

**COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL INFORMATION SOCIETY**

DEPLOYMENT GRANT AGREEMENT

Trans-European Telecommunications Networks *eTEN*

[Project Acronym]

[Project Name]

Grant Agreement Number [Grant Agreement Reference]

GRANT AGREEMENT NO [GRANT AGREEMENT REFERENCE]

The European Community ("the Community"), represented by the Commission of the European Communities ("the Commission"), itself represented for the signature of this grant agreement by [Mr (*name*)] [Ms (*name*)], Director-General for Information Society or [his] [her] duly authorised representative,

of the one part

and

- [Co-ordinator Name] ([Co-ordinator Acronym]) ('the *co-ordinator*'), established in [Co-ordinator Country] - [Co-ordinator Address], represented by its legal/statutory representative[s], [Co-ordinator Signatory1 Name], [Co-ordinator Signatory1 Position],[and/or [Co-ordinator Signatory2 Name], [Co-ordinator Signatory2 Position],] or his/her/their authorised representative[s],
- [Beneficiary Name] ([Beneficiary Acronym]), established in [Beneficiary Country] - [Beneficiary Address], represented by its legal/statutory representative[s], [Beneficiary Signatory1 Name], [Beneficiary Signatory1 Position], [and/or [Beneficiary Signatory2 Name], [Beneficiary Signatory2 Position],] or his/her/their authorised representative[s],

(collectively "*the beneficiaries*"),

of the other part,

(collectively "*the parties*")

Having regard to Regulation (EC) No 2236/95 of the Council of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of Trans-European Networks as amended by Regulation (EC) No 1655/1999 of the European Parliament and the Council of 19 July 1999.

HAVE AGREED to a *project* called "[*name of project*]" to be carried out in the domain of the trans-European telecommunications networks - **eTEN** Programme (the "specific programme") according to the following provisions.

Article 1 - Scope

1. The *beneficiaries*¹ shall carry out the work set out in Annex I to this grant agreement ("the *project*") in accordance with the conditions set out in this grant agreement. The *project* is divided up into the milestones specified in Annex I.

Subject to cases of *force majeure*, the *beneficiaries* shall do their utmost to achieve the results set for each milestone, and shall submit the related *project deliverables*. They shall carry out the *project* jointly and severally vis-à-vis the Community.

2. Without prejudice to the first paragraph, *beneficiaries* may entrust the performance of part of the work set out in Annex I to this grant agreement to *members* in accordance with the conditions of Article 5.1 of Annex II to this grant agreement. *Members* shall do their utmost to carry out the part of the *project* that is specifically assigned to them.

The *beneficiaries* shall be technically and financially responsible for their *members* in accordance with the terms and conditions set out in Articles 5, 17 and 18, 19 and 20 of Annex II to this grant agreement and in the *membership agreement*.

3. Achievement of the objectives of each milestone, assessed in accordance with Article 4.3 of Annex II to this grant agreement, shall determine the continuation of the *project*.

Article 2 - Entry into force of the Grant agreement and Duration of the Project

1. The *duration of the project* shall be [*insert number*] months from [**the first day of the month after the last signature of the parties**] [*insert date*], without prejudice to Article 1.3 of this grant agreement.
2. This grant agreement shall enter into force following its signature by all the *parties*.

This *grant agreement* shall be completed on the date of the final payment of the Community's financial contribution. However, those provisions related to Articles 4 (5), 8, 9, 10,11, 12, 17, 18 and 19 of Annex II to this *grant agreement* shall continue to apply after that date. Any provisions in Annex II which specifically indicate their continued application after the *grant agreement completion date* will also apply in accordance with the duration foreseen therein.

Article 3 - Estimated costs and maximum financial contribution of the Community

1. The total cost of the *project* is estimated at EUR [*insert amount*] (*[insert amount in words] euro*) as shown in the table of indicative breakdown of costs and financing plan for the *project* ('Budget Table'), which forms an integral part of the grant agreement and follows the signatures to this grant agreement.

¹ The terms in Italics are used in accordance with the definition given in Article 1 of Annex II to this grant agreement.

2. The total estimated *eligible costs* of the *project* are **EUR [insert amount] ([insert amount in words] euro)**.
3. The Community shall fund the *eligible costs* of the *project* in accordance with the indicative breakdown of the estimated *eligible costs* indicated in the 'Budget Table' up to a maximum of **EUR [insert amount] ([insert amount in words] euro)**. The Community's maximum financial contribution shall correspond to the sum of the amounts allocated in respect of each milestone and specified in the 'Budget Table'.

Where the *eligible costs* of the *project* are lower than the total estimated *eligible costs* of the *project*, the financial contribution from the Community shall be limited to the sum calculated by application of the rates of financial participation set in the 'Budget Table'. . The Community's maximum financial contribution shall correspond to the sum of each maximum financial contribution per *participant*, expressed in EUR and in % of the total estimated *eligible costs* per *participant*, as shown in the Budget Table.

4. The Community's financial contribution to the *project* shall be paid as specified in Article 3 of Annex II to this grant agreement to the *co-ordinator's* following bank account denominated in Euro, identified as follows:

Name of bank:

Address of branch:

Exact designation of account holder:

Full account number including codes:

[IBAN² code]:

Payment reference:

This account or sub-account must identify the payments made by the Commission.

5. The initial *pre-financing* for the *project*, shall not exceed 50% of the Community contribution for the first year of the *project*, and shall correspond to the estimated *eligible costs* involved in reaching [the] Milestone [1]. The initial *pre-financing* payment shall amount to **EUR [insert amount] ([insert amount in words] euro)**. It is distributed among the *beneficiaries* in accordance with the indications laid down in the 'Budget Table' and the 'Milestones Breakdown Table' relating to [the] Milestone [1].
6. *Pre-financing* may be paid in several instalments. Payment of each further instalment may not be made until at least 70% of the previous pre-financing payment has been used up, as stated in the reports referred to in Article 4.1(a)(i) of Annex II to the *grant agreement*. The periodic instalments shall amount to:
 - For [the] Milestone [1], ending [after x months from the *project commencement date*] [on [insert date]], **EUR [insert amount] ([insert amount in words] euro)**.
 - [For Milestone 2, ending [after x months from the *project commencement date*] [on [insert date]], **EUR [insert amount] ([insert amount in words] euro).**]
 - [other]

² BIC code for countries with no IBAN code

In no circumstances may the total amount of the *pre-financing* and the periodic instalments exceed the maximum amount of the Community's financial contribution referred to in paragraph 3 of this Article, less a guarantee retention. The guarantee retention shall be 30% of the maximum amount of that contribution.

Article 4 - *Project deliverables and summary statements of amounts transferred by the co-ordinator to be submitted to the Commission*

1. **Two (2)** paper copies and **one (1)** electronic copy of the reports and other *project deliverables* and **two (2)** signed paper copies and **one (1)** electronic copy of the financial statements and requests for payment shall be submitted by the *co-ordinator* in accordance with Article 4 of Annex II to this grant agreement. The reports shall be in [*insert language*] and the other *project deliverables* in [*insert language*].
2. The periodic reports and the corresponding requests for payment shall cover each milestone specified in Annex I to this grant agreement.

The final report(s) and the financial statements and details by category, including each integrated financial statement, shall cover the *duration of the project*. Where the work is completed before the end of the *duration of the project*, the final report(s) and the corresponding financial statements, including each integrated financial statement, shall cover the period ending on such date.

However, and without prejudice to the second subparagraph of this paragraph, the last financial statement of the *participants* and the integrated financial statement shall also cover the period necessary for the completion of the final review and the drafting of the final report(s) within the maximum time-limit of two months as of the end of the *duration of the project*.

The summary statements of amounts transferred to the *beneficiaries* by the *co-ordinator* shall cover each milestone. The other *project deliverables* shall cover the periods set out in Annex I to this grant agreement.

Article 5 - Applicable law and jurisdiction

1. The law of [.....] shall govern this grant agreement.
2. The Court of First Instance of the European Communities and, in the case of an appeal, the Court of Justice of the European Communities shall have sole jurisdiction to hear any disputes between the Community, on the one hand, and the *beneficiaries*, on the other hand, as regards the validity, the application or any interpretation of this grant agreement.

Article 6 - Special conditions

In addition to the specific conditions set out in Annex III, the following special conditions shall apply to this grant agreement:

1. Notwithstanding the second sentence of the first subparagraph of Article 5.2 of Annex II to this grant agreement, no coordination tasks may be subcontracted under this grant agreement.

2. Where a *beneficiary* having successfully fulfilled its obligations withdraws from the *project* before the termination date of the grant agreement, in accordance with either the provision of Annex I or with Article 7.2 (b) of Annex II to this grant agreement, the final payment to the said *beneficiary* shall include the guarantee retention of 30% of the maximum amount of the Community financial contribution to the said *beneficiary*.
3. Notwithstanding Article 3.4, when first periodic instalment is paid, an amount equivalent to the amount paid as initial *pre-financing* shall be retained.

[Optional special conditions]

Article 7 - Amendments

This grant agreement, including the annexes thereto, may be modified only in writing, by way of an amendment between the authorised representatives of the *parties*. No verbal agreement may be binding on the *parties* for this purpose.

Any request for amendment must be received by the Commission at least two months before the expiry of the *duration of the project*.

Article 8 - Final provisions

1. *The following annexes form an integral part of this grant agreement:*

Budget Table

Annex I – Description of work

Annex II – General conditions

Annex III – Specific conditions for eTEN [type of action] Projects

[Annex IV – Letters of mandate and acceptance of mandates by coordinator]

2. *In the event of any conflict between the provisions of the Annexes to this grant agreement and any provision of this part of the grant agreement, including the Budget Table, the grant agreement shall take precedence. The provisions of Annex III shall take precedence over the provisions of Annex II, and both shall take precedence over the provisions of Annex I.*
3. *The special conditions set out in Article 6 of this grant agreement shall take precedence over any other provisions of this grant agreement.*

Article 9 - Signature and language of the grant agreement

Two (2) copies of the grant agreement in **English** shall be signed by the *parties* and only that language version shall be authentic.

Done at Brussels,

[Project Acronym]

Grant Agreement N° [Grant Agreement Reference]

On behalf of: **[Co-ordinator Name]** (**[Co-ordinator Acronym]**)

Name: [Co-ordinator Signatory1 Name] [Co-ordinator Signatory2 Name]

Title: [Co-ordinator Signatory1 Position] [Co-ordinator Signatory2 Position]

Signature:

(stamp of the organisation)

On behalf of the Commission:

Name: (written out in full)

Title:

Signature:

Date:

[Project Acronym]

Grant Agreement N° [Grant Agreement Reference]

On behalf of: **[Beneficiary Name] ([Beneficiary Acronym])**

Name: [Beneficiary Signatory1 Name] [Beneficiary Signatory2
Name]

Title: [Beneficiary Signatory1 Position] [Beneficiary Signatory2 Position]

Signature:

(stamp of the organisation)

On behalf of the Commission:

Name: (written out in full)

Title:

Signature:

Date:

[Project Acronym] Table of indicative breakdown of costs and financing plan for the *project* - Budget Table Grant Agreement N° [Grant Agreement Ref.]

All amounts are in euro

I. Participant information	Total	Co-ordinator ^{1,6}		Contractor ¹		Contractor ¹		Contractor ¹		Contractor ¹		Contractor ¹		Member ¹	
	amounts in euro	[1] ²	CO ³	[2] ²	CR ³	[3] ²	CR ³	[4] ²	CR ³	[5] ²	CR ³	[6] ²	CR ³	[6.1] ²	MB ³
Participant Number ² and Role ³															
Type of financial participation ⁴															
Number of person hours															
II. Estimated eligible costs															
Personnel															
Durable equipment															
Subcontracting															
Travel and subsistence															
Consumables															
Computing															
Protection of <i>knowledge</i>															
Other specific costs															
Overheads															
Total estimated eligible costs :	(a)														
III. Non-eligible⁵ costs :															
Permanent Personnel															
<i>Specify category!</i>															
Total estimated non-eligible costs :	(b)														
IV. Total estimated cost of the project:	(c)=(a+b)														
V. Financing Plan															
Direct income expected from the <i>project</i>	(d)														
Contributions by <i>beneficiary</i> or <i>member</i> (co-financing)	(e)														
Contributions by other organisations	(f)														
eTEN contribution (detailed calculation below)	(g)=(p)														
Other (e.g. EU contribution for the same <i>project</i>)	(h)														
Total of receipts (should be same as (c)) :	(i)=(d+e+f+g+h)														
VI. Calculation of Community contribution															
Rate of financial participation [%]	(k)														
Max. Community contribution as percentage of costs	(l) = (k*a)-(h)														
Estimated Total Investment Cost (ETIC)	(n)														
Max. Funding for the entire project (% of ETIC)	10,0% (o) = (%)*n														
Max. Community contribution :	(p)=min (l), (o)														
Community pre-financing :															

- Participant short name
- Participant Number: Beneficiary n° or Member linked to Beneficiary n°
- Participant Role Codes: CO (Co-ordinator); CR (Beneficiary); MB (Member)
- Insert as appropriate: FC (Full Cost actual basis overheads); AC (Additional Cost overheads)
- Indicate the origin and specify the Category of the non-eligible costs
- Costs borne exclusively by the co-ordinator / the administrative and financial co-ordinator in case of split of the administrative and financial co-ordination and technical co-ordination (the technical co-ordinator being considered as a beneficiary)

<i>Participant</i> N° 2 .	<i>Participant</i> Name 1	<i>Participant</i> role 3	<i>Estimated Total Costs</i> 4	<i>Total Estimated Eligible Costs</i> 5	<i>Requested Community Contribution</i> 6	<i>Rate of financial participation</i> 4 [%]	<i>Cost Milestone 1</i>	<i>Cost Milestone 1 Community Contribution</i> 7	<i>Cost Milestone 2</i>	<i>Cost Milestone 2 Community Contribution</i>	<i>Cost Milestone 3</i>	<i>Cost Milestone 3 Community Contribution</i>	<i>Cost Milestone 4</i>	<i>Cost Milestone 4 Community Contribution</i>
[1] 2	Co-ordinator 1,6	CO 3												
[2] 2	Beneficiary 1	CR 3												
[3] 2	Beneficiary 1	CR 3												
[4] 2	Beneficiary 1	CR 3												
[5] 2	Beneficiary 1	CR 3												
[6] 2	Beneficiary 1	CR 3												
[7] 2	Beneficiary 1	CR 3												
[8] 2	Beneficiary 1	CR 3												
[9] 2	Beneficiary 1	CR 3												
[10] 2	Beneficiary 1	CR 3												
[11] 2	Beneficiary 1	CR 3												
[12] 2	Beneficiary 1	CR 3												
[13] 2	Beneficiary 1	CR 3												
[14] 2	Beneficiary 1	CR 3												
[14.1] 2	Member 1	MB 3												
Total:														

- Participant short name
- Participant Number: Beneficiary n° or Member linked to Beneficiary n°
- Participant Role Codes: CO (Co-ordinator); CR (Beneficiary); MB (Member)
- Article 3.1 of the grant agreement
- Article 3.2 of the grant agreement. *Eligible costs* excluding recurrent costs borne by beneficiaries / members
- Article 3.3 of the grant agreement.
- Pre-financing to be retained from the payment of Milestone 1.

***e* **TEN** DEPLOYMENT GRANT AGREEMENT**

ANNEX II

General Conditions

Community financing: less than 100% of all costs
Beneficiaries' ownership of knowledge

ANNEX II

GENERAL CONDITIONS FOR eTEN DEPLOYMENT GRANT AGREEMENTS

PART A: IMPLEMENTATION OF THE PROJECT

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- Article 2 - Management of the *project* and role of the *co-ordinator*
- Article 3 - The Community's financial contribution
- Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *co-ordinator*
- Article 5 - *Membership agreements and subcontracts*
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PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY

- Article 8 Ownership of *knowledge*
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PART C: REIMBURSEMENT OF COSTS

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- Article 14 Direct costs
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PART D: AUDITING

- Article 17 Financial audit

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PART E: FORMS AND TEMPLATES

- E-1/A: MODEL FINANCIAL STATEMENT
- E-1/B: MODEL DETAILS BY CATEGORY FOR FINANCIAL STATEMENT
- E-2/A: MODEL INTEGRATED FINANCIAL STATEMENT TO BE SUBMITTED BY THE *CO-ORDINATOR FOR THE BENEFICIARIES* AND THEIR *MEMBERS*
- E-2/B: MODEL INTEGRATED FINANCIAL STATEMENT TO BE SUBMITTED BY EACH *BENEFICIARY* WITH *MEMBERS*
- E-3: MODEL SUMMARY STATEMENT OF AMOUNTS TRANSFERRED TO THE *BENEFICIARIES* BY THE *CO-ORDINATOR*
- E-4: MODEL REQUEST FOR PAYMENT - *e***TEN**DEPLOYMENT CONTRACTS

PART F: MODEL MEMBERSHIP AGREEMENTS

- F-1 MODEL *MEMBERSHIP AGREEMENT* FOR ONE *MEMBER*
- F-2 MODEL *MEMBERSHIP AGREEMENT* FOR SEVERAL *MEMBERS*

PART A: IMPLEMENTATION OF THE PROJECT**Article 1 - Definitions**

1. "*Parties*" means the Community and the *beneficiary(ies)*.
2. "*Beneficiary*" means a legal entity, an international organisation or the Joint Research Centre (JRC), which has concluded this grant agreement with the Community.
3. "*Co-ordinator*" means the *beneficiary* carrying out the tasks provided for in Article 2.1 of this Annex.
4. "*Member*" means a legal entity, an international organisation, or the JRC, other than a *beneficiary*, which has concluded a *membership agreement* signed with a *beneficiary* in agreement with the Community and in accordance with this grant agreement and having, by virtue of that *membership agreement*, the same rights and obligations as the *beneficiary* unless the former stipulates otherwise.
5. "*Participant*" means a *beneficiary* or a *member*.
6. "*Membership agreement*" means the agreement concluded between the *participants* for the specific needs of the *project* in accordance with the conditions of this grant agreement.
7. "*Subcontract*" means an agreement to provide services, supplies or goods concluded between a *participant* and one or more *subcontractors* for the specific needs of the *project*.
8. "*Subcontractor*" means a legal entity, an international organisation or the JRC, which has concluded a *subcontract*.
9. "*Project*" means all the work referred to in Annex I to this grant agreement.
10. "*Project commencement date*" means the date referred to in Article 2.1 of this grant agreement.
11. "*Duration of the project*" means the period of performance of the *project* as referred to in Article 2.1 of this grant agreement.
12. "*Grant agreement completion date*" means the date referred to in Article 2.2, subparagraph 2, of this grant agreement.
13. "*Project deliverables*" means the reports, requests for payments and financial statements referred to in Article 4 of this grant agreement and Article 4 of this Annex as well as any element designated as such in Annex I to this grant agreement.
14. "*Consortium*" means all the *beneficiaries* and *members* participating in the *project* covered by this grant agreement.
15. "*Consortium agreement*" means an agreement concluded between *beneficiaries* in order to specify or supplement, between themselves, the provisions of this grant agreement.
16. "*Third country*" means a country other than a Member State.

17. "*Change of control*" means any change in the control exercised over a *beneficiary*. Such control may result in particular from:
- direct or indirect holding of a majority of the share capital of the *beneficiary* or a majority of the voting rights of the latter's shareholders or associates,
- or
- direct or indirect holding in fact or in law of decision-making powers in the *beneficiary*.
18. "*Force majeure*" shall mean any unforeseeable and exceptional situation or event beyond the control of the *Community* or the *participants* which prevents either of them from fulfilling any of their obligations under this grant agreement, was not attributable to error or negligence on their part, and proves insurmountable in spite of due diligence.
19. The "*interests of the Community*" are to be assessed in particular with regard to:
- the objective of strengthening the international competitiveness of Community industry,
 - the objective of providing appropriate incentives for maintaining and creating jobs in the Community,
 - the objective of promoting sustainable development and improving the quality of life in the Community,
 - the needs of other Community policies in support of which **eTEN** activities are carried out,
 - the existence of cooperation agreements between the Community and third countries or international organisations
20. "*Knowledge*" means the results, including information, arising from a *project* as well as copyright or rights attaching to the results following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
21. "*Pre-existing know-how*" means information, other than *knowledge*, held by the *participants* prior to the conclusion of the grant agreement or the *membership agreement* or acquired in parallel with them and necessary for carrying out the *project*, as well as copyright or rights attaching to such information following applications for, or the issue or registration of, patents, designs and models, plant varieties, additional certificates or other similar forms of protection.
22. "*Complementary grant agreement*" means a grant agreement concluded with the Community in respect of work technically related to the *project*, including for *use* purposes, and recognised in writing by the *beneficiaries* to each grant agreement as being complementary.
23. "*Complementary beneficiary*" means a legal entity or an international organisation or the JRC, which has concluded a *complementary grant agreement*.
24. "*Use*" means the direct or indirect use of *knowledge* for *exploitation* purposes.
25. "*Exploitation*" means the direct or indirect use of *knowledge* for creating and marketing a product or process or for creating and providing a service.

26. "*Dissemination*" means the disclosure of *knowledge* by any appropriate means other than the publication resulting from the formalities for protecting the *knowledge*, for the purposes of promoting technical progress.
27. "*Legitimate interest*" means any interest, in particular of a commercial nature, of a *participant* which may be invoked in the cases provided for in this Annex provided that he demonstrates that the damage to that interest is likely, given the circumstances, to cause a specific prejudice that is disproportionate, considering the objectives of the provision in respect of which it is invoked.
28. "*Eligible costs*" means the costs referred to in Articles 14 and 15 of this Annex, in compliance with the conditions set out in Articles 13.1 to 13.7 thereof.
29. "*Pre-financing*": means any part of the Community financial contribution which is paid in order to provide advance funds to permit the work on the *project* to begin, as specified in Article 3.1, point a) of this Annex and any periodic instalments as specified in Article 3.1, point b) of this Annex.
30. "*Financial Regulation*": means the Council Regulation (EC, Euratom) No 1605/2002¹ of 25 June 2002 on the Financial Regulation applicable to the General Budget of the European Communities and the Commission Regulation (CE, Euratom) No.2342/2002² of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC) No 1605/2002 on the Financial Regulation applicable to the General Budget of the European Communities.
31. "*Receipts*": means financial transfers made available to a *participant* by a third party to be used to carry out the *project*, and any income generated by the *project* itself, if generated during the life of the *project* or up to the time when the final financial statement is submitted to the *Commission*, whichever is later.
32. "*Irregularity*": means any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a *beneficiary* or a *member* which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by it through unjustified *expenditure*.
33. "*Expenditure*": means total actual costs of the *project* including any *eligible* and non-eligible cost, which is necessary for the *project* and actually spent by a *beneficiary* or a *member* during the *duration of the project*.
34. "*Profit*": shall mean any surplus of actual *receipts* attributable to the *project* over the costs, whether duly established or confirmed in the case of other outside funding, or whether determined by applying the principles laid down to establish the total actual costs of the *project*.

¹ OJ L248, 16.9.2002, p. 1

² OJ L357, 31.12.2002, p. 1

Article 2 - Management of the *project* and role of the *co-ordinator*

1. Without prejudice to paragraph 2 of this Article, the *co-ordinator* shall be in charge of the technical, financial and administrative coordination of the *project*. In this respect,
 - (a) He shall be the intermediary between the *beneficiaries* and the Commission. In particular, he shall be responsible for transmitting to the Commission all documents and correspondence relating to the *project*. To this end, he shall transmit within two months after the signature of the grant agreement a list of the designated persons referred to in the second paragraph, point (b), of this Article, and update such a list, as necessary;
 - (b) He shall inform the Commission of the actual date of commencement of the work and of the person designated by each *beneficiary* in accordance with paragraph 2(b) of this Article;
 - (c) He shall obtain and transmit to the Commission a copy of the *membership agreement(s)* duly signed by the *participants* and shall verify that the *beneficiaries* guarantee that those *agreements* are in conformity with this grant agreement;
 - (d) He shall submit to the Commission:
 - the requests for payment and financial statements provided for in Article 4 of this grant agreement and Article 4 of this Annex,
 - the periodic, final and supplementary reports provided for in Article 4 of this grant agreement and Article 4 of this Annex after incorporating the content of the data provided by all the *participants* and verifying their consistency with the requests for payment and any corresponding financial statements,
 - any other *project deliverable* except where Annex I to this grant agreement provides otherwise;
 - (e) In his capacity as representative of the *beneficiaries* he shall receive, subject to the special conditions set out in Article 6 of this grant agreement, all the payments made by the Commission to the account referred to in Article 3.4, first subparagraph, of this grant agreement;
 - (f) Not being the beneficiary of payments intended for other *beneficiaries* pursuant to this grant agreement, he shall transfer to them within 30 days of receipt of the funds paid by the Commission the amount owing to them up to the maximum provided under Article 3.3 of this grant agreement;

He shall inform the Commission of the distribution of the funds and of the date of transfer by means of the form in E-3;
 - (g) He shall inform the other *parties* of any event liable to substantially affect the *project* of which he is aware, including any change in a person mentioned in paragraph 2(b) of this Article and any *change of control* with regard to a *participant*;
 - (h) He shall request the Commission's approval for, or shall inform the Commission of, as appropriate, transfers of the estimated *eligible costs* set out in the 'Budget Table', between *beneficiaries* and between categories, carried out in compliance with Article

13.7 of this Annex upon notification by those concerned.

Without prejudice to Article 7.3 (b) of this Annex, should the *co-ordinator* fail to meet his obligations, the Commission may, in agreement with the other *beneficiaries*, designate another *co-ordinator* from among the *beneficiaries*.

2. The *beneficiaries* and *members*:

- (a) The *beneficiaries* are the intermediaries between the *members* and the *co-ordinator* and, where appropriate, the Commission;
- (b) The *participants* shall agree upon appropriate arrangements for the proper performance of the work incumbent upon them pursuant to Annex I to this grant agreement. To this end, the *beneficiaries* shall designate one or more persons from among those referred to in Article 14.1 of this Annex who shall direct their work and ensure that the tasks assigned, including to the *members*, are correctly performed, and who shall be the contact person(s) for any correspondence relating to the *project*;
- (c) The *beneficiaries* shall conclude amongst themselves, if necessary, a *consortium agreement* in accordance with the provisions of this grant agreement and the competition rules. Such agreement may, *inter alia*, specify the organisation of the work;
- (d) The *beneficiaries* shall inform the *co-ordinator* of any event liable substantially to affect the *project*, including any change of a person mentioned at point (b) of this paragraph and any *change of control* with regard to them;
- (e) The *beneficiaries* shall keep duly signed original copies of *subcontracts*, if any have been concluded;
- (f) The *beneficiaries* shall forward to the *co-ordinator* the data needed to draw up the reports provided for in Article 4 of this grant agreement and in Article 4 of this Annex and the requests for payment and the financial statements. They shall do likewise in respect of any other *project deliverable*, except where Annex I provides otherwise;
- (g) The *beneficiaries* shall inform the *co-ordinator* of transfers of the estimated *eligible costs* set out in the 'Budget Table', between them and between categories, as soon as they have carried out such transfers in compliance with the conditions set out in Article 13.7 of this Annex;
- (h) The *beneficiaries* shall take part in meetings concerning the supervision, monitoring and evaluation of the *project*, which are relevant to them;
- (i) The *beneficiaries* shall, including for their *members*, provide all detailed information requested by the Commission for the purposes of the proper administration of this grant agreement; not being the beneficiaries of the payments intended for the *members* pursuant to this grant agreement, the *beneficiaries* shall transfer to them the amounts owing to them in accordance with the conditions of the *membership agreements* and Article 5 of this Annex.

3. The Commission may be assisted by independent experts in the framework of the meetings referred to under paragraph 2 (h) of this Article.

It shall take appropriate steps to ensure that such experts treat confidentially the data that are communicated to them. Prior to such meetings, it shall communicate to the *beneficiaries* the identity of the experts who are intended to assist it. It shall take account of any objection on the part of *participants* based on *legitimate interests*.

Article 3 - The Community's financial contribution

1. The Community's financial contribution shall be paid in accordance with the following principles:

(a) A *pre-financing* shall be made to the *co-ordinator* within a maximum period of 45 days running from the date of the last signature of the *parties*. The period of 45 days may be suspended until the date of receipt by the Commission of all the *membership agreements* duly signed by the *participants*. The *co-ordinator* shall allocate the *pre-financing* in accordance with the 'Budget Table' following the signatures to this grant agreement.

If the project has not effectively commenced within three months of the payment of the pre-financing, the Commission may terminate the grant agreement pursuant to Article 7.3 (a) of this Annex.

(b) Periodic instalments shall be paid within a maximum period of 45 days from the date on which the Commission approves or is deemed, in accordance with Article 4.3, fifth subparagraph of this Annex, to have approved the *project deliverables* for each milestone, including the periodic reports and the corresponding requests for payment. The amounts of the periodic instalments are determined according to Article 3.6 of the grant agreement, taking into account reimbursement of any interest or equivalent benefits referred to in paragraph (d) of this Article.

(c) The final payment of the Community's financial contribution shall be made within a maximum period of 45 days from the date on which the Commission approves or is deemed, in accordance with Article 4.3, fifth subparagraph of this Annex, to have approved the financial statements and the last *project deliverable*.

The final payment shall correspond to the difference between the total amount of *eligible costs* approved by the Commission and the amount of the *pre-financing* and any periodic instalment payments.

However, the total amount paid to the *consortium* by the *Commission* may not in any circumstances exceed the maximum amount of the Community financial contribution laid down in Article 3.3 to the grant agreement, even if the total actual *eligible costs* exceed the estimated total *eligible costs* specified in Article 3.2 to the grant agreement or in the 'Budget Table'. If the actual *eligible costs* when the *project* ends are lower than the estimated total *eligible costs*, the Community financial contribution shall be limited to the amount obtained by applying the Community financial contribution percentage, as specified in Article 3.3 to the grant agreement, to the actual *eligible costs* approved by the Commission.

The *participants* hereby agree that the maximum Community financial contribution for each *participant* shall be limited to the amount necessary to balance their *receipts* and *expenditure* and that it may not in any circumstances produce a *profit* for them.

Any surplus of *receipts* over the *expenditure* shall result in a corresponding reduction

in the amount of the Community financial contribution.

For the purposes of this Article, only actual costs falling within the categories set out in the indicative breakdown of the estimated *eligible costs* indicated in the 'Budget Table' shall be taken into account; non-eligible costs shall always be covered by non-Community resources.

- (d) In accordance with the provisions of the *Financial Regulation*¹, *pre-financing* paid to the *co-ordinator* on behalf of the *consortium* according to points (a) and (b) of the first subparagraph of this paragraph remains the property of the Communities.

The *co-ordinator* shall inform the Commission of the amount of any interest or equivalent benefits yielded by the *pre-financing* of the *project* 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 for periodic instalment payments and the request for payment of the balance of the Community financial contribution is made. Such interests or equivalent benefits shall not be considered as a *receipt* within the meaning of Article 1 of this Annex. They may be recovered by the *Commission* in accordance with the provisions of Article 19 of this Annex.

- (e) The payments referred to at points (a) to (c) of the first subparagraph of this paragraph shall be regarded as having been effected on the date on which the Commission's account is debited.
- (f) The Commission may suspend the period of 45 days referred to under (b) and (c) of the first subparagraph of this paragraph at any time by notifying the *beneficiaries* concerned that it considers that additional checks should be carried out. The period shall continue to run once the Commission has completed the additional checks.

Where no comments, changes or substantial corrections to any of the *project deliverables* are required or where the Commission approves the *project deliverables* more than 45 days after reception, the *Commission* shall make the appropriate payment within 90 days of receipt of the *project deliverables*.

Where substantial comments, changes, further information or adjustments are requested by the Commission within this period, the delay is suspended upon notification by the Commission. The remainder of the 90 day payment period begins only after submission by the co-ordinator of the required information.

- (g) The payment of the Community financial contribution to the *co-ordinator* discharges the *Commission* from its obligation to make this payment to *beneficiaries and its members*.
- (h) In the event of late payment the beneficiaries may claim interest, within two months of receipt of the payment. Interest shall be calculated at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first calendar day of the month in which the due date falls, plus three and a half percentage points.

¹ Article 5.4 of the Financial Regulation (OJ L 248, 16.09.2002), p.1 and Articles 3 and 4 of the Commission Regulation laying down rules for its implementation (OJ L 357, 31.12.2002, p.1)

Interest shall be payable for the time elapsed between expiry of the payment deadline and the date on which the payment has been made by the *Commission*. Date of payment is the date upon which the *Commission's* account is debited. Any such interest payment is not considered as part of the financial contribution of the Community established by the provisions of Article 3.3 of the grant agreement. The suspension of payment by the *Commission* may not be considered as late payment.

2. Without prejudice to the right to terminate the grant agreement under Article 7 of this Annex, 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 this agreement.

Any reduction in the amount of the grant to be paid by the Commission shall be effected by:

- reducing the balance of the grant payable when the action ends;
 - requesting the participant to repay any amounts overpaid, if the total amount already paid by the Commission exceeds the final amount which it actually owes.
3. Where the Commission suspects fraud or serious financial *irregularity* on the part of a *participant*, it may suspend payments or instruct the *co-ordinator* not to make any payment to the *beneficiary* concerned or involved with regards to one of his *members*. The *participant* shall remain bound by his contractual obligations pursuant to this grant agreement.
 4. Subject to Article 17 of this Annex, all payments shall be considered as final only after the last *project deliverable* is approved.
 5. Where the total financial contribution due from the Community, taking into account any adjustments, including as a result of a financial audit as referred to in Article 17 of this Annex, is less than the total amount of the payments referred to in paragraph 1, first subparagraph of this Article, the *beneficiaries* and the *members* concerned shall reimburse the difference, in euro, within the time-limit set by the Commission in its request sent by registered letter with acknowledgement of receipt, in accordance with the provisions of Article 19 of this Annex.

Bank charges resulting from any reimbursement of sums due to the Community shall be borne exclusively by the *participant* concerned.

6. After the *grant agreement completion date*, the termination of the grant agreement or of the participation of a *beneficiary* or a *member*, the Commission may or shall, as appropriate, request from the *beneficiary* concerned, or from the *beneficiary* involved with regard to one of his *members*, repayment of the entire Community's contribution paid to it, where fraud or serious financial irregularities are discovered in the course of an audit carried out in accordance with Article 17 of this Annex. Interest at the rate applied by the European Central Bank for its main refinancing operations on the first calendar day of the month during which the *beneficiary* concerned received the funds plus three and a half percentage points shall be added to the amount to be repaid. The interest shall cover the period between the receipt of the funds and their repayment.

Article 4 - Submission of *project deliverables* and of summary statements of amounts transferred by the *co-ordinator*

1. As regards reports:
 - (a) The following reports shall be submitted to the Commission for approval:
 - (i) periodic reports containing information, for each milestone, about the progress of work, investments carried out, resources employed, statement of each *participant's* outlay, including the consumption of *pre-financing*,¹ departures from the work schedule, and results,
 - (ii) supplementary reports containing information required by Annex I to this grant agreement,
 - (iii) a final report covering, for all the milestones, the achievement of the objectives, the results and the conclusions, including a summary of all the latter,
 - (iv) where the reports referred to in points (i), (ii) and (iii) cannot be published in full, they shall, in addition, be presented in a suitable form for publication by the *parties*. The final report suitable for publication shall include sufficient information on new developments to enable third parties established in the Member States to be informed of opportunities to request licences in respect of *knowledge*.
 - (b) The layout of the reports shall conform to the rules communicated by the Commission. The reports for publication should be of a suitable quality to enable direct reproduction.
2. As regards requests for payment and financial statements:
 - (a) Costs incurred in currencies other than the euro shall be reported in euro on the basis of the conversion rate published in the Official Journal of the European Union applicable on the first day of the month following the end of the reporting period. No account shall be taken of exchange rate gains or losses between the time of establishment of the financial statement and the receipt of the corresponding payment.
 - (b) The *beneficiaries* shall submit to the Commission through the *co-ordinator* the interim Milestone payment requests issued by each of them and by all their *members* in the format specified in Part E, Form E-4 and Form E-2/B.

The *co-ordinator* shall then forward to the *Commission* these payment requests together with the Form E-2/A.
 - (c) For the final payment, the *beneficiaries* and the *members* shall submit two (2) signed financial statements to the Commission through the *co-ordinator*: a financial statement of their own *eligible* costs and *receipts* in the format specified in Part E, Form E-1/A, including the Form E-1/B “Details by Category”, an integrated financial statement in euro covering all the costs and receipts incurred by all beneficiaries and their *members* in the format specified in Part E, Form E-2/B.

¹ Art. 180.1 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002-OJ L357, 31.12.2002, p.1

In addition to the financial statements for the payment, the *co-ordinator* shall submit the corresponding integrated financial statements in euro in the format specified in E-2/A.

The basis for the conversion rate, as indicated in previous point (a), shall be indicated in the format specified in the Form E-1/A.

Each *beneficiary* or *member* receiving for this *project* a total Community financial contribution equivalent to EUR 150.000 or more shall request an external auditor to certify its financial statements. Such audit certificates shall be provided at the time of submission of the final report.

Each *beneficiary* or *member* which will receive a pre-financing or intermediary payments cumulatively exceeding EUR 750.000 per financial year shall provide the corresponding *project deliverables* referred to in paragraph 2 (b) of this Article, certified by an external auditor .

Each *beneficiary* or *member* is free to choose any external auditor, including its habitual external auditor, provided that it meets the following cumulative professional requirements:

- (i) the external auditor must be independent from the *beneficiary* or *member*;
- (ii) the external auditor must be qualified to carry out statutory audit of accounting documents in accordance with the 8th Council directive 84/253/EC of 10 April 1984 or similar national regulations

Where a *beneficiary* or *member* is a public body, it may opt for a competent public officer provided that the relevant national authorities have established its legal capacity to certify such document.

Certification by external auditors does not affect the liability of *beneficiaries* or *members* according to this grant agreement nor the rights of the Community arising out of Article 17 of this Annex.

- (d) Each *beneficiary* shall keep a copy of its *member's* financial statements for the purposes of auditing in accordance with Article 17 of this Annex.
 - (e) *Participants* that do not benefit from a financial contribution from the Community are required to submit only a description of the efforts deployed and the resources used in order to carry out the *project*.
3. Each periodic report and the corresponding requests for instalment payment, as well as each supplementary report shall be submitted to the Commission within two months of the end of the milestone or of the period covered by the report.

The final report(s) and the financial statements for the final period shall be submitted to the Commission within two months of the end of the *duration of the project*.

The other *project deliverables* shall be submitted within the time limits set out in Annex I to this grant agreement.

The Commission shall approve the *project deliverables* required for each milestone if it considers that the objectives of that milestone have been achieved.

The *Commission* undertakes to evaluate the *project deliverables* within 45 days of receipt thereof. Where no comments, changes or substantial corrections to any of the *project deliverables* are required, the latter are deemed to be approved within 90 days of receipt.

4. The *Commission* reserves the right to withhold part or, exceptionally, all of the payment of the *Community's* financial contribution until the next or final *Milestone* in case of failure to submit, within the limits laid down in paragraph 3 of this Article or in Annex I, as relevant, a request for payment or a periodic report or another *project deliverable*.

The *Commission* may decide not to make the payment corresponding to the costs incurred in respect of the final milestone in case of failure to submit, within the time limits laid down in paragraph 3 of this Article:

- the financial statements,
- the final report(s) or other *project deliverable*,

subject to one month's written notice of non-receipt of that document.

5. The *co-ordinator* shall attach to the requests for payment and to the financial statements the summary statements referred to in Article 2.1, point (f), second sentence, of this Annex. However, where they concern the transfer of the final payment of the *Community's* financial contribution, the *co-ordinator* shall submit them to the *Commission* immediately following such transfer.

Article 5 - Membership agreements and subcontracts

1. The *beneficiaries* shall conclude a *membership agreement* with each of their *members*. No *member* may enjoy the benefits of this grant agreement until his *membership agreement* has entered into force.

(a) When concluding *membership agreements*, the *beneficiary* shall ensure that:

- (i) the *membership agreements* are in conformity with this grant agreement,
- (ii) that his *members*:

- perform the tasks assigned to them in accordance with Annex I to this grant agreement,
- acquire identical rights to those of the *beneficiaries* pursuant to this grant agreement,
- receive their share of the *Community's financial contribution* in accordance with the conditions of the *membership agreements* concluded in accordance with this Article after receipt of the funds paid by the *Commission*.

- (b) The *membership agreement* shall be drawn up on the basis of the model in part F of this Annex.

A copy of the *membership agreements* duly signed by the authorised representatives of the *beneficiaries* and of the *members* shall immediately be sent to the *co-ordinator*.

- (c) The *beneficiaries* must submit, with each periodic report and with the final report, a list of all their *members*, specifying the date of entry into force or the date of

termination of each *membership agreement*.

- (d) The *beneficiary* shall include in the *membership agreement* appropriate provisions to enable the Commission or its authorised representatives as well as, where appropriate, the Court of Auditors, to carry out the financial audits and technical verifications in accordance with Articles 17 and 20 of this Annex.
2. In accordance with the procedure described in Article 14.3, second indent, of this Annex, *participants* may conclude *subcontracts* where this proves necessary for the performance of their work. Where a *subcontract* is concluded for the performance of coordination tasks, the related expenses may not be charged as direct costs.

Unless Annex I to this grant agreement contains sufficient detailed data, the Commission's prior written approval is required:

(a) where the cumulative amount of the *subcontracts* of a *participant* exceeds:

- 20% of his estimated *eligible costs*,
- EUR 100 000,

whichever amount is the lower;

(b) where the *subcontractor* is established in a *third country*.

In the absence of observations within one month of receipt of the request made by the *coordinator*, the Commission's approval shall be deemed to be granted.

3. The *participant* shall ensure that *subcontracts* include an obligation for the *subcontractors*:
- to submit invoices making reference to the *project* and giving details of the service or supply concerned,
 - to submit to the audits provided for in Articles 17 and 20 of this Annex
 - to comply with the relevant provisions of Article 6 and of Part B of this Annex, in the same conditions as the *beneficiaries*.

The *participant* shall retain sole responsibility for carrying the work set out in Annex I and for compliance with the provisions of the *grant agreement*. It must undertake to make the necessary arrangements to ensure that the winner of the *subcontract* waives all rights in respect of the Commission under the *grant agreement*.

Article 6 - Liability

1. The liability of the *parties* amongst themselves with regard to any losses, damages or injuries suffered in the context of the performance of this grant agreement shall be governed by the law indicated in Article 5.1 of the grant agreement.
2. The *beneficiaries* shall take all necessary and reasonable measures to carry out the work incumbent on a defaulting *beneficiary*. However, they shall not be required to reimburse amounts owed by a *beneficiary* unless they have contributed to the latter's defaulting.

The measures to be taken in the event of *force majeure* shall be agreed between the

parties. Any default of a product or service or delays in making them available (unless due to *force majeure*) for purpose of performing this grant agreement and affecting such performance including, for instance, anomalies in the functioning or performance of such product or service, labour disputes, strikes or financial difficulties does not constitute *force majeure*.

3. The Community cannot be held liable for acts or omissions of the *participants* in the performance of this grant agreement. It shall not be liable for any defects in respect of any products or services created on the basis of *knowledge* resulting from the *project*.

The *participants* shall bear sole responsibility for assessing that the use of acronyms within the framework of this grant agreement, including but not limited to the acronyms of the *project*, does not infringe existing trademarks, registered patents and other similar rights.

The *participants* shall fully guarantee the Community, and shall undertake to indemnify it in the event of any action, complaint or proceeding brought by a third party against it as a result of damage caused either by an act or omission of the *participants* in the performance of this grant agreement or on account of any products or services created on the basis of *knowledge* resulting from the *project*, only to the extent that the *participants* have contributed to or are responsible for the loss or damage concerned.

In the event of any action brought by a third party against the Community in connection with the performance of this grant agreement, *beneficiaries* which may bear responsibility shall be required to assist the Community.

4. In the event of any action brought by a third party against a *beneficiary* in connection with the performance of this grant agreement, the Commission may, without prejudice to paragraph 1 of this Article, assist the latter upon written request. The costs incurred by the Commission in this connection shall be borne by the *beneficiary* concerned.

Article 7 - Termination of the grant agreement or of the participation of a *beneficiary* or *member*

1. The Commission may terminate the grant agreement or the participation of a *beneficiary*:
 - (a) for major technical or economic reasons substantially affecting the *project* (including where the resumption of the performance of the grant agreement following its suspension on account of *force majeure* proves impossible),
 - (b) if the *use* potential of the results of the *project* considerably diminishes.

The Commission shall determine the notice period in a registered letter with acknowledgement of receipt, which period shall not exceed one month from the date of receipt of such letter.

2. The Commission shall not object
 - (a) to the termination of the grant agreement, at the written request of the *co-ordinator* in agreement with all the other *beneficiaries*, on the grounds mentioned in paragraph 1 of this Article,
 - (b) to the withdrawal of a *beneficiary* from the *project* where all the other *beneficiaries*

have given their prior agreement in writing, unless this withdrawal substantially affects the carrying out of the *project*.

The termination of the grant agreement or the withdrawal of the *beneficiary* shall be effective:

- on the date of the letter of acceptance by the Commission notified by registered letter with acknowledgement of receipt,
 - at the latest one month following receipt of notification by the interested part(y)(ies) in the absence of written observations by the Commission within that time-limit.
3. The Commission may immediately terminate this grant agreement or the participation of a *beneficiary* or request the *beneficiary* involved to terminate the participation of one of his *members* from the date of receipt of the registered letter with acknowledgement of receipt sent by the Commission or, in the case of a *member*, by the *beneficiary* concerned in accordance with paragraph 6, third subparagraph, of this Article:
- (a) where the *project* has not effectively commenced within three months of the payment of the *pre-financing* and the new date proposed is considered unacceptable by the Commission,
 - (b) where the *participant* directly concerned has not fully performed his contractual obligations despite a written request from the Commission, or the *co-ordinator* in agreement with the other *beneficiaries*, or, in the case of a *member*, the *beneficiary* involved, to remedy a failure to comply with such obligations within a period not exceeding one month,
 - (c) where a *change of control* over a *beneficiary* is likely substantially to affect the *project* or the *interests of the Community*,
 - (d) in the event of bankruptcy, of winding up, of cessation of trading, of winding up by court order or composition, suspension of activities of a *participant* or any similar proceeding provided for by national laws or regulations and leading to a similar result,
 - (e) in the event of a serious financial *irregularity*
 - (f) where it considers, on the basis of an analysis of the *project deliverables* required, that the objectives of a milestone have not been achieved.
4. The Commission shall immediately terminate this grant agreement or the participation of a *beneficiary* or shall request a *beneficiary* concerned to terminate the participation of a *member* from the date of receipt of the registered letter with acknowledgement of receipt sent by the Commission or, in the case of a *member*, by the *beneficiary* concerned in accordance with paragraph 6, third subparagraph of this Article where a *participant* has made false declarations for which he may be held responsible or has deliberately withheld information in order to obtain the Community's financial contribution or any other advantage provided for in the grant agreement.
5. Any letter of the Commission to terminate the participation of a *beneficiary* (including in the case of the withdrawal of a *beneficiary*) or a *member*, to terminate the grant agreement shall be addressed in the first case to the *beneficiary* concerned or involved with regard to one of his *members* and in the second case to the *co-ordinator* in accordance with the procedures set out in paragraphs 1 to 4 of this Article. A copy of the letter shall be sent in

the first case to the *co-ordinator* and in the second case to the other *beneficiaries*.

6. *Beneficiaries* shall take appropriate action to cancel or reduce their commitments, upon receipt of the letter from the Commission notifying them of the termination of the grant agreement or of their participation or upon the dispatch of their termination or withdrawal request, as the case may be.

The same obligation shall apply to *members* from the date of receipt of the letter from the *beneficiary* involved notifying them of the termination of the grant agreement or of their participation in accordance with the third subparagraph of this paragraph.

In the case of a request from the Commission to a *beneficiary* to terminate the participation of a *member*, the *beneficiary* concerned shall have a period of 15 days to send to the *member* the Commission's request to terminate the participation of that *member*.

The Commission will not reimburse a *member's* costs if they are due to the fact that the *beneficiary* concerned omitted to send the termination notice referred to in paragraph 3, points (b), (c), (d) and (e) or paragraph 4 of this Article within the time-limit specified in paragraph 6, third subparagraph, of this Article.

In the event of termination of the grant agreement or of the participation of a *beneficiary* pursuant to paragraph 1 or paragraph 2, point (a), first subparagraph of this Article, the Community's financial contribution shall cover *eligible costs* relating to *project deliverables* accepted by the Commission and also *eligible costs* subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph.

In the event of termination of the grant agreement or of the participation of a *beneficiary* or *member*:

- (a) pursuant to paragraph 2, first subparagraph, point (b), paragraph 3(b) or (d) of this Article, the Commission may require repayment of all or part of the Community's financial contribution, taking into account the nature and results of the work carried out and its usefulness to the Community in the context of this specific programme,
 - (b) pursuant to paragraph 3(c) of this Article, the Commission shall only reimburse the *eligible costs* relating to accepted *project deliverables* and incurred before the event which caused the termination of the grant agreement or of the participation of a *beneficiary* or *member*, and also *eligible costs* subsequently incurred in good faith before the date mentioned in the first subparagraph of this paragraph in the case of a *beneficiary* or in the second subparagraph of this paragraph in the case of a *member*,
 - (c) pursuant to paragraph 3(a) or (e) or paragraph 4 of this Article, the Commission may require repayment of all or part of the Community's financial contribution. Interest at the rate applied by the European Central Bank for its main refinancing operations on the first calendar day of the month during which the *participant* concerned received the funds plus three and a half percentage points shall be added to the amount to be repaid. The interest shall cover the period between the receipt of the funds and their repayment.
7. The termination of the participation of a *beneficiary* or a *member* shall not prejudice the user rights in respect of intellectual or industrial property that have been granted in so far as necessary for the carrying out of the *project* to a *participant* before such date. He shall grant such rights in so far as necessary for the carrying out of the *project* to any

participant taking over all or part of the work incumbent on him.

8. Notwithstanding the termination of the grant agreement or of the participation of a *beneficiary or a member*, the following provisions shall continue to apply after that date subject to the limits specified therein, as the case may be:
 - Articles 5, 6 and 8 of this grant agreement,
 - Article 2.1, first subparagraph, points (a), (e), (f) and (g), Article 2.2, (d), (e) and (i), Article 3.4 and 3.5, Article 4.5, Article 6, Articles 9 to 12, and Articles 16, 17, 18 and 19 of this Annex.
9. Within two months from the date when the termination takes effect, as notified by the Commission, the *participants* shall submit the *project deliverables* relating to the work performed until the date of termination of the *grant agreement* or the date when their participation ends. Should the relevant *project deliverables* not be submitted within this time limit, the *Commission* shall not reimburse the *eligible costs* incurred by the *participant* up to the date of termination.

PART B: RULES RELATING TO INTELLECTUAL AND INDUSTRIAL PROPERTY, PUBLICITY AND CONFIDENTIALITY**Article 8 - Ownership of *knowledge***

1. *Knowledge* resulting from the *project* shall be the property of the *participants* carrying out the work leading to that *knowledge*.
2. Where several *participants* have carried out the work generating the *knowledge*, they shall agree among themselves on the allocation and the terms of exercising the ownership of the *knowledge* in accordance with this grant agreement.
3. If persons hired by a *participant* may claim rights to *knowledge* resulting from the *project*, the *participant* shall take steps or reach appropriate agreements to ensure that these rights are exercised in a manner compatible with its obligations under this grant agreement.
4. On request and without prejudice to paragraph 5, each *participant* shall grant the Commission an irrevocable right, on a royalty-free basis, to translate, reproduce, use, publish and distribute any document, on whatever medium, drawn up in the framework of the *project*.
5. The *participants* shall indicate to the Commission the *pre-existing know-how*, in particular the copyrights, relating to any document, on whatever medium, drawn up in the framework of the *project*.

Where a *participant* may not freely dispose of such *pre-existing know-how*, he shall beforehand take the necessary steps to obtain the authorisation to dispose thereof in compliance with his obligations under this grant agreement and shall confirm this to the Commission.

The *participant* shall bear any reasonable cost in connection with obtaining such authorisation or for which he may be held liable.

Article 9 - Protection of *knowledge*

1. *Participants* who own *knowledge* resulting from the *project* shall provide adequate and effective protection for such *knowledge*, in particular in the case of joint ownership, for an appropriate duration, in accordance with any applicable regulation or convention.
2. A *participant* participating in the *project* may publish, or allow the publication of, data, on whatever medium, concerning *knowledge* which it owns provided that this does not affect the protection of that *knowledge*.

The *parties* shall be given, in good time, prior notice of any planned publication and the scheduled date thereof. A copy of the medium containing these data shall be communicated to them if they so request within 30 days after receipt of such notice. They may object to such publication provided that due reasons for the objections are given within a new period of 30 days after receipt of such data where, from their point of view, it would adversely affect the protection of the *knowledge* referred to in paragraph 1 of

this Article.

The *consortium agreement* may specify the details of such a right to object and the measures necessary to ensure a speedy publication without prejudicing the protection.

Article 10 - Use of knowledge

1. The *participants* shall use or cause to be used the *knowledge* which they own, within a reasonable time-limit in accordance with the *interests of the Community* and in compliance with international agreements concluded with the Community.
2. If the *knowledge* is not used in accordance with the terms and time-limit referred to in paragraph 1 of this Article, the *participants* shall disseminate it, in accordance with:
 - the need to safeguard intellectual and industrial property rights,
 - confidentiality,and taking into account the benefits of swift *dissemination* and their *legitimate interests*.

Should the *participants* fail to do so, the Commission shall disseminate the *knowledge* itself under the same conditions.

Article 11 - Publicity and communication of data in particular for standardisation purposes

1. The Commission may publish, by any appropriate means and for as long as necessary, general data relating in particular to the objectives, the estimated total cost, the duration and the state of progress of the *project*, to the Community's financial contribution and to the *knowledge* described in the final report. The legal designation of *participants* and the names of the organisations carrying out the work shall also be published unless they object to this in advance on the basis of essential *legitimate interests*.

Where the measures referred to in the first subparagraph presuppose access by the Commission or its duly authorised representatives to the premises of *participants*, the latter may refuse such access on the basis of *legitimate interests*.

2. Any communication or publication, whatever the form or medium (including the Internet), concerning the state of progress with the *project* or concerning the *knowledge*:
 - shall mention the specific programme and the support provided by the Community, and
 - shall, where it is made by a *participant*, state that the author is solely responsible for it and that it does not represent the opinion of the Community and that the Community is not responsible for any use that might be made of data appearing therein.

Where use of the European emblem is envisaged, prior approval shall be required from the Commission. Standards, in particular with regard to graphics, in force within the Commission must be complied with.

3. Without prejudice to the provisions regarding the protection and/or use of *knowledge* and confidentiality, the *participants* must without delay inform the Commission and the standardisation bodies of *knowledge* resulting from the *project* which may contribute to

the preparation of European or, where appropriate, international standards, or to an industrial consensus on technical issues. To this end, they shall communicate appropriate data on such *knowledge* to the Commission and to the standardisation bodies concerned during the entire duration of the grant agreement and the two years following the *grant agreement completion date*.

The provisions of this grant agreement shall be without prejudice to the rules applicable, within the standardisation bodies, to data submitted to them.

Article 12 - Confidentiality

1. Without prejudice to Articles 10 and 11 of this Annex and any other obligation contained in this grant agreement, the *parties* and the *members* shall be required to keep confidential any data, *knowledge*, documents and *pre-existing know-how* communicated to them on a confidential basis or the disclosure of which may be prejudicial to one of them.

This obligation shall no longer apply:

- where the content of these data, *knowledge*, documents and *pre-existing know-how* becomes publicly available through work or actions lawfully performed outside this grant agreement and not based on activities under it,
 - where these data, *knowledge*, documents and *pre-existing know-how* have been communicated without any confidentiality restrictions or where the disclosing party subsequently waives their confidentiality.
2. Where this grant agreement provides for the communication of any data, *knowledge*, *pre-existing know-how* or document referred to in paragraph 1 of this Article, the *parties* and the *members* shall first satisfy themselves that the recipient will keep it confidential and use it only for the purpose for which it is communicated.

PART C: REIMBURSEMENT OF COSTS**Article 13 - Eligible costs - general principles**

1. *Eligible costs* are the costs defined in Articles 14 and 15 of this Annex. They shall fulfil the following conditions:

- be necessary for the *project*,
- be incurred during the *duration of the project*,
- be determined in accordance with the accounting principle based on historic costs and the usual internal rules of the *participant*, provided that they are regarded as being acceptable by the Commission,
- be recorded in the accounts no later than at the date of establishment of the final financial statements or in the tax documents, or, where applicable, no later than at the date of the establishment of the audit certificate referred to in Article 4.2 (c) of this Annex, whichever date is the earliest,

and

- exclude any *profit margin*.

Without prejudice to the provisions of the first subparagraph,

- the costs for completion of the final review and for drawing up the final report shall be eligible when incurred by the *participants* within a maximum period of two months as of the end of the *duration of the project*,
- *eligible costs* incurred after the *duration of the project* will be limited to those concerning reports, *dissemination of knowledge*, monitoring, and evaluations required by this grant agreement, the time-limits for which are specified in Annex I.

A member may not commit himself to costs before the date of entry into force of his *membership agreement*.

2. All *participants* with exception of those stated in the paragraph 3 of this Article shall use the full cost (FC) model.

3. *Participants* which may use the additional cost (AC) model are:

- non-commercial or non-profit organisations established either under public law or private law; or
- international organisations;

which do not have an accounting system that allows the share of their direct and, without prejudice to Article 15.1 of this Annex, indirect costs relating to the *project* to be distinguished.

Their *eligible costs* shall be as follows:

- the direct costs specified in Article 14 of this Annex, which are additional to their recurring costs,

and

- the indirect costs specified in Article 15.2 of this Annex.

Participants using the additional cost model must also identify in their periodic technical reports all the resources employed on the *project* and provide a global estimate of all their costs (not just the additional *eligible costs* which are reported in the financial statement).

4. Non-eligible costs are in particular the following:
 - costs related to capital employed,
 - provisions for possible future losses or charges,
 - interest owed,
 - provisions for doubtful debts,
 - resources made available to a *participant* free of charge,
 - value of contributions in kind,
 - unnecessary or ill-considered expenses,
 - indirect taxes and duties, including VAT,
 - entertainment or hospitality expenses, except such reasonable expenses accepted by the Commission as being absolutely necessary for carrying out the grant agreement,
5. Any SME may claim under the initial deployment action the costs of any premium it must pay for a loan guarantee. However, the proportion of the loan that is guaranteed may not exceed 80% of the loan where the costs of such loan guarantee meet the other criteria established by paragraph 1 of this Article.
6. No cost may be charged to more than one of the *eligible cost* categories referred to in Article 14 and 15 of this Annex.
7. *Beneficiaries* shall be authorised to transfer between themselves the budgets set out in the indicated breakdown of the estimated *eligible costs* contained in the 'Budget Table' and in the 'Milestones Breakdown Table', provided that:
 - they inform the Commission of such transfer confirming that the scope of the *project* is not fundamentally altered,
 - and
 - the amounts transferred do not exceed 10% of total budget for the *project* of the *participant* in the 'Budget Table'.

Each *beneficiary* shall be authorised to transfer the budget set out in the 'Budget Table' between categories of *eligible costs*, provided

- that the transferred amount does not exceed 10% of its total eligible budget for the *project*,
- that the budget for subcontracting is not increased and
- that the scope of the *project* is not fundamentally altered.

However, he shall not be required to obtain the agreement of the other *beneficiaries*.

Any other properly substantiated transfer approved by all the *beneficiaries* shall require prior written approval by the Commission. The *co-ordinator* shall request such transfer

by registered letter with acknowledgement of receipt addressed to the Commission, which reserves the right to refuse the request within one month from the date of receipt.

In the absence of observations within one month of receipt of the request made by the *co-ordinator*, the approval of the Commission shall be deemed to be given.

The budget for the costs for the protection of *knowledge* may not be the subject of a transfer to other categories of *eligible costs*.

Article 14 - Direct costs

1. Personnel

With regard to personnel costs,

- (a) Only the costs of the actual hours worked by the persons directly carrying out the managerial and technical work under the *project* may be charged to the grant agreement.

Such persons must:

- be directly hired by the *participant* in accordance with his national legislation,
- be under the sole supervision of the latter,

and

- be remunerated in accordance with the normal practices of the *participant*, provided that these are regarded as acceptable by the Commission.

All the working time charged to the grant agreement must be recorded throughout the *duration of the project*, or, in the case of the *co-ordinator*, within a maximum period of two months from the end of *the duration of the project*, and be certified at least once a month by the person in charge of the work designated by the *participant* in accordance with Article 2.2 (b) of this Annex or by the duly authorised financial officer of the *participant*.

- (b) For *participants* using the full costs system, personnel costs shall comprise:

- the actual costs (gross remuneration and related charges),
- average employment costs, where these correspond to the normal practices of the *participant* concerned, provided that such costs do not differ significantly from the actual costs and that such practices are regarded as acceptable by the Commission.

- (c) For *participants* using the additional costs system, costs shall be limited to the actual costs of the personnel employed on the *project* (gross remuneration and related charges) where the latter has concluded:

- a temporary contract for Community projects (permanent personnel paid for working full-time for the *participant* is excluded from this cost-charging system),
- a contract which depends upon external funding additional to the normal recurring funding of the *participant*. In that case, the costs charged to this grant agreement must exclude any costs borne using such recurring funding.

2. Durable equipment

- (a) Costs relating to the purchase or leasing with option to buy of durable equipment shall be charged to the grant agreement pursuant to this paragraph.

Hire costs shall be charged to the grant agreement pursuant to paragraph 3 of this Article.

The *eligible costs* for durable equipment leased with option to buy shall not exceed the costs that would have been incurred in case of purchase of equipment, taking account of the formula below.

- (b) Where the 'Budget Table' provides for the possibility of depreciating durable equipment, the costs to be charged to the grant agreement shall be calculated according to the following formula:

$$A/B \times C \times D$$

A = the period in months during which the durable equipment is used for the *project* after invoicing,

B = the depreciation period for the durable equipment: 36 months for computer equipment costing less than EUR 25 000 or 60 months for other equipment,

C = the actual cost of the durable equipment,

D = the percentage of usage of the durable equipment for the *project*.

3. Subcontracting

With the exception of costs charged to the grant agreement pursuant to paragraph 1 of this Article, the actual costs of *subcontracts* may be charged to the grant agreement if:

- they are incurred in compliance with the conditions set out in Article 5 of this Annex,
 - the *subcontracts* are awarded to the tender offering best value for money, i.e. the one offering the best price-quality ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests,
 - they are in accordance with market prices,
- and
- the copies, certified by the *participants* concerned, of relevant invoices are attached to the financial statements.

4. Travel and subsistence

Actual travel and related subsistence costs for personnel working on the *project* may be charged to the grant agreement.

The prior agreement of the Commission shall be required for any destination outside the territory of the Member States, unless such a destination is provided for in Annex I.

In the absence of observations within one month of receipt of the request made by the *co-ordinator*, the approval of the Commission shall be deemed to be given.

Travel and subsistence costs shall be established on the basis of the usual rules of the *participant*.

5. Consumables

The actual costs relating to consumables, including particularly software licences, which are specifically acquired for the *project* and whose purpose so justifies may be charged to the grant agreement.

However, *participants* using the full costs system shall include these costs in the indirect costs where this is reasonably practical and in accordance with their normal accounting conventions.

6. Computing

Computing costs, including the costs resulting from the use of computer services and media at the disposal of *participants*, may be charged to the grant agreement. They must be substantiated in accordance with the rules applicable to the *participants*.

However, *participants* using the full costs system shall include these costs in the indirect costs where this is reasonably practical and in accordance with their normal accounting conventions.

7. Protection of *knowledge*

The costs of the protection of *knowledge* generated in the framework of the *project* shall comprise the actual costs necessary for adequate and effective protection for such *knowledge*, taking into account the *interests of the Community*. They shall be eligible only in so far as the Commission has given its prior written approval to the *participants* and competition rules, in particular those concerning the Community framework for State aid to research and development, are complied with.

In the absence of observations within one month of receipt of the request made by the *co-ordinator*, the approval of the Commission shall be deemed to be given.

They comprise:

- the costs of documentary research preliminary to the filing of an application for the granting of an industrial property right
- the fees paid to the competent authorities that are necessary with a view to the granting of an industrial property right or its territorial extension, provided that prior documentary research, as referred to in the first indent, has been carried out

and

- the fees paid to the competent authorities to extend the duration of the industrial property right.

Fees paid to advisers with a view to the protection of such *knowledge* shall be reimbursable provided that an application for the granting of an industrial property right has been subsequently filed. Personnel costs incurred in this connection shall be

reimbursable, provided that:

- (i) the conditions of paragraph 1(a) and (b) of this Article shall apply *mutatis mutandis*,
- and
- (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence of this Article.

The Community's financial contribution in respect of the third subparagraph of this paragraph may not exceed EUR 4 000 per industrial property right.

The costs of protection of such *knowledge* shall exclude, in particular, translation costs.

The costs of protection of the *knowledge* and of measures to demonstrate the potential for *exploitation* of the *knowledge* shall also exclude the costs of creating and marketing a product and process and the costs of creating and providing a service.

8. Other specific costs

Other specific actual costs shall not come into any of the categories of *eligible costs* set out in paragraphs 1 to 7 and 9 of this Article and in Article 15 of this Annex. They may include, in particular, the costs of prototypes or equipment fabricated, the costs of using large testing equipment and simulators, or the direct costs incurred in the setting-up of financial guarantees requested by the Commission.

Cost belonging to this category shall only be eligible subject to written approval of the Commission unless they are already provided for in Annex I to this grant agreement.

In the absence of observations within one month of receipt of the request made by the *co-ordinator*, the approval of the Commission shall be deemed to be given.

9. Administrative and financial coordination

Only the *co-ordinator* can charge to the grant agreement the following administrative and financial coordination costs:

- the costs of administrative personnel in charge of the administrative and financial coordination of the *project* not included in the indirect costs referred to in Article 15 of this Annex. In this case,
 - (i) the conditions of paragraph 1 of this Article shall apply *mutatis mutandis* to that personnel,
 - (ii) the time actually worked on the *project* shall be recorded and certified in accordance with paragraph 1(a), third sentence, of this Article,

and

- costs indicated in paragraphs 2 and 4 to 8 of this Article, provided that the conditions thereof are also complied with.

The costs incurred for administrative and financial coordination do not give rise to

overheads.

Article 15 - Indirect costs

1. *Participants* using the full costs system may charge overheads calculated on the basis of actual costs, insofar as allowed by their accounting system. Such overheads may include in particular the costs of administration and management, depreciation of buildings and equipment, water, electricity, telecommunications and postal charges, office supplies, and administrative personnel costs not charged to the grant agreement pursuant to Article 14.9 of this Annex.

They shall be calculated in accordance with the normal accounting conventions and principles applicable to the *participants*, provided that they are regarded as acceptable by the Commission.

2. *Participants* using the additional costs system shall, as such, charge to this grant agreement a flat-rate amount of 20% of the direct costs, excluding the costs of subcontracting. A *participant* may request a lower percentage when this is required, for instance, by his internal rules.

Article 16 - Justification of costs

Eligible costs shall be reimbursed where they are justified by the *participant*.

To this end, the *participant* shall maintain, on a regular basis and in accordance with the normal accounting conventions of the State in which he is established, the accounts for the *project* and appropriate documentation to support and justify in particular the costs and time reported in his financial statements.

This documentation must be precise, complete and effective.

PART D: AUDITING**Article 17 - Financial audit**

1. The Commission, or any representative authorised by it, may initiate an audit in respect of a *participant* at any time during the grant agreement and up to five years after the final payment of the Community contribution, as referred to in Article 3 of this Annex.

The audit procedure in respect of a *beneficiary* shall be deemed to be initiated on the date of receipt by it of the relevant registered letter with acknowledgement of receipt sent by the Commission.

In the case of an auditing procedure in respect of a *member*, the *beneficiary* concerned shall have a period of 15 days from the date of receipt to send to the *member* concerned the registered letter with acknowledgement of receipt from the Commission.

The audit procedure in respect of a *member* shall be deemed to start on the date of receipt by the *member* of a letter sent by the *beneficiary* concerned.

The audit procedure shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access, at any reasonable time, in particular to the personnel of the *participants* connected with the *project*, the documentation referred to in Article 16 of this Annex, computer records and equipment that it considers relevant. In this connection, it may request that data be handed over to it in an appropriate form in order, for instance, to ascertain the eligibility of the costs.

The Commission shall take appropriate steps to ensure that its authorised representatives treat confidentially the data to which they have access or which have been provided to them.

3. On the basis of the findings made during the financial audit in respect of a *beneficiary*, a provisional report shall be drawn up. It shall be sent by the Commission to the *beneficiary* concerned. He may make observations thereon within one month of receiving it.

The final report shall be sent to the *beneficiary* concerned. The latter may communicate his observations to the Commission within a month of receiving it.

Where findings are established during a financial audit in respect of a *member*, the *beneficiary* concerned shall have a maximum period of 15 days to send the *member* concerned the provisional report drawn up by the Commission.

The *member* shall have a maximum period of one month from the date of receipt thereof to transmit observations to the *beneficiary* concerned.

The *beneficiary* concerned shall then have a maximum period of 15 days to transmit to the Commission the observations of the *member* concerned.

The procedure and time-limits indicated in paragraph 3, third, fourth and fifth subparagraphs, of this Article shall apply *mutatis mutandis* to the final report from the Commission in the case of a financial audit in respect of a *member*.

The Commission may decide not to take into account observations conveyed after the

deadlines.

4. On the basis of the conclusions of the audit, the Commission shall take all appropriate measures which it considers necessary, including the issuing of a recovery order regarding all or part of the payments made by it. The recovery order shall be addressed to the *beneficiary* concerned or involved in the case of financial audit in respect of one of his *members*.
5. The European anti-fraud office and the Court of Auditors may verify the use made of the Community's financial contribution in the framework of this grant agreement, on the basis of their own rules.

Article 18 – Financial penalties

As established by the *Financial Regulation*, any *beneficiary* declared to be in grave breach of its contractual obligations shall be liable to financial penalties of between 2% and 10% of the value of the Community financial contribution received by that *beneficiary*. The rate may be increased to between 4% and 20% in the event of a repeated breach in the five years following the first breach. . The *beneficiary* shall be notified in writing of any decision by the *Commission* to apply such financial penalties.

Article 19 - Reimbursement to the *Commission* and Recovery Orders

1. If any amount is unduly paid to the *participant* or if recovery is justified under the terms of the agreement, the *beneficiary* undertakes to repay the *Commission* the sum in question on whatever terms and by whatever date it may specify.
2. If the *beneficiary* fails to pay by the date set by the *Commission*, the sum due shall bear interest at the rate indicated in Article 3.6 to this Annex. 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.

3. Sums owed to the *Commission* may be recovered by offsetting them against any sums owed to the *beneficiary* or *member* after informing accordingly the *beneficiary* concerned or involved in respect of its *members*, or by calling in any financial guarantee. The *participant's* prior consent shall not be required.
4. Bank charges occasioned by the recovery of the sums owed to the *Commission* shall be borne solely by the *participant*.
5. The *beneficiary* understands 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.

Article 20 - Technical verification of the *project*

1. The Commission, or any representative authorised by it, may initiate a technical verification in respect of a *participant* up to the *grant agreement completion date* in order to verify that the *project* is being or has been carried out in accordance with the conditions

indicated by the *beneficiary including for his members*.

The verification procedure in respect of a *beneficiary* shall be deemed to be initiated on the date of receipt of the relevant registered letter with acknowledgement of receipt sent by the Commission.

In the case of a technical verification procedure in respect of a *member*, the *beneficiary* concerned shall have a period of 15 days from the date of receipt to transmit to the *member* concerned the letter with acknowledgement of receipt from the Commission.

The technical verification procedure in respect of the *member* shall be deemed to start on the date of receipt of the letter relating to it from the *beneficiary* concerned.

The technical verification procedure shall be carried out on a confidential basis.

2. The Commission or any authorised representative may have access to the locations and premises where the work is being carried out, and to any document concerning the work, and may request the submission of documents under the same identical conditions as those set out in Article 17.2 of this Annex.

Prior to the carrying out of the technical verification, the Commission shall communicate to the *participants* the identity of the authorised representatives who are intended to perform the verification. It shall take account of any objection on the part of *participants* based on *legitimate interests*.

3. *Participants* shall provide appropriate assistance to the Commission or its authorised representatives.
4. A report on the technical verification of the *project* shall be sent to the *beneficiary* concerned. The latter may communicate his observations to the Commission within a month of receiving it.

In the case of a technical verification procedure in respect of a *member*, the *beneficiary* concerned shall have a period of 15 days to transmit to the *member* concerned the report on the technical verification of the *project* from the Commission. The *member* may, through the *beneficiary* concerned, communicate his observations to the Commission within one month of receipt of the report.

The Commission may decide not to take into account the observations conveyed after that deadline.

PART E: FORMS AND TEMPLATES

E-1/A FINANCIAL STATEMENT

E-1/B DETAILS BY CATEGORY FOR FINANCIAL STATEMENT

E-2/A INTEGRATED FINANCIAL STATEMENT (to be submitted by the *Co-ordinator* for the *Beneficiaries* and their *Members*)

E-2/B INTEGRATED FINANCIAL STATEMENT (to be submitted by each *beneficiary* with *Members*)

E-3 SUMMARY STATEMENT OF AMOUNTS TRANSFERRED TO THE *BENEFICIARIES* BY THE *CO-ORDINATOR*

E-4 REQUEST FOR PAYMENT - *eTEN* DEPLOYMENT CONTRACTS

PART F: MODEL MEMBERSHIP AGREEMENTS

F-1 MEMBERSHIP AGREEMENT FOR ONE MEMBER

F-2 MEMBERSHIP AGREEMENT FOR SEVERAL MEMBERS

F-1 - ONE MEMBER

MEMBERSHIP AGREEMENT [*insert number*]

(*No of basic grant agreement*)

A membership agreement is hereby concluded between:

of the one part,

1. [*Name of beneficiary*] [*acronym*] (“the beneficiary”), established in [*name of State*],

and

2. [*Name of member*] [*acronym*], established in [*name of State*],

(“the member”)

of the other part,

(collectively “the parties”) represented by their legal/statutory/authorised representatives.

In the framework of the trans-European telecommunications networks (the "specific programme"), the *beneficiary* concluded grant agreement No [*insert the number of the grant agreement*] on [*date*] to carry out the project entitled [*name of the project*], (“the basic grant agreement”).

The basic grant agreement is incorporated in this membership agreement as Annex A.

IN THE LIGHT OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

Article 1 - Subject matter of the membership agreement

The purpose of this membership agreement is to enable the member to contribute, together with the *beneficiary*, to the implementation of the provisions of the basic grant agreement in accordance with the conditions provided for in this agreement.

Article 2 - Conditions

The parties to the membership agreement shall be bound *mutatis mutandis* by the conditions of the basic grant agreement and its Annexes, which are an integral part of the agreement (Annex A), with the exception of those provisions of the basic grant agreement which concern only the beneficiary.

Article 3 - Scope

1. The member shall perform his share of the work pursuant to this membership agreement in compliance with the requirements of Annex I to the basic grant agreement. The

member shall cooperate with the beneficiary in order to ensure the efficient management of the project. He shall, in particular, provide the beneficiary with the information that the project manager requires in order to carry out his duties.

2. The work carried out by the project member may be the subject of a technical verification in accordance with Article 20 of Annex II to the basic grant agreement.

Article 4 - Payments

1. The Community's financial contribution shall be paid to the member by the beneficiary after receipt of the Community's financial contribution, in accordance with Articles 2.2 (i), 3 and 4.2 of the Annex II to the basic grant agreement and the related conditions.
2. Costs shall be charged by the project member in accordance with Articles 13 to 16 of Annex II to the basic grant agreement and the indications in the indicative table of estimated *eligible costs* which follows the signatures to the basic grant agreement and this membership agreement. Those costs may be the subject of a financial audit by the Commission the European anti-fraud office or the Court of Auditors in accordance with Article 17 of Annex II to the basic grant agreement.

Article 5 - Entry into force of the membership agreement

Subject to signature of the membership agreement on behalf of all the parties within three months of the date of commencement of the basic grant agreement, the agreement shall enter into force retroactively from the date of commencement of the basic grant agreement. If the membership agreement is signed on behalf of all the parties later than three months after the date of commencement of the basic grant agreement, the agreement shall enter into force from the date of the last signature.

Article 6 – Completion, expiry or termination of the agreement

1. The work to be performed under the membership agreement shall be deemed to be completed on the date of approval by the Commission of the tasks to be performed by the member under Annex I to the basic grant agreement.
2. The membership agreement shall automatically terminate on the date of completion or termination of the basic grant agreement.
3. The beneficiary may, with the written agreement of the Commission, or shall, at the written request of the Commission, immediately terminate the participation of the member if he fails to meet in full his contractual obligations pursuant to the basic grant agreement or this membership agreement. The beneficiary shall determine, in a letter sent to the member, the period of notice, which shall not exceed one month from the date of receipt of that letter.
4. Each party may terminate this agreement subject to two months' written notice.

Article 7 - Applicable law and jurisdiction

The law of [*name of the country indicated in the basic grant agreement*] shall govern this

membership agreement.

Jurisdiction [*to be completed by the parties*].

Article 8 – Amendments

The membership agreement may be amended, with the prior written authorisation of the Commission, only by written agreement between the authorised representatives of the parties.

Article 9 - Final provisions

1. The following annexes are an integral part of this agreement:

Annex A: basic grant agreement
[.....*to be inserted*.....]

2. The agreement shall be signed by the parties in [*insert number*] copies in [*insert language*] and only that language version shall be authentic.

For the parties	Signature and title	Date
1. <i>Name of beneficiary</i> <i>(written out in full)</i>
2. <i>Name of member</i> <i>(written out in full)</i>

F-2 SEVERAL MEMBERS

MEMBERSHIP AGREEMENT [*insert number*]

(*No of basic grant agreement*)

A membership agreement is hereby concluded between:

of the one part,

[*Name of beneficiary*] [*acronym*] (“the beneficiary ”), established in [*name of State*],

and

[*Name of member*] [*acronym*], established in [*name of State*],

[*Name of member*] [*acronym*], established in [*name of State*],

[*Name of member*] [*acronym*], established in [*name of State*],

(collectively “the members”)

of the other part,

(collectively “the parties”) represented by their legal/statutory/authorised representatives.

In the framework of the trans-European telecommunications networks (the "specific programme") the *beneficiary* concluded grant agreement No [*insert the number of the grant agreement*] on [*date*] to carry out the project entitled [*name of the project*], (“the basic grant agreement”).

The basic grant agreement is incorporated in this membership agreement as Annex A.

IN THE LIGHT OF THE FOREGOING, THE PARTIES HAVE AGREED AS FOLLOWS:

Article 1 - Subject matter of the membership agreement

The purpose of this membership agreement is to enable members to contribute, together with the beneficiary, to the implementation of the provisions of the basic grant agreement in accordance with the conditions provided for in this agreement.

Article 2 - Conditions

The parties to the membership agreement shall be bound *mutatis mutandis* by the conditions of the basic grant agreement and its Annexes, which are an integral part of the agreement (Annex A), with the exception of those provisions of the basic grant agreement which concern only the beneficiary.

Article 3 - Scope

1. The members shall perform their share of the work pursuant to this membership agreement in compliance with the requirements of Annex I to the basic grant agreement.

The members shall cooperate with the beneficiary in order to ensure the efficient management of the project. They shall, in particular, provide the beneficiary with the information that the project manager requires in order to carry out his duties.

2. The work carried out by the project member may be the subject of a technical verification in accordance with Article 20 of Annex II to the basic grant agreement.

Article 4 - Payments

1. The Community's financial contribution shall be paid to the members by the beneficiary after receipt of the Community's financial contribution, in accordance with Articles 2.2 (i), 3 and 4.2 of Annex II to the basic grant agreement and the related conditions.
2. Costs shall be charged by the project member in accordance with Articles 13 to 16 of Annex II to the basic grant agreement and the indications in the indicative tables setting out the maximum rate of the Community contribution to the *eligible costs* by categories of costs which follows the signatures to the basic grant agreement and this membership agreement. Those costs may be the subject of a financial audit by the Commission, the European anti-fraud office or the Court of Auditors in accordance with Article 17 of Annex II to the basic grant agreement.

Article 5 - Entry into force of the membership agreement

Subject to signature of the membership agreement on behalf of all the parties within three months of the date of commencement of the basic grant agreement, the agreement shall enter into force retroactively from the date of commencement of the basic grant agreement. If the membership agreement is signed on behalf of all the parties three months after the date of commencement of the basic grant agreement, the agreement shall enter into force from the date of the last signature.

Article 6 – Completion, expiry or termination of the agreement

1. The work to be performed under the membership agreement shall be deemed to be completed on the date of approval by the Commission of the tasks to be performed by the members under the Annex I to the basic grant agreement.
2. The membership agreement shall automatically terminate on the date of completion or termination of the basic grant agreement.
3. The beneficiary may, with the written agreement of the Commission, or shall, at the written request of the Commission, immediately terminate the participation of a member if he fails to meet in full his contractual obligations pursuant to the basic grant agreement or this membership agreement. The beneficiary shall determine, in a letter sent to the member, the period of notice, which shall not exceed one month from the date of receipt

of that letter.

- 4. Each party may terminate this agreement subject to two months' written notice.

Article 7 - Applicable law and jurisdiction

The law of [name of the country indicated in the basic grant agreement] shall govern this membership agreement.

Jurisdiction [to be completed by the parties].

Article 8 - Amendments

The membership agreement may be amended, with the prior written authorisation of the Commission, only by written agreement between the authorised representatives of the parties.

Article 9 - Final provisions

- 1. The following Annexes are an integral part of this agreement:

- Annex A: basic grant agreement
[.....to be inserted.....]

- 2. The agreement shall be signed by the parties in [insert number] copies in [insert language] and only that language version shall be authentic.

For the parties	Signature and title	Date
1. <i>Name of the beneficiary (written out in full)</i>
2. <i>Name of member (written out in full)</i>
3. <i>Name of member (written out in full)</i>
4. <i>Name of member (written out in full)</i>

***eTEN* DEPLOYMENT GRANT AGREEMENT**

ANNEX III

SPECIFIC CONDITIONS

Community financing: less than 100% of all costs
Beneficiaries' ownership of knowledge

ANNEX III**SPECIFIC CONDITIONS FOR eTEN DEPLOYMENT GRANT AGREEMENTS**

1. The *co-ordinator* shall submit a monitoring report every three months after the *project commencement date*. This monitoring report shall show the stage of the *project* reached in relation to the workpackages including reference to physical and financial indicators and their objectives described in Annex I and any related problems. It should also report the delivery schedule of the deliverables, the list of meetings and travels done so far and the effort (human resources) made for the reporting period. This monitoring report shall be submitted within 15 days after the period covered.

2. In case of an investment check and technical audit as referred to in Article 20 of Annex II to this grant agreement, the *participants* shall deliver a deployment review report on the activities and the investment of the period preceding the review, including a critical self evaluation and a detailed plan for the remaining period. This report shall contain an evaluation of the results achieved in terms of original investment objectives.

The results of the review and the recommendations of the experts may lead the Commission to continue, modify or terminate the grant agreement. A modification to the work content of the *project*, as well as the make up of the partnership, may be included in this decision. Annex I will be amended if necessary.

The expenses incurred by the *participants* for the participation in the Investment Check and technical audit shall be charged to the *project* as direct costs.

3. The *participants* agree to participate in various meetings internal to the *project* and to **eTEN** workshops or conferences relevant to the *project*. The extent of the participation will be reasonable and in accordance with needs of the *project* and co-ordinated by the *co-ordinator*. The costs for this participation may be charged to the budget of the *project*.

At least once during the execution of the grant agreement and after request by the Commission, the *participants* will demonstrate the achievements of the *project* in a public event (international conference with **eTEN** participation, **eTEN** workshops or **eTEN** conferences). The demonstration will normally include a hands-on presentation of the proposed application or service.

The *project* will maintain regularly a website informing the general public about the status of the *project* and a link to and from the **eTEN** Web site will be established.

The *project* agrees to cooperate with support and coordination *projects* of the **eTEN** action and to provide general information to increase the awareness of the *projects* and help to establish the impact of the programme.

4. The *participants* shall undertake any reasonable effort to ensure multi-vendor interconnectivity and interoperability of the *project*. Reference to suitable standards has to be included for networks, services, applications and other technical elements of the *project*.

5. In accordance with Article 16.2 of the Council Regulation (EC) No 2236/95, as amended by the European Parliament and Council Regulation (EC) No 1655/99, the *participants* shall ensure that suitable publicity is given to assistance granted in order to inform the public of the role played by the Community in the implementation of the *project*. Any communication or publication concerning the *project* shall acknowledge the financial contribution of the Community and the

domain of Community activities (TEN) in which the *project* is carried out. The Commission services shall be entitled to publish general information on the *project*.

6. Without prejudice to the provisions of Article 17 of Annex II, this grant agreement is subject to the rules of financial control as laid down in Article 12 of the Council Regulation (EC) No 2236/95 as amended by the European Parliament and Council (EC) Regulation No 1655/99.
7. The *project* shall not benefit from other sources of Community funding.
8. The withdrawal of a *beneficiary* committed for minimum 10% of the *project* investment cost shall be considered as substantially affecting the *project*.
9. Evidences of the investment of the *project* should be provided by means of invoices and time sheets of the *participants'* personnel or any legal proof from the *participants'* accountancies. These evidences will be attached to the payment requests and periodic reports covering each milestone.

Letters of Investment commitment, signed by the budgetary authority of the *participant's* organisation, specifying the source of financing (in kind or in cash), are included in Part A of the present Annex III.

10. Article 16 of Annex II shall be completed by the following:

Each *participant* shall provide for the *duration of the project*, the following information and details in support to the financial statements according to the form E-1/B:

a. Personnel costs

Allocate the workload (person-hours) of each staff member to each work package.

b. Durable equipment

Provide certified copies of paid invoices and justify the use of the equipment for the *project* and its location.

c. Subcontracting

- For the work carried out by external consultants, indicate their names, the number of person-hours worked and the hourly rate.
- Allocate the workload (person-hours) of each subcontractor to each work package.
- Provide certified copies of paid invoices.

d. Travel and subsistence

Specify the travelling persons, date or period for each journey. Link the journey with a task performed in the workpackage. Separate the cost of transport and the cost of accommodation and subsistence.

e. Consumables / Computing / Protection of knowledge

For each of these categories of costs, give the description and the cost, and justify its use in relation to the workprogramme of the *project*. Provide certified copies of paid invoices.

f. Other specific project costs

Provide a breakdown of the costs claimed and justify its use in relation to the workprogramme of the *project*. Provide certified copies of paid invoices.

g. Overhead costs

For overheads calculated on the basis of actual costs, give the method of calculation of the overhead costs and provide a breakdown of the costs claimed, in case these overhead costs differ from the ones mentioned in the 'Budget Table' annexed to the grant agreement.

h. Non-eligible costs

The *participants* shall report on the actual costs necessary for the completion of the *project* which are non-eligible costs. They shall be presented by category in a format similar to the cost category of *eligible costs* which is most appropriate according to the nature of the non-eligible costs, as indicated in subparagraphs a) to g) of this Article. Where the exact amount of the costs can not be determined, they shall be estimated according to usual market values.

For personnel costs, which are not eligible according to Article 14.1 of Annex II to this grant agreement working time shall be reported according to paragraph a) of this article.

i. Receipts

The *participants* shall report all the details of the *receipts*, which they have received in the context of the *project*. The *receipts* include any direct income to the *project*, contributions and sponsoring from other organisations and other Community contribution eventually received.

[Project Acronym]

Grant Agreement N° [Grant Agreement Reference]

***e*TEN DEPLOYMENT GRANT AGREEMENT**

ANNEX IV

Letters of mandate and acceptance of mandates by the *co-ordinator*