

FRAMEWORK PARTNERSHIP AGREEMENT WITH MULTIPLE PARTNERS

FRAMEWORK PARTNERSHIP AGREEMENT NUMBER *(insert number)*

The European Community ("the Community"), represented by the Commission of the European Communities ("the Commission"), itself represented for the purposes of signature of this framework partnership agreement by *(insert name, forename, function, DG/service)*

of the one part,

and

(insert full official name) (ACRONYM)
*(insert official legal form)*¹
*(insert official registration No)*²
(insert official address in full)
(insert VAT number),

hereinafter called "the co-ordinator", represented for the purposes of signature of the agreement by *(insert name, forename and function)*

and the following "co-partners":

Option 1 for signing:³

- *(insert full official name- established in [country])*
- *(insert full official name- established in [country])*
-

who have conferred powers of attorney for the purposes of the signature of the framework partnership agreement to the representative of the co-ordinator,⁴

Option 2 for signing:

(insert full official name) (ACRONYM)
(insert official legal form)
(insert official registration No)
(insert official address in full)
(insert VAT number)

represented for the purposes of signature of this agreement by (insert name, forename and function)

³ Delete if the partner is a natural person or a public-sector body.

² Delete if the partner is a public-sector body. (For natural persons, also indicate the number of their identity card or, failing that, of their passport or equivalent.)

³ Option 1: Either the co-partners confer powers of attorney to the appointed co-ordinator (model mandate provided as Annex IV requiring full details of the co-partners and their signatures) or, Option 2: each participating co-partner signs the agreement itself on the last page.

⁴ Model mandate provided as Annex IV.

(idem for each co-partner)

collectively “the partners”, and each individually identified as “partner” for purposes of this agreement where a provision applies without distinction to the co-ordinator or a co-partner.

of the other part,

HAVE AGREED

on the **Preamble**, the **Special Conditions**, the **General Conditions** and the **Annexes** that go to make up the present framework partnership agreement ("the framework partnership agreement").

The **Preamble** sets out the context of the partnership established between the parties in the field of *(insert sujet)*.

The **Special Conditions** and the **General Conditions** indicate the subject and duration of the framework partnership agreement and the operational arrangements for the partnership.

The following documents are annexed to the framework partnership agreement:

- Annex I** Implementation strategy and geographical coverage planned under the partnership
- Annex II** Model specific grant agreement
- (Annex III** Mandates conferring powers of attorneys from the co-partners to the co-ordinator)

The terms of the Special Conditions, of which the Preamble forms an integral part, shall take precedence over those in the other parts of the framework partnership agreement. The terms of the General Conditions shall take precedence over those in the Annexes.

Through his signature, the partners accept the terms of the framework partnership agreement and their application to any specific grant agreements subsequently concluded between the parties.

PREAMBLE

The Commission is responsible for implementing the Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013)⁶.

For the purposes of implementing this Community policy, the Commission selects one or more partners engaged in the area of activity concerned ("the partner(s)"), with whom it shares common general objectives and wishes to establish a relationship of lasting cooperation.

The general objectives which it shares with *(insert acronyms of partners)* and which justify the establishment of a partnership are described in article 21 of the abovementioned Community policy:

“Services in support of business and innovation

1. *Services in support of business and innovation, in particular for SMEs, shall be encouraged.*
2. *Taking into account the established experience and skills of existing European support networks for businesses, financial support may be granted to network partners to provide, in particular:*
 - (a) *Information, Feedback, Business Cooperation and Internationalisation services;*
 - (b) *Services for innovation and for the transfer of both Technology and Knowledge;*
 - (c) *Services encouraging the participation of SMEs in the Community framework Programme for RTD*

Details concerning these services are laid down in Annex III.

3. *The Commission shall select network partners through calls for proposals in relation to the different services referred to in paragraph 2(a), (b) and (c). Following those calls for proposals the Commission may establish a framework partnership agreement with selected network partners specifying the type of activities to be offered, the procedure for awarding grants to them and the general rights and obligations of each party. The framework partnership may cover the whole period of duration of the programme.*
4. *In addition to the services referred to under paragraph 2(a), (b) and (c), the Commission may provide financial support for the implementation of other activities within the scope of the framework programme following calls for proposals which may be restricted to the network partners. These services should ensure that interested parties and potential applicants may obtain comprehensive assistance relating to the possibilities of support under the framework programme.*
5. *The Commission shall support the network partners by making available the appropriate coordination and operational support. Organisations established in countries which are not participating in the programme may have the possibility to benefit from this coordination and operational support.*
6. *The Commission shall ensure that network partners shall cooperate with each other and, in the event that a network partner is unable to address an enquiry directly, it shall refer the enquiry to a competent network partner*

⁶ OJ L 310/15, 09.11.2006.

I - SPECIAL CONDITIONS

ARTICLE I.1 - SUBJECT

- I.1.1 The framework partnership agreement is concluded as part of an ongoing, formalised relationship of cooperation between the Commission and the partners ("the partnership") on the basis of Community objectives and an implementation strategy and geographical coverage set out in Annex I, in order to contribute to the objectives of the Community policy referred to in the Preamble.
- I.1.2 The purpose of the framework partnership agreement is to define the respective roles and responsibilities of the Commission and the partners in implementing their partnership. The specific grant agreements that may be signed under the framework partnership agreement shall relate to grants for an action.

ARTICLE I.2 – AWARD OF GRANTS

- I.2.1 Except for the first specific grant agreement that shall be based on the agreed work programme submitted by the partners in the context of the call for proposals, the Commission may consult its partners in order to obtain a proposal for action (generally in the form of a annual or multi-annual work programme) in line with the implementation strategy and geographical coverage set out in Annex I. The Commission shall to that end stipulate the technical and financial criteria that the actions must satisfy if they are to qualify for a Community grant. The partners shall be free to submit a proposal for action to the Commission in response to the consultation carried out.
- I.2.2 Where the Commission decides to accept a proposal for action, it shall send the partners a specific grant agreement ("specific grant agreement") in accordance with the model in Annex II. The specific grant agreement is governed by the terms of the framework partnership agreement and must be signed by the authorised representatives of the parties under the same conditions as the framework partnership agreement.
- I.2.3 By signing the specific grant agreement, the partners undertake to carry out the action under their own responsibility on the terms laid down in the specific grant agreement and the annexes thereto and in compliance with the undertakings entered into under the framework partnership agreement.
- I.2.4 Signature of the framework partnership agreement by the parties shall not give rise to any obligation on the Commission to award a grant. It shall be without prejudice to the partners' participation in other calls for proposals with a view to the award of grants outside the implementation strategy and geographical coverage set out in Annex I.

ARTICLE I.3 - DURATION

- I.3.1 The framework partnership agreement shall enter into force on the date when the last of the two parties signs.
- I.3.2 It shall be concluded for a period of maximum 6 years (until December 31st, 2013 at the latest), starting from January 1st, 2008.
- I.3.3 Specific grant agreements must be signed before the date when the framework partnership agreement expires. Where the actions are carried out after the above-mentioned date, the terms of the framework partnership agreement shall continue to apply to the implementation of the corresponding specific grant agreements.

ARTICLE I.4 – ROLE OF THE PARTNERS

- I.4.1 The partners

- a) Shall have full responsibility for ensuring that their respective contribution to the action is implemented in accordance with the agreement.
- b) Agree upon appropriate arrangements between themselves for the proper performance of the action through the conclusion of an internal co-operation agreement regarding their internal operation and co-ordination. The co-operation agreement shall include all aspects necessary for the management of the partners and the implementation of the action.
- c) Shall communicate to the Commission all amounts received in accordance with any other grant agreements or service contracts signed with the European Communities during the period specified in Article I.3.
- d) be responsible, in the event of audits, checks or evaluations, as described in Articles II.7 and II.21, for providing all the necessary documents, the original accounting documents and signed copies of sub-contracts, if any have been concluded in accordance with Article II.10.

I.4.2 The co-ordinator shall:

- a) Be the intermediary for all communication between the co-partners and the Commission in accordance with Article I.8. Any claims that the Commission might have in respect of the framework partnership agreement and the specific grant agreements shall be addressed to, and answered by, the co-ordinator, save where specifically stated otherwise in the framework partnership agreement;
- b) Be responsible for supplying all documents and information to the Commission which may be required under the framework partnership agreement and the specific grant agreements, in particular in relation to the requests for payment. The co-ordinator shall not delegate any part of this task to the co-partners or to any other party. Where information from the co-partners is required, the co-ordinator shall be responsible for obtaining and verifying this information and for passing it on to the Commission;
- c) Inform the co-partners of any event of which the co-ordinator is aware that is liable to substantially affect the implementation of the action;
- d) Inform the Commission of transfers between items of eligible costs, or request Commission approval when necessary, as provided in Article I.5, paragraph 3;
- e) Make the appropriate arrangements for providing the financial guarantee of the partners participating in the action, when requested, under the provisions of Article I.6;
- f) Establish the payment requests on behalf of the partners, detailing the exact share and amount assigned to each partner, the estimated eligible and the actual costs incurred in accordance with the specific grant agreements. All payments by the Commission are made to the bank account(s) referred to in paragraph 1 of Article I.7;
- g) Ensure that all the appropriate payments are made to the co-partners without unjustified delay in accordance with paragraph 3 of Article I.7 and shall inform the Commission of the distribution of the Community financial contribution between the co-partners and of the date of transfer;

I.4.3 The co-partners shall:

- a) Forward to the co-ordinator the data needed to draw up the reports, financial statements and other documents provided for in the framework partnership agreement and in the specific grant agreements;
- b) Ensure that all information to be provided to the Commission, in accordance with the framework partnership agreement and the specific grant agreements, is sent via the co-ordinator, save where the framework partnership agreement and the specific grant agreements specifically stipulate otherwise;
- c) Inform the co-ordinator immediately of any event liable to substantially affect or delay the

implementation of the action of which they are aware;

- d) Inform the co-ordinator of transfers between items of eligible costs, as provided in Article I.5, paragraph 3;

ARTICLE I.5 - FINANCING THE ACTIONS

- I.5.1 The partners must provide proof of the amount of co-financing provided. The co-financing may be provided either from the partners' own resources or from other sources of external finance.
- I.5.2 The provisions relating to the submission of the reports and other documents relating to the action are set out in the specific grant agreements.
- I.5.3 By way of derogation from Article II.15, the partners may, when carrying out the action, adjust the estimated budget by transfers between categories of eligible direct costs or transfers between partners, provided that this adjustment of expenditure does not affect implementation of the action.

All adjustments shall be notified in writing to the Commission by the co-ordinator.

In the case the cumulated transfers between categories of eligible direct costs exceed 20% of the total eligible costs indicated in Article 3 of the specific grant agreements, or in the case of transfer between partners, the co-ordinator, on behalf of the concerned co-partner(s), shall request this adjustment by registered letter, with advice of delivery or equivalent, addressed to the Commission, which shall have 30 calendar days from the date of receipt to approve it. In the absence of approval from the Commission after 30 calendar days, the request shall be deemed to have been accepted. Not abiding to this obligation will lead the transferred costs to be considered as ineligible.

ARTICLE I.6 – PAYMENT ARRANGEMENTS

- I.6.1 Pre-financing:

Within 45 calendar days of receipt of the request for pre-financing, a pre-financing payment for the amount specified in the specific grant agreements shall be made to the co-ordinator.

(The request for pre-financing mentioned in the previous paragraph shall be accompanied by a financial guarantee of an equivalent amount as defined in Article II.16, paragraph 1 for the following partner:

Insert the name of the concerned partner)

The pre-financing will be cleared in accordance with the following scheme:

- (1) 50% of the pre-financing shall be deducted from the last interim payment;
- (2) 50% of the pre-financing shall be deducted from the payment of the balance of the grant.

- I.6.2 Interim payments:

The co-ordinator is entitled to request an interim payment at the end of each reporting period except for the last reporting period. This request shall be submitted to the Commission no later than 45 calendar days after the end of the concerned reporting period.

Any request for interim payment shall be accompanied by the interim technical implementation report and financial statement, including a consolidated statement and a breakdown between each partner, specified in Article II.16, paragraph 2.

Every interim payment request related to a partner for which the whole grant represents at least 750,000 EUR shall be accompanied by an audit certificate as defined in Article II.22. For one or several reporting period(s), this obligation may be extended to a partner for which the whole grant does not represent 750,000

EUR if specifically requested in writing by the Commission at least 6 months before the end of the concerned reporting period(s).

The Commission shall have 45 calendar days to approve or reject the interim technical implementation report or to request additional supporting documents or information under the procedure laid down in Article II.16, paragraph 2. In that case, the co-ordinator shall have a maximum of 30 calendar days to submit the additional information requested or a new report.

The amount of the interim payment shall be determined on the basis of the eligible costs actually incurred, as shown in the interim statement and validated by the Commission.

The interim payment shall be made to the co-ordinator within 45 calendar days following approval by the Commission of the technical implementation report accompanying the interim payment request. The Commission may suspend the period for payment in accordance with the procedure in Article II.17, paragraph 2.

I.6.3 Payment of the balance

The request for payment of the balance shall be accompanied by the final technical implementation report and financial statement, including a consolidated statement and a breakdown between each partner, specified in Article II.16, paragraph 3. This request shall be submitted to the Commission no later than 45 calendar days after the end of the last reporting period.

The final payment request related to a partner for which the whole grant represents at least 750,000 EUR shall be accompanied by an audit certificate as defined in Article II.22. This obligation may be extended to a partner for which the whole grant does not represent 750,000 EUR if specifically requested in writing by the Commission at least 6 months before the end of the last reporting period.

The Commission shall have 45 calendar days to approve or reject the technical implementation report or to request additional supporting documents or information under the procedure laid down in Article II.16, paragraph 3. In that case, the co-ordinator shall have a maximum of 30 calendar days to submit the additional information or a new report.

A payment representing the balance of the grant determined in accordance with Article II.18 shall be made to the co-ordinator within 45 calendar days following approval by the Commission of the technical implementation report accompanying the request for payment of the balance. The Commission may suspend the period for payment in accordance with the procedure in Article II.17, paragraph 2.

ARTICLE I.7 – BANK ACCOUNT

I.7.1 All payments shall be made to the co-ordinator's bank account or sub-account denominated in euro,⁸ as indicated below:⁹

Name of bank: *(insert name)*

Address of branch: *(insert address)*

Precise denomination of the account holder: *(insert denomination)*

Full account number (including bank codes): *(insert account number)*

IBAN account code: *(insert code)*¹⁰

I.7.2. This account must be reserved exclusively for EU funds received for carrying out the action for which the grant is awarded. If the funds paid to this account yield interest or equivalent benefits under the law of the State on whose territory the account/s is/are opened, such interest or benefits shall, if they are generated by

⁸ Except in the case of bank accounts in countries that do not accept euro transactions.

⁹ As shown by the account identification document issued or certified by the bank concerned.

¹⁰ BIC code for countries where the IBAN code does not apply.

pre-financing payments, be deducted by the Commission from the final payment as specified in Article II.17, paragraph 4.¹¹

I.7.3. Within 30 calendar days of the day on which the bank account under I.7.1 has been credited, the co-ordinator shall transfer to each co-partner the amounts corresponding to their participation in the action in accordance with their pro rata share of the estimated costs as defined in the specific grant agreements when pre-financing payments are made, and their share of validated costs actually incurred when other payments are made.

ARTICLE I.8 - GENERAL ADMINISTRATIVE PROVISIONS

I.8.1. Any communication in connection with the agreement shall be in writing, indicating the number of the framework partnership and specific grant agreements, and shall be sent to the following addresses:

For the Commission:

European Commission
Directorate-General *(insert name)*
Directorate *(insert name)*
Unit *(insert name)*
(insert post code, town and country)

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

For the co-ordinator:

Mr/Ms (insert name)
(insert function)
(insert official denomination)
(insert full official address)

I.8.2 Any communication from the Commission to the partners and vice versa shall be made via the co-ordinator, save where specifically indicated otherwise in the framework partnership and or specific grant agreements.

ARTICLE I.9 - LAW APPLICABLE AND COMPETENT COURT

Grants are governed by the terms of the framework partnership agreement and specific grant agreements, the Community rules applicable and, on a secondary level, by the law of Belgium relating to grants.

The partners may bring legal proceedings regarding decisions by the Commission concerning the application of the provisions of the above-mentioned agreements and the arrangements for implementing them before the Court of First Instance of the European Communities and, in the event of appeal, the Court of Justice of the European Communities.

ARTICLE I.10 – DATA PROTECTION

All personal data contained in the framework partnership agreement and specific grant agreements, or related to these agreements and their implementation, shall be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Such data shall be processed solely in connection with the implementation and follow-up of the framework partnership agreement and specific grant agreements by *(insert body responsible for checking data)*, without prejudice to the possibility of passing the data to the bodies responsible for inspection and audit in accordance with Community legislation.

¹¹ This provision applies to all partners apart from the exceptions allowed under the implementing rules for the Financial Regulation.

Partners may, on written request, gain access to their personal data and correct any information that is inaccurate or incomplete. Partners should address any questions regarding the processing of their personal data to *(insert body responsible for checking data)*. Partners may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

ARTICLE I.11 – STANDARD NUMBER OF PRODUCTIVE HOURS

I.11.1 The standard number of productive hours for a reporting period is fixed to *(insert number 1)* corresponding to *(insert number 2)* productive days multiplied by *(insert number 3)* hours a day.

The standard number of productive hours shall be valid for all partners' staff reporting hours in the context of the action.

I.11.2 The maximum number of hours which can be charged for a full time employed staff is limited to *(insert number 1)* per reporting period and to *(insert number 3)* per day.

I.11.3 Specific cases : for staff who have not worked full time during a reporting period, either due to part-time working arrangements, maternity or sick leave, arrival or departure in the middle of the reporting period, or other reasons, the following general rule is applicable:

If the absence exceeds the equivalent of *(insert number 4)* working days and if the cost of the staff during the absence is not supported by the partner, either because it is supported by an external body such as social security, or because there is no cost (part-time, staff having arrived or left during the period) than the formula to calculate the standard productive hours is as follows:

Number of full months equivalent * *(insert number 4)* * *(insert number 3)* + number of working days worked in addition * *(insert number 3)*.

The maximum number of hours which can be charged, per reporting period, for a staff that has not work full time is limited the standard productive hours as calculated in the previous paragraph.

The maximum number of hours which can be charged, per day, for an employed staff working under part-time arrangements is limited to the following number: *(insert same number as the one fixed in the previous paragraph)* / *(insert number 2)*.

II -GENERAL CONDITIONS

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PART A: LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – UNDERTAKINGS BY THE PARTNERS

By signing the framework partnership agreement, the partners undertake to:

- Respect the common general objectives that formed the basis for establishing the partnership, as mentioned in the Preamble;
- Fulfil the undertakings entered into under the implementation strategy and geographical coverage set out in Annex I, where appropriate together with the work programmes jointly agreed between the parties;
- Make every effort to achieve in practice the above-mentioned common general objectives in each action for which a Commission grant is awarded;
- Maintain relations of mutual cooperation and regular exchanges of information with the Commission on matters of common interest to do with use of the framework partnership agreement and on the follow-up of the implementation strategy and geographical coverage set out in Annex I;
- Adopt a transparent attitude with regard to managing and keeping accounts on the actions for which a Commission grant is awarded and cooperate fully with annual or occasional checks on the implementation of the framework partnership agreement and/or the specific grant agreements.

ARTICLE II.2 – LIABILITY

II.2.1 The partners shall have sole responsibility for complying with any legal obligations incumbent on them.

II.2.2 The Commission shall not, in any circumstances or on any grounds, be held liable in the event of a claim under specific grant agreements relating to any damage caused during the execution of an action. Consequently, the Commission will not entertain any request for indemnity or reimbursement accompanying any such claim.

II.2.3 Except in cases of force majeure, the partners shall make good any damage sustained by the Commission as a result of the execution or faulty execution of an action.

II.2.4 The partners shall assume sole liability towards third parties, including for damage of any kind sustained by them while the action is being carried out.

ARTICLE II.3 – CONFLICTS OF INTEREST

The partners undertake to take all the necessary measures to prevent any risk of conflict of interest which could affect the impartial and objective performance of the framework partnership agreement and/or the specific grant agreements. Such conflict of interest could arise in particular as a result of economic interests, political or national affinities, family or emotional ties or emotional reasons, or any other common interests.

Any situation constituting or likely to lead to a conflict of interest during the implementation of the framework partnership agreement and/or the specific grant agreements must be brought to the attention of the Commission, in writing, without delay. The partners shall undertake to take whatever steps are necessary to rectify this situation without delay. The Commission reserves the right to check that the measures taken are appropriate and may demand that the partner take additional measures, if necessary, within a certain time.

ARTICLE II.4 – OWNERSHIP/USE OF THE RESULTS

II.4.1 Unless stipulated otherwise in the specific grant agreements, 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 partners.

II.4.2 Without prejudice to paragraph 1, the partners grant the Commission the right to make free use of the results of an action as it deems fit, provided it does not thereby breach its confidentiality obligations or existing industrial and intellectual property rights.

ARTICLE II.5 – CONFIDENTIALITY

The Commission and the partners undertake to preserve the confidentiality of any document, information or other material directly related to the subject of the framework partnership agreement or specific grant agreements that is duly classed as confidential, if disclosure could cause prejudice to the other party. The parties shall remain bound by this obligation beyond the expiry date of the framework partnership agreement.

ARTICLE II.6 – PUBLICITY

II.6.1 Unless the Commission requests otherwise, any communication or publication by the partners about an action, including at a conference or seminar, shall indicate that the action has received funding from the Community.

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

II.6.2 The partners authorise the Commission to publish the following information in any form and medium, including via the Internet:

- The partners' name and address,
- The subject and purpose of the grants awarded,
- The amounts granted and the proportions of the actions' total cost covered by the funding.

Upon a reasoned and duly substantiated request by the partners, the Commission may agree to forgo such publicity if disclosure of the information indicated above would risk compromising the partner's security or prejudicing his commercial interests.

ARTICLE II.7 – EVALUATION

Whenever the Commission carries out an interim or final evaluation of an action's impact measured against the objectives of the Community programme concerned, the partners undertake to make available to the Commission and/or persons authorised by it all such documents or information as will allow the evaluation to be successfully completed and to give them the rights of access specified in Article II.21.

ARTICLE II.8 – SUSPENSION

II.8.1 The partners may suspend implementation of an action if exceptional circumstances make this impossible or excessively difficult, notably in the event of force majeure. They shall inform the Commission without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

II.8.2 If the Commission does not terminate the specific grant agreement under Article II.12, paragraph 3, the partners shall resume implementation once circumstances allow and shall inform the Commission accordingly. The duration of the action shall be extended by a period equivalent to the length of the suspension. In accordance with Article II.14, a supplementary written agreement to the specific grant agreement shall be concluded to extend the duration of the action and to make any amendments that may be necessary to adapt the action to the new implementing conditions.

ARTICLE II.9 – FORCE MAJEURE

II.9.1 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, was not attributable to error or negligence on their part, and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available (unless due to force majeure), labour disputes, strikes or financial difficulties cannot be invoked as force majeure by the defaulting party.

II.9.2 A party faced with force majeure shall inform the other party without delay by registered letter with advice of delivery or equivalent, stating the nature, probable duration and foreseeable effects.

II.9.3 Neither of the parties shall be held in breach of their obligations under the agreement if they are prevented from fulfilling them by force majeure. The parties shall make every effort to minimise any damage due to force majeure.

II.9.4 Actions under way may be suspended in accordance with Article II.8.

ARTICLE II.10 – AWARD OF SUBCONTRACTS

II.10.1 If the partners have to conclude subcontracts for a value exceeding €25,000 in order to carry out an action and they constitute costs under an item of eligible direct costs in the estimated budget for the action annexed to the specific grant agreements, they shall seek competitive tenders from potential subcontractors and award the subcontract to the bid offering best value for money; in doing so they shall observe the principles of transparency and equal treatment of potential subcontractors and shall take care to avoid any conflict of interests.

II.10.2 Subcontracts as referred to in paragraph 1 may be awarded only in the following cases:

- (a) They may only cover the execution of a limited part of the action;
- (b) Recourse to the award of contracts must be justified having regard to the nature of the action and what is necessary for its implementation;
- (c) The tasks concerned must be set out in the annex to the specific grant agreements that describes the action, the corresponding estimated costs must be set out in detail in the estimated budget for the action;
- (d) Any recourse to the award of subcontracts while the action is under way, if not provided for in the grant application, shall be subject to prior written authorisation by the Commission;
- (e) The partners shall have sole responsibility for executing the action and complying with the terms of the framework partnership agreement and specific grant agreements. The partners must undertake to make the necessary arrangements to ensure that the subcontractor waives all rights in respect of the Commission under the framework partnership agreement and/or specific grant agreements;
- (f) The partners must undertake to ensure that the conditions applicable to him under Articles II.2, II.3, II.4, II.5, II.6, II.7, II.11 and II.21 of the framework partnership agreement are also applicable to the subcontractor.

ARTICLE II.11 – ASSIGNMENT

Claims against the Commission may not be transferred.

In exceptional circumstances, where the situation warrants it, the Commission may authorise the assignment to a third party of the specific grant agreements and any payments flowing from them following a written request to that effect, giving reasons, from the partners. If the Commission agrees, it must make its agreement known in writing

before the proposed assignment takes place. In the absence of the above authorisation, or in the event of failure to observe the terms thereof, the assignment shall not be enforceable against and shall have no effect on the Commission.

In no circumstances shall such an assignment release the partners from their obligations to the Commission.

ARTICLE II.12 – TERMINATION

II.12.1 Termination by the co-ordinator

In duly justified cases, the co-ordinator, in agreement with the co-partners, may terminate the framework partnership agreement at any time by giving 60 calendar days' written notice. Where they avail themselves of that right, they must undertake to complete the implementation of any specific grant agreements which have entered into force before the date when termination of the framework partnership takes effect.

In duly justified cases, the co-ordinator, in agreement with the co-partners, may terminate a specific grant agreement which is in the process of being implemented by giving 60 calendar days' written notice. If no reasons are given or if the Commission does not accept the reasons, the partners shall be deemed to have terminated the agreement improperly, with the consequences set out in the fourth subparagraph of paragraph 5.

II.12.2 Termination of the participation of a partner

In duly justified cases, a partner may terminate his participation to the framework partnership agreement at any time by giving calendar 60 days' written notice. Where he avails himself of that right, he must undertake to complete the implementation of any specific grant agreement which have entered into force before the date when termination of the framework partnership agreement takes effect.

In duly justified cases, a partner may withdraw his request for a grant and terminate his participation to a specific grant agreement which is in the process of being implemented by giving calendar 60 days' written notice stating the reasons, without being required to furnish any indemnity on this account.

In both cases described above, if no reasons are given or if the Commission does not accept the reasons, the partner shall be deemed to have terminated his participation to the agreement improperly, with the consequences set out in the third subparagraph of paragraph 5.

In addition, if the Commission considers that the termination of the participation of a partner is liable to affect the framework partnership agreement or the specific grant agreements substantially, it reserves the right to terminate the framework partnership or the specific grant agreements according to the Article II.12, paragraph 3, (a).

Also, in both cases, the request shall be addressed to the Commission by the co-ordinator on behalf of the concerned partner. The co-ordinator shall include with any such request to the Commission the remaining partners' proposal to reallocate the tasks of that partner or where relevant to nominate a replacement.

The termination of the participation of the partner concerned shall take effect on the date of the Commission's approval. A written additional framework partnership agreement and/or specific grant agreements shall be concluded to make any amendments necessary to adapt the action to the new implementing conditions resulting from the partial termination.

II.12.3 Termination by the Commission

The Commission may decide to terminate the framework partnership agreement or the participation of a partner to the framework partnership agreement at any time, without any indemnity on its part, by giving calendar 60 days' written notice. Where the Commission avails itself of that right, it must honour the obligations arising from the implementation of any specific grant agreement which have entered into force before the date when termination of the framework partnership agreement takes effect, insofar as this

implementation gives rise to expenditure foreseen in those specific grant agreements which is reasonable, except in the cases set out below.

The Commission may decide to terminate the framework partnership agreement and the specific grant agreements or the participation of a partner to the framework partnership agreement and the specific grant agreements in the process of being implemented, without any indemnity on its part, in the following circumstances:

- (a) In the event of a legal, financial, technical, organisational or auditing change in the partners' or partner's situation that is liable to affect the framework partnership agreement or the specific grant agreements substantially or to call into question the decision to award the framework partnership agreement or the related grants;
- (b) If one or several partners fail to fulfil a substantial obligation incumbent on them under the terms of the framework partnership agreement or specific grant agreements, including their annexes;
- (c) In the event of force majeure, notified in accordance with Article II.9, or if an action has been suspended as a result of exceptional circumstances, notified in accordance with Article II.8;
- (d) If one or several partners are declared bankrupt, being wound up or is the subject of any other similar proceedings;
- (e) If one or several partners are found guilty of an offence involving his professional conduct by a judgment having the force of *res judicata* or if he or they are guilty of grave professional misconduct proven by any justified means;
- (f) If one or several partners are guilty of misrepresentation or submits reports inconsistent with reality to obtain the grant provided for in a specific grant agreement;
- (g) If one or several partners have intentionally or by negligence committed a substantial irregularity in performing the framework partnership agreement or related specific grant agreements or in the event of fraud, corruption or any other illegal activity by the partner(s) to the detriment of the European Communities' financial interests. A substantial irregularity consists of any infringement of a provision of an agreement or regulation resulting from an act or an omission by the partner(s) which causes or might cause a loss to the Community budget.

II.12.4 Termination procedure

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

In the cases referred to in points (a), (b) and (d) of paragraph 3, the co-ordinator, in consultation with the co-partners, shall have 30 calendar days to submit observations and take any measures necessary to ensure continued fulfilment of the partners' obligations under the agreement. If the Commission fails to confirm acceptance of these observations by giving written approval within 30 calendar days of receiving them, the procedure shall continue to run.

Where notice is given, termination shall take effect at the end of the period of notice, which shall start to run from the date when the termination decision is received.

If notice is not given in the cases referred to in points (c), (e), (f) and (g) of paragraph 3, termination shall take effect from the day following the date when the termination decision is received.

II.12.5 Effects of termination

In the event of termination of a specific grant agreement, payments by the Commission shall be limited to the eligible costs actually incurred by the partners up to the date when termination takes effect, in accordance

with Article II.18. Costs relating to current commitments that are not due to be executed until after termination shall not be taken into account.

The co-ordinator shall have 60 calendar days from the date when termination of the specific grant agreement takes effect, as notified by the Commission, to produce a request for final payment in accordance with Article II.16, paragraph 3. If no request for final payment is received within this time limit, the Commission shall not reimburse the expenditure incurred by the partners up to the date of termination and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Commission.

Where termination affects the participation of a partner to a specific grant agreement, only those eligible costs actually incurred by the partner concerned up to the date when termination of his participation takes effect, in accordance with Article II.18 shall be considered eligible. Costs relating to current commitments that were not due to be executed until after termination shall not be taken into account. The request for payment of eligible costs incurred up to the date when the termination takes effect shall be included in the following payment request due according to the schedule laid down in the specific grant agreement.

By way of exception, at the end of the period of notice referred to in paragraph 4, where the Commission is terminating a specific grant agreement on the grounds that the partners have failed to produce the final technical implementation report and financial statement as stipulated in the agreement and have still not complied with this obligation within two months following the written reminder sent by the Commission by registered letter with advice of delivery or equivalent, the Commission shall not reimburse the expenditure incurred by the partners up to the date on which the action ended and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Commission.

By way of exception, in the event of improper termination by the co-ordinator, or a partner's participation in the action, or termination by the Commission on the grounds set out in points (e), (f) or (g) of paragraph 3, the Commission may require the partial or total repayment of sums already paid under a specific grant agreement on the basis of technical implementation reports and financial statements approved by the Commission, in proportion to the gravity of the failings in question and after allowing the partner to submit his observations.

ARTICLE II.13 – LIQUIDATED DAMAGES & FINANCIAL PENALTIES

II.13.1 Without prejudice to any other measures provided for the framework partnership and/or specific grant agreements, the partners agree that the Commission, with the aim of protecting the Community financial interests, is entitled to claim liquidated damages from a partner who is found to have overstated expenditure and who has consequently received an unjustified financial contribution from the Community. Liquidated damages are due in addition to recovery of the unjustified financial contribution to the partner.

- (a) Any amount of liquidated damages shall be proportionate to the overstated expenditure and unjustified portion of the Community contribution. The following formula shall be used to calculate any possible liquidated damages:

$$\text{Liquidated damages} = \text{unjustified financial contribution} \times (\text{overstated expenditure/total claimed})$$

The calculation of any liquidated damages shall only take into consideration the reporting period relating to the partner's claim for the Community contribution for that reporting period. It shall not be calculated in relation to the entire Community contribution.

- (b) The Commission shall inform the co-ordinator which partner(s) it considers liable to pay liquidated damages in writing of its claim by way of a registered letter with advice of delivery or equivalent. The co-ordinator shall have a period of 30 calendar days to answer the Community's claim.

- (c) The procedure for repayment of unjustified financial contribution and for payment of liquidated damages will be determined in accordance with provisions of Article II.20.
- (d) The Commission shall be entitled to compensation, from the defaulting partner, in respect of any overstated expenditures which come to light after the framework partnership and/or specific grant agreements have been completed.
- (e) These provisions shall be without prejudice to any administrative or financial sanctions that the Commission may impose on any defaulting partner in accordance with the Financial Regulation applicable to the general budget of the European Communities or to any other civil remedy to which the Community or any other partner may be entitled. Furthermore, these provisions shall not preclude any criminal proceedings which may be initiated by Member States' authorities.

II.13.2 By virtue of the Financial Regulation, any or several of the partners declared to be in grave breach of their contractual obligations shall be liable to financial penalties of between 2% and 10% of the value of the specific grant agreement in question, with due regards for the principle of proportionality. This rate may be increased to between 4% and 20% in the event of a repeated breach in the five years following the first. The partner concerned shall be notified in writing of any decision by the Commission to apply such financial penalties.

ARTICLE II.14 – SUPPLEMENTARY AGREEMENTS

- II.14.1 Any amendment to the framework partnership agreement or a specific grant agreement must be the subject of a written supplementary agreement. No oral agreement may bind the parties to this effect.
- II.14.2 The supplementary agreement may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the framework partnership agreement or a grant or result in unequal treatment of applicants for framework partnership agreements or grants.
- II.14.3 If the request for amendment is made by the co-ordinator, in agreement with the co-partners, he must send it to the Commission in good time before it is due to take effect and, as far as specific grant agreements are concerned, 60 calendar days before the closing date of the action, except in cases duly substantiated by the co-ordinator and accepted by the Commission.

PART B - FINANCIAL PROVISIONS

ARTICLE II.15 – ELIGIBLE COSTS

II.15.1 To be considered eligible for Community funding, costs must satisfy the following general criteria:

- they must be **connected** with the subject of the specific grant agreements and they must be provided for in the estimated budget annexed to it;
- they must be **necessary** for carrying out the action covered by the specific grant agreements;
- they must be **reasonable** and **justified** and they must **accord with** the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- they must be generated **during the period** of eligibility for Community funding as specified in the specific grant agreements except for the costs incurred in drawing up the final reports referred to in Article II.16, paragraph 3, which may be incurred during the period of up to 45 calendar days after the end of the action or the date of termination whichever is earlier;
- they must be **actually** incurred by the partners, be **recorded** in their accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;
- they must be **identifiable** and **verifiable**.

The partners' internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

II.15.2 The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out in paragraph 1, are:

- identifiable as specific costs directly linked to performance of the action and which can therefore be booked to it direct; and
- belonging **exclusively** to the following categories:

1. **Personnel**

The personnel include permanent and temporary staff (registered in the payroll list of the partner) directly assigned to the action that have authorised, in writing, the Commission or any other outside body authorised by the Commission to access their personal data necessary to perform checks and audits as defined in Article II.21. In the absence of such approval, the cost of the related staff will be considered as not eligible.

Consultants, including 'in-house' consultants, are not considered as personnel and their corresponding costs should be reported under the cost category 'sub-contracting'.

The total personnel costs eligible for the action is equal to the sum of the total individual costs eligible of staff assigned to the action.

The individual cost eligible for the action of a staff is equal to the number of hours worked by this staff on the action multiplied by his individual hourly rate.

The individual hourly rate of a staff assigned to the action is equal to his corresponding individual cost for the partner divided by the standard number of productive hours as defined in the Article I.11.

The individual cost for the partner of a staff assigned to the action comprises the actual salary plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the partner's usual policy on remuneration.

The personnel costs are computed for each reporting period.

2. Travels and subsistence

Travel and subsistence allowances for staff taking part in the action, provided that they are in line with the partner's usual practices on travel costs or do not exceed the scales approved annually by the Commission¹².

3. Sub-contracting

The following costs entailed by sub-contracts awarded by a partner, provided that the conditions laid down in Article II.10 are met:

- (a) Costs of (in-house) consultants. In no circumstances may the costs of (in-house) consultants exceed 20% of the sum of all other eligible costs;
- (b) Cost of communication and promotion of the action: design of communication material and the printing, producing and sending cost of promotion material;
- (c) Cost of events organised by partners in the context of the action and costs for participation to events organised by third parties:
 - Renting cost of rooms and conference spaces;
 - Catering and entertainment expenses in the limit of the usual practice of the host organisation;
 - Costs of stands and fees paid by partners to participate to events organised by third parties;
 - Travels and subsistence costs of speakers paid by partners to participate to events.

4. Other specific costs

- (a) Cost of the financial guarantee specified in Article I.6, paragraph 1;
- (b) Cost of the audit certificate specified in Article I.6, paragraphs 2 and 3;
- (c) Any other costs may be considered eligible provided that they are **strictly** necessary for carrying out the action and subject to the prior written approval of the Commission.

II.15.3 The indirect costs for an action are those costs which, with due regard for the conditions of eligibility set out in paragraph 1, are not identifiable as specific costs directly linked to implementation of the action.

These indirect costs incurred in carrying out an action are eligible for funding only when calculated as a flat rate of maximum 30% of the total eligible personnel costs. They need not be supported by accounting documents.

II.15.4 The following costs shall not be considered eligible:

- Return on capital;
- Debt and debt service charges;
- Provision for losses or liabilities;

¹² (Insert the link where the partners may find the approved Commission scales).

- Interest owed;
- Doubtful debts;
- Exchange losses;
- VAT, unless a partner can show that he is unable to recover it;
- Costs declared by a partner in relation to another action or work programme receiving a Community grant;
- Cost of public officials paid directly from central government or local government budgets;
- Excessive or reckless expenditure.

II.15.5 Contributions in kind shall not count as actual expenditure by the partners and shall not constitute eligible costs.

II.15.6 By way of derogation from paragraph 3, indirect costs shall not be eligible under a grant for an action awarded to a partner who already receives an operating grant from the Commission during the period in question.

ARTICLE II.16 – REQUESTS FOR PAYMENT

II.16.1 Pre-financing

Pre-financing is intended to provide the partners with a float.

Where required by the paragraph on pre-financing in Article I.6.1, the co-ordinator shall furnish a financial guarantee from a bank or an approved financial institution established in one of the Member States of the European Union.

The guarantor shall stand as first-call guarantor and shall not require the Commission to have recourse against the principal debtor (the concerned partner).

The financial guarantee shall remain in force until final payments by the Commission match the proportion of the total grant accounted for by pre-financing. The Commission undertakes to release the guarantee within 60 calendar days following that date.

II.16.2 Interim payments

Interim payments are intended to reimburse the partners for expenditure on the basis of a detailed statement of the costs incurred, once the action has reached a certain level of completion.

By the appropriate deadline indicated in the Article 5 of the specific grant agreements, the partners shall submit a request for interim payment accompanied by the following documents:

- An interim report on technical implementation of the action;
- An interim financial statement of the eligible costs actually incurred, following the structure of the estimated budget;
- Where required by the paragraph on interim payments in Article I.6, paragraph 2, an audit certificate as defined in Article II.22 on the action's accounts.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions of the framework partnership agreement and the specific grant agreements, including any annexes. In all

cases (with or without an audit certificate as defined in Article II.22), the partners shall certify on their honour that the information contained in requests for payments is complete, reliable and true, that the costs declared are the actual costs, and that all receipts have been declared. They shall also certify that the costs incurred can be considered eligible in accordance with the framework partnership and/or specific grant agreements and that requests for payment are substantiated by adequate supporting documents that can be checked.

On receipt of these documents, the Commission shall have the period specified in Article I.6, paragraph 2 in order to:

- Approve the interim report on technical implementation of the action;
- Ask the partners for supporting documents or any additional information it deems necessary to allow the approval of the report;
- Reject the interim report on technical implementation of the action and ask for the submission of a new report.

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

Requests for additional information or a new report shall be notified to the co-ordinator in writing. The co-ordinator shall have the period laid down in Article I.6, paragraph 2 or the equivalent to submit the information or new documents requested.

If additional information is requested, the time limit for scrutiny shall be extended by the time it takes to obtain this information.

Where a report is rejected and a new report requested, the approval procedure described in this Article shall apply.

In the event of renewed rejection, the Commission reserves the right to terminate the agreement by invoking Article II.12, paragraph 3, (b).

II.16.3 Payment of the balance

Payment of the balance, which may not be repeated, is made after the end of the action on the basis of the costs actually incurred by the partners in carrying out the action. It may take the form of a recovery order where the total amount of earlier payments is greater than the amount of the final grant determined in accordance with Article II.18.

By the appropriate deadline indicated in the Article 5 of the specific grant agreements on Submission of reports and other documents in the specific grant agreements, the co-ordinator shall submit a request for payment of the balance accompanied by the following documents:

- A final report on the technical implementation of the action;
- A final financial statement of the eligible costs actually incurred, following the structure of the estimated budget and a breakdown between each partner;
- A full summary statement of the receipts and expenditure of the action including a consolidated statement and a breakdown between each partner;
- Where required by the paragraph on payment of the balance in Article I.6, paragraph 3, an audit certificate as defined in Article II.22 on the action's accounts.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions of the framework partnership agreement and the specific grant agreements, including where appropriate

the annexes thereto. In all cases (with or without an audit certificate as defined in Article II.22), the partners shall certify on their honour that the information contained in requests for payments is full, reliable and true, that the costs declared are the actual costs, and that all receipts have been declared. They shall also certify that the costs incurred can be considered eligible in accordance with the framework partnership and/or specific grant agreements and that requests for payment are substantiated by adequate supporting documents that can be checked.

On receipt of these documents, the Commission shall have the period specified in Article I.6, paragraph 3 in order to:

- Approve the final report on technical implementation of the action;
- Ask the partners for supporting documents or any additional information it deems necessary to allow the approval of the report;
- Reject the final report on technical implementation of the action and ask for the submission of a new report.

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

Requests for additional information or a new report shall be notified to the co-ordinator in writing. The co-ordinator shall have the period laid down in the abovementioned provisions of Article I.6 to submit the information or new documents requested.

If additional information is requested, the time limit for scrutiny shall be extended by the time it takes to obtain this information.

Where a report is rejected and a new report requested, the approval procedure described in this Article shall apply.

In the event of renewed rejection, the Commission reserves the right to terminate the specific grant agreements by invoking Article II.12, paragraph 3, (b).

ARTICLE II.17 – GENERAL PROVISIONS ON PAYMENTS

II.17.1 Payments shall be made by the Commission in euros. Any conversion of actual costs into euros shall be made at the daily rate published in the Official Journal of the European Union or, failing that, at the monthly accounting rate established by the Commission and published on its website applicable on the day when the payment order is issued by the Commission, unless specific provisions are laid down for the purpose in the specific grant agreements.

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

II.17.2 The Commission may suspend the period for payment laid down in Article I.6 at any time by notifying the co-ordinator that his request for payment cannot be met, either because it does not comply with the provisions of the agreement, or because appropriate supporting documents must be produced or because there is a suspicion that some of the expenses in the financial statement are not eligible and additional checks are being conducted.

The Commission may also suspend its payments at any time if a partner is found or presumed to have infringed the provisions of the framework partnership agreement or the specific grant agreements, in particular in the wake of the audits and checks provided for in Article II.21.

The Commission shall inform the co-ordinator of any such suspension by registered letter with advice of delivery or equivalent.

Suspension shall take effect on the date when notice is sent by the Commission. The remaining payment period shall start to run again from the date when a properly constituted request for payment is registered, when the supporting documents requested are received, or at the end of the suspension period as notified by the Commission.

II.17.3 On expiry of the period for payment specified in Article I.6, and without prejudice to paragraph 2 of this Article, the co-ordinator may, within 60 calendar days following the date of receipt of a late payment, request payment of interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points; the reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union. This provision shall not apply to recipients of a grant which are public authorities of the Member States of the European Union.

Interest on late payment shall cover the period from the final date for payment, exclusive, up to the date of payment as defined in paragraph 1, inclusive. The interest shall not be treated as a receipt for the purposes of determining the final grant within the meaning of Article II.18, paragraph 4. The suspension of payment by the Commission may not be considered as late payment.

II.17.4 The co-ordinator shall inform the Commission of the amount of any interest or equivalent benefits yielded by the pre-financing it has received from the Commission. Notification must be made annually if the interest in question represents a significant amount, and in any event when the request is made for interim payment or for payment of the balance that clears the pre-financing. The interest shall not be treated as a receipt for the action within the meaning of Article II.18, paragraph 4. The Commission shall deduct it from the final payment.

II.17.5 The co-ordinator shall have 60 calendar days from the date of notification by the Commission of the final amount of the grant determining the amount of the payment of the balance or the recovery order pursuant to Article II.18, or failing that of the date on which the payment of the balance was received, to request information in writing on the determination of the final grant, giving reasons for any disagreement. After this time such requests shall no longer be considered. The Commission undertakes to reply in writing within 60 calendar days following the date on which the request for information is received, giving reasons for its reply. This procedure is without prejudice to the partners' right to appeal against the Commission's decision pursuant to the Article I.9. Under the terms of Community legislation in this matter, such appeals must be lodged within 60 calendar days following the notification of the decision to the applicant or, failing that, following the date on which the applicant learned of the decision.

ARTICLE II.18 – DETERMINING THE FINAL GRANT

II.18.1 Without prejudice to information obtained subsequently pursuant to Article II.21, the Commission shall adopt the amount of the final payment to be granted to the partners on the basis of the documents referred to in Article II.16, paragraph 3 which it has approved.

II.18.2 The total amount paid by the Commission may not in any circumstances exceed the maximum amount of the grant laid down in Article 3, paragraph 3 of the specific grant agreements, even if the total actual costs eligible exceed the estimated total eligible costs specified in the estimated budget annexed to the specific grant agreements.

II.18.3 If the actual eligible costs when the action ends are lower than the estimated total eligible costs, the Commission's contribution shall be limited to the amount obtained by applying the Community grant percentage specified in Article 3, paragraph 3 of the specific grant agreements to the actual eligible costs approved by the Commission.

II.18.4 The partners hereby agree that the grant shall be limited to the amount necessary to balance the receipts and expenditure and that it may not in any circumstances produce a profit for them.

Profit shall mean any surplus of all actual receipts attributable to the action over the total actual costs of the action.

The actual receipts to be taken into account shall be those which have been established, generated or confirmed on the date on which the request for payment of the balance is drawn up by the co-ordinator for financing other than the Community grant, to which shall be added the amount of the grant determined by applying the principles laid down in paragraphs 2 and 3 of this Article. For the purposes of this Article, only actual costs of the action or the operating budget falling within the categories set out in the estimated budget annexed to the specific grant agreements shall be taken into account; non-eligible costs shall always be covered by non-Community resources.

Any surplus determined in this way shall result in a corresponding reduction in the amount of the grant.

II.18.5 Without prejudice to the right to terminate the specific grant agreements under Article II.12, and without prejudice to the right of the Commission to apply the penalties referred to in Article II.13, if the action is not implemented or is implemented poorly, partially or late, the Commission may reduce the grant initially provided for in line with the actual implementation of the action on the terms laid down in the specific grant agreements.

II.18.6 On the basis of the amount of the final grant determined in this way and of the aggregate amount of the payments already made under the terms of the agreement, the Commission shall set the amount of the payment of the balance as being the amount still owing to the partner. Where the aggregate amount of the payments already made exceeds the amount of the final grant, the Commission shall issue a recovery order for the surplus.

ARTICLE II.19 – FINANCIAL RESPONSABILITY

Any amount claimed from a partner shall not exceed the contribution it is entitled to receive according to the specific grant agreements, increased, where applicable, by interest on late payment or by financial penalties which could be imposed on him in accordance with Article II.13.

ARTICLE II.20 – RECOVERY

II.20.1 If any amount is unduly paid to the co-ordinator or if recovery is justified under the terms of the framework partnership agreement or a specific grant agreement, the co-ordinator undertakes to repay the Commission the sum in question on whatever terms and by whatever date it may specify, even if he has not been the final recipient of the amount due. In the latter case, if payment has not been made by the due date, the Commission reserves the right to recover directly the amount due from the final recipient.

Where a recovery is justified under Article II.13, the partner concerned undertakes to pay the Commission the sum in question, on whatever terms and by whatever date it may specify.

II.20.2 If the obligation to pay the amount due is not honoured by the date set by the Commission, the amount due shall bear interest at the rate indicated in Article II.17, paragraph 3. Interest on late payment shall cover the period between the date set for payment, exclusive, and the date when the Commission receives full payment of the amount owed, inclusive.

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

II.20.3 Sums owed to the Commission may be recovered by offsetting them against any sums owed to the concerned partner, after informing him accordingly by registered letter with acknowledgment of receipt or equivalent, or by calling in the financial guarantee provided in accordance with Article II.16, paragraph 1. The partner's prior consent shall not be required. If the recovery remains unsuccessful under the provisions above, the Commission shall hold all the partners collectively jointly responsible for the amount due in accordance with Article II.19.

II.20.4 Bank charges occasioned by the recovery of the sums owed to the Commission shall be borne solely by the concerned partner.

II.20.5 The partners understand that under Article 256 of the Treaty establishing the European Community, the Commission may adopt an enforceable decision formally establishing an amount as receivable from persons other than States. An action may be brought against such decision before the Court of First Instance of the European Communities.

ARTICLE II.21 – CHECKS AND AUDITS

II.21.1 The co-ordinator undertakes to provide any detailed information requested by the Commission or by any other outside body authorised by the Commission to check that the actions and the provisions of the framework partnership agreement and/or specific grant agreements are being properly implemented. Where the Commission so wishes, it may be request such information to be provided directly by a co-partner.

II.21.2 The partners shall keep at the Commission's disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to each specific grant agreement for a period of five years from the date of payment of the balance for the corresponding action.

II.21.3 The partners agree that the Commission may have an audit of the use made of the grants awarded carried out either directly by its own staff or by any other outside body authorised to do so on its behalf. Such audits may be carried out throughout the period of implementation of the specific grant agreements until their balances are paid and for a period of five years from the date of payment of the balance for the corresponding actions. Where appropriate, the audit findings may lead to recovery decisions by the Commission.

II.21.4 The partners undertake to allow Commission staff and outside personnel authorised by the Commission the appropriate right of access to sites and premises where the actions are carried out and to all the information, including information in electronic format, needed in order to conduct such audits.

II.21.5 By virtue of Council Regulation (Euratom, EC) No 2185/96 and Regulation (EC) No 1073/1999 of the European Parliament and the Council, the European Anti-Fraud Office (OLAF) may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities. Where appropriate, the inspection findings may lead to recovery decisions by the Commission.

II.21.6 The European Court of Auditors shall have the same rights as the Commission, notably right of access, as regards checks and audits.

ARTICLE II.22 – AUDIT CERTIFICATES

II.22.1 For each payment request for which an audit certificate is required, the partner shall provide an audit certificate prepared and certified by an external auditor, certifying that the costs incurred during that period meet the conditions required by this framework partnership agreement. The certificate should expressly state the amounts that were subject to verification.

II.22.1 The cost of this certification is an eligible cost under the category “Other specific costs” as specified in Article II.15.2.

II.22.3 The partner is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:

- a) the external auditor must be independent from the partner;
- b) the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984.

- II.22.4 A partner that is a public body may opt for a competent public officer to provide an audit certificate, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that public body.
- II.22.5 Certification by external auditors according to this Article does not diminish the liability of the partner according to this framework partnership agreement nor the rights of the Community arising from Article II.21.
- II.22.6 The methodology to be followed and the layout and content of the audit certificate to be prepared by the external audit shall conform to the instructions and guidance notes established by the Commission.

Annex I – Implementation Strategy & Geographical coverage

(This annex will include the Implementation Strategy).

Annex II – Model Specific Grant Agreement

SPECIFIC GRANT AGREEMENT No (insert SA number)

This specific grant agreement ("the agreement") is concluded between:

The European Community ("the Community"), represented by the Commission of the European Communities ("the Commission"), itself represented for the purposes of signature of this agreement by (insert name, forename & function, DG/service)

of the one part,

and

(insert full official name) (ACRONYM)

(insert official legal form)¹³

(insert official registration No)¹⁴

(insert official address in full)

(insert VAT number),

the co-ordinator, represented for the purposes of signature of the agreement by (insert name, forename and function)

and the following "co-partners":

Option 1 for signing:

• (insert full official name- established in [country])

• (insert full official name- established in [country])

•

who have conferred powers of attorney for the purposes of the signature of the agreement to the representative of the co-ordinator,

Option 2 for signing:

(insert full official name) (ACRONYM)

(insert official legal form)

(insert official registration No)

(insert official address in full)

(insert VAT number)

represented for the purposes of signature of this agreement by (insert name, forename and function)

(idem for each partner)

collectively "the partners", and each individually identified as "partner" for purposes of this agreement where a provision applies without distinction to the co-ordinator or a co-partner

³ Delete if the partner is a natural person or a public-sector body.

¹⁴ Delete if the partner is a public-sector body. (For natural persons, also indicate the number of their identity card or, failing that, of their passport or equivalent.)

of the other part,

The following annexes form an integral part of the agreement:

Annex I: Work programme

Annex II: Estimated budget

Article 1 – Purpose of the agreement

- 1.1 The agreement is concluded in the context of the partnership established between the parties. It is drawn up in accordance with the relevant terms of framework partnership agreement No *(insert FPA number)* signed between the Commission and the partner on *(insert date)*.
- 1.2 The Commission has decided to award a grant, under the terms and conditions set out in this agreement and the framework partnership agreement, which the partners hereby declares that they have taken note of and accept, for the action entitled: *(insert name of the action)* ("the action").
- 1.3 The partners accept the grant and undertake to do everything in their power to carry out the action as described in Annex I, in accordance with the terms and conditions of the above-mentioned framework partnership agreement applicable to the implementation of the agreement, acting on their own responsibility.

Article 2 – Duration of the action

The duration of the action shall be *(insert number)* months from *(insert a date)* ("starting date of the action").

Article 3 - Financing the action

- 3.1 The total cost of the action is estimated at EUR *(insert amount)*, as shown in the estimated budget in Annex II. The estimated budget shall give a detailed breakdown of the costs that are eligible for Community funding under the terms of Article II.15 of the framework partnership agreement and of all receipts, so that receipts and eligible costs balance.

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

- 3.2 The total eligible costs of the action for which the Commission grant is awarded are estimated at EUR *(insert amount)* as shown in the estimated budget in Annex II.
- 3.3 The Commission shall contribute a maximum of EUR *(insert amount)*, equivalent to *(insert percentage)* % of the estimated total eligible costs indicated above. The final amount of the grant shall be determined as specified in Article II.18 of the framework partnership agreement, without prejudice to Article II.21 thereof.

Article 4 – Payment arrangements

4.1 Pre-financing

In accordance with the provisions specified in Article I.6, paragraph 1 of the framework partnership agreement, a pre-financing payment of EUR *(insert amount)* shall be made to the co-ordinator, representing *(insert percentage)* % of the maximum amount of the grant specified in Article 3, paragraph 3.

4.2 Interim payment

As a complement to the provisions specified in Article I.6, paragraph 2 of the framework partnership agreement, may the interim payment in no circumstances exceed the lowest of the following amounts:

- The total of eligible costs actually incurred in the corresponding reporting period to which shall be applied the percentage specified in Article 3, paragraph 3;
- Respectively *(insert percentage)* %, *(insert percentage)* % and *(insert percentage)* % of the amount of the grant specified in Article 3, paragraph 3 for the first, the second and the third interim payment.

4.3 Payment of the balance

As a complement to the provisions as specified in Article I.6, paragraph 3 of the framework partnership agreement, may the balance payment in no circumstances exceed the lowest of the following amounts:

- The total of eligible costs actually incurred during the duration of the action as specified in Article 2 to which shall the applied the percentage specified in Article 3, paragraph 3;
- The amount of the grant specified in Article 3, paragraph 3.

Article 5 – Reporting period and submission of reports and other documents

- 5.1 The layout and content of the reports and other documents as specified in Article II.16 shall conform to the instructions and guidance notes established by the Commission.
- 5.2 The action is divided into *(insert number)* reporting periods of *(insert number)* months.

SIGNATURES

For the co-ordinator

(insert name, forename and function)

(insert signature)

Option 2 for signing

For the co-partner (insert ACRONYM)

(insert name, forename and function)

(insert signature)

Done at *(insert place & date)*

(Idem for each co-partner)

In duplicate in English.

For the Commission

(insert name & forename)

(insert (signature)

For the co-partner (insert ACRONYM)

(insert name, forename and function)

(insert signature)

Done at *(insert place & date)*

Annex 1 to the Specific grant Agreement (insert number) – Work programme

(This annex will include the work programme).

Annex 2 to the Specific grant Agreement (insert number) – Estimated budget

(This annex will include the estimated budget).

Annex III – Mandates conferring powers of attorneys from the co-partners to the co-ordinator¹⁵

(insert full official name) (ACRONYM)
(insert official legal form)
(insert official registration No)
(insert official address in full)
(insert VAT number),

Hereinafter called “the co-partner”, represented for the purposes of signature of this mandate by *(insert name, forename and function)*

Of the one part,

And

(insert full official name) (ACRONYM)
(insert official legal form)
(insert official registration No)
(insert official address in full)
(insert VAT number),

Hereinafter called “the co-ordinator”, represented for the purposes of signature of this mandate by *(insert name, forename and function)*

Of the other part,

HAVE AGREED

For the purposes of the signature of the framework partnership agreement *(insert number)* between the European Commission and the co-ordinator,

The following:

1. The co-partner grants power of attorney to the co-ordinator, to act in his name and for his account in signing the above-mentioned framework partnership agreement and its possible subsequent riders with the European Commission.
2. The co-partner hereby confirms that he has taken careful note of and accepts all the provisions of the above framework partnership agreement with the European Commission, in particular all provisions affecting the co-partner and the co-ordinator. In particular, he acknowledges that, by virtue of this mandate, the co-ordinator alone is entitled to receive funds from the Commission and distribute the amounts corresponding to the co-partner participation in the action
3. The co-partner hereby agrees to do everything in his power to help the co-ordinator fulfil the co-ordinator’s obligations under the above framework partnership agreement. In particular, the co-partner hereby agrees to provide to the co-ordinator whatever documents or information may be required, as soon as possible after receiving the request from the co-ordinator.
4. The provisions of the above framework partnership agreement, including this mandate, shall take precedence over any other agreement between the co-partner and the co-ordinator which may have an effect on the implementation of the above agreement between the co-ordinator and the Commission.

¹⁵ One version of this annex to be included for each co-beneficiary.

5. A copy of this mandate shall be annexed to the above framework partnership agreement and shall form an integral part of it.

SIGNATURES

For the co-partner

(insert name/forename/function)

[signature]

Done at *(insert place)*, *(insert date)*

In duplicate in English

For the co-ordinator

(insert name/forename/function)

[signature]

Done at *(insert place)*, *(insert date)*