

plus

the amount obtained following Articles II.25.1 and II.25.2}

The revenue generated by the action is the consolidated revenue established, generated or confirmed for the beneficiary and its affiliated entities other than non-profit organisations on the date on which the request for payment of the balance is drawn up by the beneficiary.

In kind and financial contributions made by third parties are not considered receipts.

- (b) If the amount calculated under point (a) is positive, this amount will be deducted from the amount calculated following Articles II.25.1 and II.25.2 in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Agency for the categories of costs referred to in Article 3.

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

The Agency may reduce the maximum grant amount per beneficiary set out in Article 3 if the action is not implemented properly in accordance with Annex I (i.e. if it has not been implemented or has been implemented poorly, partially or late), or if a beneficiary fails to comply with any other obligations under this Agreement.

The amount of the reduction will be proportionate to the degree to which the action has been implemented improperly or to the seriousness of the breach.

Before the Agency reduces the grant, it must send a formal notification to the beneficiary concerned:

(a) informing it of:

- (iii) its intention to reduce the maximum amount of the grant;
- (iv) the amount by which it intends to reduce the grant;
- (v) the reasons for reduction;

(b) inviting it to submit observations within 30 calendar days of receiving the formal

notification.

If the Agency does not receive any observations or decides to pursue reduction despite the observations it has received, it will send a formal notification informing the beneficiary concerned of its decision.

If the grant is reduced, the Agency must calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the improper implementation of the action or to the seriousness of the breach of obligations) from the maximum amount of the grant.

The final amount of the grant will be the lower of the following two:

- (a) the amount determined in accordance with Article II.25.1, II.25.2 and II.25.3; or
- (b) the reduced grant amount determined in accordance with Article II.25.4.

ARTICLE II.26 – RECOVERY

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

Where the payment of the balance for a beneficiary takes the form of a recovery, the Agency shall formally notify the beneficiary concerned of its intention to recover the amount unduly paid:

- (a) specifying the amount due and the reasons for recovery;
- (b) inviting the beneficiary concerned to make any observations within a specified period.

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

If the beneficiary concerned does not repay the Agency by the date specified in the debit note, the Agency or the Commission shall recover the amount due from the beneficiary 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 beneficiary concerned by the audit or OLAF findings shall repay the Agency the amount in question.

Before recovery, the Agency shall formally notify the beneficiary concerned of its intention to recover the amount unduly paid:

- (a) specifying the amount due (including any amount unduly paid by the Agency as a contribution towards the costs incurred by its affiliated entities or its implementing

bodies) and the reasons for recovery;

(b) inviting the beneficiary concerned to make any observations within a specified period.

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

If the beneficiary concerned does not repay the Agency by the date specified in the debit note, the Agency or the Commission shall recover the amount due from the beneficiary 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 Agency or the Commission shall recover the amount due:

- (a) by offsetting it against any amounts owed to the beneficiary concerned by the Commission or an executive agency (from the Union or the European Atomic Energy Community (Euratom) budget) ("offsetting"); in exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Agency may recover by offsetting before the due date; the beneficiary's prior consent shall not be required; an action may be brought against such offsetting before the General Court of the European Union pursuant to Article 263 TFEU;
- (b) by drawing on the financial guarantee where provided for in accordance with Article 4.1 ("drawing on the financial guarantee");
- (c) where provided for in the Special Conditions, by holding the beneficiaries 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.

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.24.7. 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 Agency or 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 Agency shall

be borne by the beneficiary concerned except where Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC applies.

ARTICLE II.27 – CHECKS, AUDITS AND EVALUATION

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

The Commission or the Agency may carry out technical and financial checks and audits to determine that the beneficiaries are implementing the action properly and are complying with the obligations under the Agreement. It may also check the statutory records of the beneficiaries for the purpose of periodic assessments of lump sum, unit cost or flat-rate amounts.

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

In addition, the Commission or the Agency may carry out interim or final evaluation of the impact of the 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 or the Agency may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.

Such checks, audits or evaluations may be initiated during the implementation of the Agreement and for a period of five years starting from the date of payment of the balance. This period shall be limited to three years if the maximum amount specified in Article 3 is not more than EUR 60 000.

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

If the audit is carried out on an affiliated entity or implementing body, the beneficiary concerned must inform that affiliated entity or implementing body.

II.27.2 Duty to keep documents

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

This period shall be limited to three years if the maximum amount specified in Article 3 is not more than EUR 60 000.

The periods set out in the first and second subparagraphs shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant, including in the case

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

II.27.3 Obligation to provide information

The beneficiaries shall provide any information, including information in electronic format, requested by the Commission or the Agency or by any other outside body authorised by it in the framework of a check, audit or evaluation.

In case a beneficiary does not comply with the obligations set out in the first subparagraph, the Commission or the Agency may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any financing not linked to costs, unit lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

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

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

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

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any financing not linked to costs, unit lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5 Contradictory audit procedure

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

II.27.6 Effects of audit findings

On the basis of the final audit findings, the Commission or the Agency may take the

measures which it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it, in accordance with Article II.26.

In the case of final audit findings made after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant for the beneficiary concerned, determined in accordance with Article II.25, and the total amount paid to the beneficiary concerned under the Agreement for the implementation of its activities.

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

II.27.7.1 The Commission or the Agency may extend audit findings from other grants to this grant if:

- (a) the beneficiary is found, on the basis of an audit of other EU or Euratom grants awarded to it under similar conditions, to have committed systemic or recurrent irregularities, fraud or breach of obligations that have a material impact on this grant; and
- (b) the final audit report containing the findings of the systemic or recurrent irregularities, fraud or breach of obligations is formally received by the beneficiary, together with the list of grants affected by the findings, within the period referred to in Article II.27.1.

The extension of findings may lead to:

- (a) the rejection of costs as ineligible;
- (b) reduction of the grant as provided for in Article II.25.4;
- (c) recovery of undue amounts as provided for in Article II.26;
- (d) suspension of payments as provided for in Article II.24.5;
- (e) suspension of the action implementation as provided for in Article II.15.2;
- (f) termination as provided for in Article II.16.3.

II.27.7.2 The Commission or the Agency must send a formal notification to the beneficiary concerned informing it of the systemic or recurrent irregularities, fraud or breach of obligations and of its intention to extend the audit findings, together with the list of grants affected.

- (a) If the findings concern eligibility of costs, the procedure is as follows:

The formal notification must include:

- (i) an invitation to submit observations on the list of grants affected by the findings;
- (ii) a request to submit revised financial statements for all grants affected;
- (iii) where possible, the correction rate for extrapolation established by the Commission or the Agency to calculate the amounts to be rejected on the basis of the systemic or recurrent irregularities, fraud or breach of obligations, if the beneficiary concerned:
 - considers that the submission of revised financial statements is not possible or practicable; or
 - will not submit revised financial statements.

The beneficiary concerned has 60 calendar days from when it receives the formal notification to submit observations and revised financial statements or to propose a duly substantiated alternative correction method. This period may be extended by the Commission or the Agency in justified cases.

If the beneficiary concerned submits revised financial statements that take account of the findings, the Commission or the Agency will determine the amount to be corrected on the basis of those revised statements.

If the beneficiary proposes an alternative correction method and the Commission or the Agency accepts it, the Commission or the Agency must send a formal notification to the beneficiary concerned informing it:

- (i) that it accepts the alternative method;
- (ii) of the revised eligible costs determined by applying this method.

Otherwise the Commission or the Agency must send a formal notification to the beneficiary concerned informing it:

- (i) that it does not accept the observations or the alternative method proposed;
- (ii) of the revised eligible costs determined by applying the extrapolation method initially notified to the beneficiary.

In the case of systemic or recurrent irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant for the beneficiary concerned, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission or the Agency or on the basis of the revised eligible costs after extrapolation, and the total amount paid to the beneficiary concerned under the Agreement for the implementation of its activities;

- (b) If the findings concern improper implementation or a breach of another obligation (i.e. where ineligible costs cannot serve as a basis for determining the amount to be corrected), the procedure is as follows:

The Commission or the Agency shall formally notify the beneficiary concerned of the correction of the flat rate to be applied to the maximum amount of the grant specified in Article 3 or to part of it, according to the principle of proportionality, and invite the beneficiary to submit observations on the list of grants affected by the findings.

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

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

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

II.27.8 Right of OLAF

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

By virtue of Council Regulation (Euratom, EC) No 2185/96⁷ 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, Euratom) No 883/2013⁸ 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 Agency. They may also lead

⁷ OJ L 292, 15.11.1996, p.2

⁸ OJ L 248, 18.09.2013, p.1

to criminal prosecution under national law.

II.27.9 Right of the European Court of Auditors and EPPO

The European Court of Auditors and the European Public Prosecutor's Office established by Council Regulation (EU) 2017/1939⁹ ('the EPPO') have the same rights as the Agency and the Commission, notably right of access, for the purpose of checks, audits and investigations.

⁹ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office

Agreement number: INEA/CEF/ICT/A2019/2063993
Action No: 2019-SK-IA-0050

ANNEX III
ESTIMATED BUDGET OF THE ACTION

Table 1: Planned sources of financing of the eligible costs of the action

Financing sources	Amount of financial contribution to the action eligible costs (EUR)
1. CEF-Telecom financing	328,393
2. Beneficiary's own resources	109,464
3. State budget(s)	0
4. Regional/ local budget(s)	0
5. Income generated by the action	0
6. Other sources	0
TOTAL	437,857

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Table 2: Indicative breakdown per activity of estimated eligible costs of the action (EUR)

	Direct eligible costs				Indirect eligible costs	Total eligible costs	Estimated CEF contribution
	Personnel costs	Subcontracting costs	Other costs	Total			
Activity 1	84,734	0	14,011	98,745	6,912.15	105,657.15	79,242.86
NCZI	84,734	0	14,011	98,745	6,912.15	105,657.15	79,242.86
Activity 2	52,959	0	9,261	62,220	4,355.4	66,575.4	49,931.55
NCZI	52,959	0	9,261	62,220	4,355.4	66,575.4	49,931.55
Activity 3	35,306	0	3,212	38,518	2,696.26	41,214.26	30,910.7
NCZI	35,306	0	3,212	38,518	2,696.26	41,214.26	30,910.7
Activity 4	124,630	0	20,900	145,530	10,187.1	155,717.1	116,787.82
NCZI	124,630	0	20,900	145,530	10,187.1	155,717.1	116,787.82
Activity 5	55,383	0	8,816	64,199	4,493.93	68,692.93	51,519.7
NCZI	55,383	0	8,816	64,199	4,493.93	68,692.93	51,519.7
TOTAL	353,012	0	56,200	409,212	28,644.84	437,856.84	328,392.63
NCZI	353,012	0	56,200	409,212	28,644.84	437,856.84	328,392.63

ANNEX IV MANDATE [N]

I, the undersigned,

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

representing,

[full official name of the future beneficiary] [(ACRONYM or short name)]

[official legal status or form]

[Registration No [official registration No]]

[full official address]

[VAT No [VAT number]],

hereinafter referred to as "the beneficiary",

for the purposes of the signature and the implementation of the grant agreement No INEA/CEF/[Sector]/[<M or A><year>]/[xxxx] for the Action No [action code] entitled "[action title as specified in Article 1 GA]" with the Innovation and Networks Executive Agency (hereinafter referred to as "the grant agreement")

hereby mandate:

[full official name of the coordinator] [(ACRONYM or short name)]

[official legal status or form]

[Registration No [official registration No]]

[full official address]

[VAT No [VAT number]],

represented by [forename, surname and function of the legal representative of the coordinator] (hereinafter referred to as "the coordinator")

[Option 1 – if the coordinator will sign on behalf of the other beneficiaries:

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

and

2. to act on behalf of the beneficiary in compliance with the grant agreement.]

[Option 2 – if the coordinator will not sign on behalf of the other beneficiaries:

to act on behalf of the beneficiary in compliance with the grant agreement.]

I hereby confirm that the beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other beneficiaries. ***[Text if the coordinator is the sole recipient of all payments: In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Innovation and Networks Executive Agency and distribute the amounts corresponding to the***

beneficiary's participation in the action.]

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

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

This mandate shall be annexed to the grant agreement and shall form an integral part thereof.

SIGNATURE

[signature]

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

Done at [place], on [date]

In [duplicate][[...]] original copies in English

ANNEX V
MODEL TECHNICAL REPORT(S)

The templates for technical report(s) as referred to in Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-telecom/beneficiaries-info-point>

ANNEX VI
MODEL FINANCIAL STATEMENT(S)

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

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-telecom/beneficiaries-info-point>

ANNEX VII

MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

The model terms of reference for the certificate on the financial statements as referred to in Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-telecom/beneficiaries-info-point>

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.