



COSME Programme

European Maritime and Fisheries Fund

LIFE Programme

Mono-Beneficiary Model Grant Agreement

(EASME MGA — Mono)

Version 5.0
15 November 2018

Disclaimer

This document is aimed at assisting applicants for EU funding. It shows the full range of provisions that may be applied to this type of grant agreement, and is provided for information purposes only. The legally binding grant agreement will be that which is signed by the parties for the action.



HISTORY OF CHANGES		
Version	Publication date	Changes
1.0	05.02.2015	<ul style="list-style-type: none"> ▪ Initial version
2.0	30.09.2016	<ul style="list-style-type: none"> ▪ change of header; several typing errors corrected; no option for unit costs; change of template name to EASME MGA mono; numbering of options introduced ▪ Art 4.1 cross reference corrected ▪ Art 5, 5.2 title corrected ▪ Art 5.3.2, 5.4 cross reference corrected ▪ Art 6.1, 6.2, 6.3 some cross-references corrected; option for prizes included; option for several PR and interim payments included ▪ Art 6.4 (c) staff of administrations and (d) EU staff and representatives excluded; (e) option for cost categories excluded in the work programme and call ▪ Art 8a option included ▪ Art 9 and Art 10 update of EU Directives on contracting entities and public procurement ▪ Art 11a.1 option for financial support to third parties foreseen in the work programme and call for proposal; cross references corrected ▪ Art 11a.2 option for financial support to third parties included ▪ Art 11a.3 consequences of non-compliance re-numbered ▪ Art 12 small corrections ▪ Art 13.1.1 title corrected ▪ Art 15 options for RP and interim payments included; small corrections ▪ Art 15.2 a not applicable ▪ Art 15.3/15.4 options to waive financial certificate for IO; maximum grant amount of affiliated as in Annex 2 included ▪ Art 15.5 option for grants of more than EUR 5 million corrected; reference corrected ▪ Art 16 options for PR and interim payments included; small corrections ▪ Art 16.2 option for JRC corrected ▪ Art 16.4 cross reference included ▪ Art 16.11.2 not applicable ▪ Art 17.1.2, 17.1.3 cross references corrected ▪ Art 19.2 option for ownership of results by the Agency if foreseen in the work programme and call for proposal corrected ▪ Art 22.1.2 title corrected ▪ Art 25 small corrections ▪ Art 25.2 not applicable ▪ Art 25.3 not applicable ▪ Art 26 options for several RP and interim payments included ▪ Art 28.1.2 recovery after payment corrected ▪ Art 31 options for one or several RP; cross reference corrected ▪ Art 32.2 options for one or several RP; no periodic reports during suspension ▪ Art 34 reference to effects of termination corrected; options for RP and interim payments included ▪ Art 36.1 reference to Participant Portal corrected ▪ Art 36.3 address completed ▪ Annex 2 and Annex 4 updated ▪ Annex 3 not applicable

		<ul style="list-style-type: none"> ▪ New Annex 5
2.1	21.12.2016	<ul style="list-style-type: none"> ▪ Correction of Annex2 including beneficiaries /affiliates entities not receiving funding
3.0	n/a	<ul style="list-style-type: none"> ▪ Not applicable
4.0	30.06.2017	<ul style="list-style-type: none"> ▪ All references to "affiliated entity" are replaced by "linked third party" preserving the same meaning ▪ Eligibility of personal costs of SME owners and natural persons without a salary as unit costs included, therefore: <ul style="list-style-type: none"> ○ Art 5.2 (a) modified ○ Art 6.2 A.3 and A.4 included and calculation of personal costs adapted ○ Annex 2 modified ○ Annex 2a includes information on unit costs for SME owners and natural persons without a salary ○ Annex4 modified ▪ Art 16.4: payment deadlines aligned to 90 days ▪ Art 36: communication between parties :simplified ▪ Indirect costs and operating grants
5.0	15.11.2018	<ul style="list-style-type: none"> ▪ New provisions for EMFF and LIFE programmes.



EUROPEAN COMMISSION
Executive Agency for Small and Medium-sized
Enterprises (EASME)

Head of Unit



**MODEL GRANT AGREEMENT FOR THE
COSME PROGRAMME¹
EUROPEAN MARITIME AND FISHERIES FUND²
LIFE PROGRAMME³
(EASME MGA — MONO)**

- Footnotes in blue will not appear in the text generated by the IT system for signature (since they are internal instructions only).
- Text in grey indicates that text which appears in other EU MGAs is not applicable in this grant agreement.
- For options [*in italics, in square brackets*]: the applicable option must be chosen in the IT system. Options not chosen will automatically either not appear or appear as 'not applicable'. Options chosen will appear *in italics* without brackets and without the Option title (to allow the beneficiary to easily spot that a specific rule applies).
- For fields in [grey in square brackets] (even if they are part of an option as specified in the previous item): enter the appropriate data in the IT system.
- The IT system will generate a data sheet confirming the options chosen and the data entered.

GRANT AGREEMENT

NUMBER [insert number] — [insert acronym]

This Agreement ('the Agreement') is **between** the following parties:

on the one part,

the **Executive Agency for Small and Medium-sized Enterprises (EASME)**, ('the Agency'), under the powers delegated by the European Commission ('the Commission'), represented for

¹ Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC.

² Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund (EMFF) and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council.

³ Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007.

the purposes of signature of this Agreement by [forename and surname], Director, or his/her duly authorised representative⁴,

and

on the other part,

‘the beneficiary’:

[**full official name (short name)**], established in [official address in full], [*OPTION for beneficiaries with VAT: VAT number [insert number],*] [*OPTION for beneficiaries not receiving EU funding: as ‘beneficiary not receiving EU funding’ (see Article 8a),*] represented for the purposes of signing the Agreement by [forename and surname, function].

The parties referred to above have agreed to enter into the Agreement under the terms and conditions below.

By signing the Agreement, the beneficiary accepts the grant and agrees to implement the action under its own responsibility and in accordance with the Agreement, with all the obligations and conditions it sets out.

The Agreement is composed of:

Terms and Conditions

- Annex 1 Description of the action
- Annex 2 Estimated budget for the action
 - Annex 2a Additional information on the estimated budget
- Annex 3 Accession Forms: not applicable
- Annex 4 Model for the financial statements
- Annex 5 Model for the certificate on the financial statements (CFS)

⁴ The person representing the Agency must be an authorising officer (by delegation or sub-delegation) designated in accordance with document 60008 of 22.02.2001 ‘*Mise en place de la Charte des ordonnateurs*’.

TERMS AND CONDITIONS

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CHAPTER 1 GENERAL

ARTICLE 1 — SUBJECT OF THE AGREEMENT

This Agreement sets out the rights and obligations and the terms and conditions applicable to the grant awarded to the beneficiary for implementing the action set out in Chapter 2.

CHAPTER 2 ACTION

ARTICLE 2 — ACTION TO BE IMPLEMENTED

The grant is awarded for the action entitled [insert title of the action] — [insert acronym] ('**action**'), as described in Annex 1.

ARTICLE 3 — DURATION AND STARTING DATE OF THE ACTION

The duration of the action will be [insert number] months as of [*OPTION 1 by default: the first day of the month following the date the Agreement enters into force (see Article 42)*]⁵ [*OPTION 2 if needed for the action: [insert date]*]⁶7 ('**starting date of the action**').

ARTICLE 4 — ESTIMATED BUDGET AND BUDGET TRANSFERS

4.1 Estimated budget

The '**estimated budget**' for the action is set out in Annex 2.

It contains the estimated eligible costs and the forms of costs, broken down for the beneficiary [(and linked third party)] and by budget category (see Articles 5, 6 [and 11]).

4.2 Budget transfers

The estimated budget breakdown indicated in Annex 2 may be adjusted — without an amendment (see Article 39) — by transfers of amounts between budget categories and/or forms of costs set out in Annex 2, if the action is implemented as described in Annex 1.

However:

- the beneficiary may not add costs relating to subcontracts not provided for in Annex 1, unless such additional subcontracts are approved by an amendment or in accordance with Article 10

⁵ Text in *italics* shows the options of the Model Grant Agreement that are applicable to this Agreement.

⁶ This date must be the first day of a month and it must be later than the date of entry into force of the agreement, unless authorised otherwise by the authorising officer, if the applicant can demonstrate the need to start the action before the entry into force of the grant agreement or the need to start the action on another day than the first day of the month. In any case, the starting date should not be earlier than the date of the submission of the grant application (Article 193 EU Financial Regulation 2018/1046).

⁷ Text in *italics* shows the options of the Model Grant Agreement that are applicable to this Agreement.

- *[OPTION for LIFE: the transfers between budget categories must stay below 20% of the total costs set out in Annex 2, unless they are approved by an amendment].*

[OPTION if lump sum foreseen in Article 5.2: Moreover, lump sums set out in Annex 2 can never be adjusted.]

CHAPTER 3 GRANT

ARTICLE 5 — GRANT AMOUNT, FORM OF GRANT, REIMBURSEMENT RATE AND FORMS OF COSTS

5.1 Maximum grant amount

The ‘**maximum grant amount**’ is EUR [insert amount (insert amount in words)].

5.2 Form of grant, reimbursement rate and forms of costs

The grant reimburses [...] % of the action’s eligible costs (‘**reimbursement of eligible costs grant**’; see Article 6 and Annex 2).

The estimated eligible costs of the action are EUR [insert amount (insert amount in words)].

Eligible costs (see Article 6) must be declared under the following forms (‘**cost forms**’):

- (a) for **direct personnel costs**: as actually incurred costs (‘**actual costs**’);

Personnel costs for SME owners or if the beneficiary is a natural person not receiving a salary (see Article 6.2, Points A.3 and A.4): *[OPTION 1 for COSME/EMFF: must be declared on the basis of the amount per unit set out in Annex 2a (‘unit costs’)]**[OPTION 2 for LIFE: not applicable]*;

- (b) for **direct costs of subcontracting**: as actually incurred costs (**actual costs**);

- (c) for **direct costs of providing financial support to third parties**: *[OPTION 1 if foreseen in the call for proposals AND applicable to the grant (to be used if Article 11a applies): as actually incurred costs (actual costs)]* *[OPTION 2: not applicable]*;

- (d) for **other direct costs**: as actually incurred costs (**actual costs**);

- (e) for **indirect costs**: on the basis of a flat-rate applied as set out in Article 6.2.Point E (‘**flat-rate costs**’).

5.3 Final grant amount — Calculation

The ‘**final grant amount**’ depends on the actual extent to which the action is implemented in accordance with the Agreement’s terms and conditions.

This amount is calculated by the Agency — when the payment of the balance is made — in the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs

Step 2 — Limit to the maximum grant amount

Step 3 — Reduction due to the no-profit rule

Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

5.3.1 Step 1 — Application of the reimbursement rate to the eligible costs

The reimbursement rate (see Article 5.2) is applied to the eligible costs (actual costs, unit costs and flat-rate costs [*and lump sum costs*]; (see Article 6) declared by the beneficiary [*and linked third parties*] (see Article 15) and approved by the Agency (see Article 16).

5.3.2 Step 2 — Limit to the maximum grant amount

If the amount obtained following Step 1 is higher than the maximum grant amount set out in Article 5.1, it will be limited to the latter.

5.3.3 Step 3 — Reduction due to the no-profit rule

[OPTION 1 by default: The grant must not produce a profit (unless the beneficiary is a non-profit legal entity).

'Profit' means the surplus of the amount obtained following Steps 1 and 2 plus the action's total receipts, over the action's total eligible costs.

The 'action's total eligible costs' are the consolidated total eligible costs approved by the Agency.

The 'action's total receipts' are the consolidated total receipts generated during its duration (see Article 3).

The following are considered receipts:

- (a) income generated by the action.*

If there is a profit, it will be deducted in proportion to the final rate of reimbursement of the eligible actual costs approved by the Agency (as compared to the amount calculated following Steps 1 and 2).]

[OPTION 2⁸: Not applicable]

5.3.4 Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations— Reduced grant amount — Calculation

If the grant is reduced (see Article 27), the Agency will calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 27.2) from the maximum grant amount set out in Article 5.1.

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

- the amount obtained following Steps 1 to 3 or
- the reduced grant amount following Step 4.

5.4 Revised final grant amount — Calculation

If — after the payment of the balance (in particular, after checks, reviews, audits or investigations; see Article 17) — the Agency rejects costs (see Article 26) or reduces the grant (see Article 27), it will calculate the ‘**revised final grant amount**’.

This amount is calculated by the Agency on the basis of the findings, as follows:

- in case of **rejection of costs**: by applying the reimbursement rate to the *revised* eligible costs approved by the Agency for the beneficiary *[or linked third party]*;
- in case of **reduction of the grant**: by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 27.2) from the maximum grant amount for the beneficiary *[or linked third party]* (see Article 5.1 and Annex 2).

In case of **rejection of costs and reduction of the grant**, the revised final grant amount will be the lower of the two amounts above.

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS

6.1 General conditions for costs to be eligible

⁸ No profit rule does not apply to the following (see Article 192(3) EU Financial Regulation 2018/1046):

- actions with the objective to reinforce the financial capacity of the beneficiaries
- actions where the continuity after their end is to be ensured by the income generated by the action
- grants in the form of study, research or training scholarships paid to natural persons or as other forms of direct support paid to natural persons who are most in need
- grants which are entirely in the form of financing not linked to costs
- actions implemented only by non-profit organisations (i.e. all beneficiaries and linked third parties are non-profit organisations)
- grants with a maximum amount of not more than EUR 60 000 (low value grants).

‘**Eligible costs**’ are costs that meet the following criteria:

(a) for **actual costs**:

- (i) they must be actually incurred by the beneficiary;
- (ii) they must be incurred in the period set out in Article 3, with the exception of costs relating to the submission of [*OPTION for actions with several RPs and interim payments: the periodic report for the last reporting period and*] the final report (see Article 15);
- (iii) they must be indicated in the estimated budget set out in Annex 2;
- (iv) they must be incurred in connection with the action as described in Annex 1 and necessary for its implementation;
- (v) they must be identifiable and verifiable, in particular recorded in the beneficiary’s accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary’s usual cost accounting practices;
- (vi) they must comply with the applicable national law on taxes, labour and social security, and
- (vii) they must be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency;

(b) for **unit costs**: [*OPTION 1: not applicable;*]

[OPTION 2 if unit costs apply:

(i) *they must be calculated as follows:*

{amounts per unit set out in Annex 2a

multiplied by

the number of actual units};

(ii) *the number of actual units must comply with the following conditions:*

- *the units must be actually used or produced in the period set out in Article 3;*
- *the units must be necessary for implementing the action or produced by it, and*
- *the number of units must be identifiable and verifiable, in particular supported by records and documentation (see Article 13);]*

(c) for **flat-rate costs**:

- (i) they must be calculated by applying the flat-rate set out in Annex 2, and
- (ii) the costs (actual costs or unit costs [*or lump sum costs*]) to which the flat-rate is applied must comply with the conditions for eligibility set out in this Article;

(d) for **lump sum costs**: not applicable.

6.2 Specific conditions for costs to be eligible

Costs are eligible if they comply with the general conditions (see above) and the specific conditions set out below, for each of the following budget categories:

- A. direct personnel costs;
- B. direct costs of subcontracting;
- C. **[OPTION 1 if foreseen in the call for proposals AND applicable to the grant (to be used if Article 11a applies): direct costs of providing financial support to third parties;]** **[OPTION 2: not applicable;]** D. other direct costs;
- E. indirect costs.

‘Direct costs’ are costs that are directly linked to the action implementation and can therefore be attributed to it directly. They must not include any indirect costs (see Point E below).

‘Indirect costs’ are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

A. Direct personnel costs

Types of eligible personnel costs

A.1 Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action (**‘costs for employees (or equivalent)’**). They must be limited to salaries, social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

They may also include **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- (a) it is part of the beneficiary’s usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- (b) the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

[additional OPTION FOR LIFE: If the beneficiary is a public body beneficiary, personnel costs for ‘non-additional’ employees (or equivalent) are moreover eligible only up to 98% of the beneficiary’s own contributions to the action.

‘Non-additional’ means persons which were already hired when the action started or when the grant was signed, whichever was earlier.)]

A.2 The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract or **seconded by a third party against payment** are eligible personnel costs, if:

- (a) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);;
- (b) the result of the work carried out belongs to the beneficiary (unless agreed otherwise), and
- (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

[additional OPTION FOR LIFE: If the beneficiary is a public body beneficiary, personnel costs for ‘non-additional’ persons working under direct contract or seconded are moreover eligible only up to 98% of the beneficiary’s own contributions to the action.

‘Non-additional’ means persons which were already hired when the action started or when the grant was signed, whichever was earlier.)]

A.3 **Costs of owners** of a beneficiary that is a small and medium-sized enterprise (**‘SME owners’**) *[OPTION 1 for COSME/EMFF: , who are working on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2a multiplied by the number of actual hours worked on the action.]*

[OPTION 2 for LIFE: Not applicable]

A.4 **Costs of ‘a beneficiary that is a natural person’** not receiving a salary *[OPTION for COSME/EMFF: are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2a multiplied by the number of actual hours worked on the action.]*

[OPTION 2 for EMFF/LIFE: Not applicable]

Calculation

Personnel costs must be calculated by the beneficiary as follows:

- (a) for personnel costs declared as **actual costs** (i.e. budget categories A.1 and A.2):
 - for persons **working exclusively on the action:**
 - { monthly rate for the person
 - multiplied by
 - number of actual months worked on the action }

The months declared for these persons may not be declared for any other EU grant.

The ‘**monthly rate**’ is calculated as follows:

{ annual personnel costs for the person
divided by
12 }

using the personnel costs for each full financial year covered by the reporting period concerned. If a financial year is not closed at the end of the reporting period, the beneficiary must use the monthly rate of the last closed financial year available.

- for persons **working part-time on the action**:

{ daily rate for the person
multiplied by
number of actual days worked on the action (rounded up or down to the nearest half-day) }

The number of actual days declared for a person must be identifiable and verifiable (see Article 13).

The total number of days declared in EU grants, for a person for a year, cannot be higher than the annual productive days used for the calculations of the daily rate. Therefore, the maximum number of days that can be declared for the grant are:

{ number of annual productive days for the year (see below)
minus
total number of days declared by the beneficiary, for that person for that year, for other EU grants }.

The ‘**daily rate**’ is calculated as follows:

{ annual personnel costs for the person
divided by
number of individual annual productive days }.

using the personnel costs and the number of annual productive days for each full financial year covered by the reporting period concerned. If a financial year is not closed at the end of the reporting period, the beneficiary must use the daily rate of the last closed financial year available.

The ‘number of individual annual productive days’ is the total actual days worked by the person in the year. It may not include holidays and other absences (such as sick leave, maternity leave, special leave, etc). However, it may include overtime and time spent in meetings, trainings and other similar activities.

The Agency may accept other calculation methods (such as, for instance, hourly rates, daily rates calculated with annual personnel costs and 215 *fixed* annual productive days or a pro-rata apportionment of the monthly salary costs), if it considers that they reflect the actual costs incurred, in a fair, objective, realistic way and if there are sufficient records to support these costs (see Article 13).

- (b) for personnel costs of SME owners or a beneficiary that are natural persons without a salary declared on the basis of **unit costs** (i.e. budget categories A.3 and A.4):

[OPTION 1 for COSME/EMFF:

{hourly rate

multiplied by

number of actual hours worked on the action},

The number of actual hours declared for a person must be identifiable and verifiable (see Article 13).

The total number of hours declared in EU grants, for a person for a year, cannot be higher than the annual productive hours used for the calculations of the hourly rate. Therefore, the maximum number of hours that can be declared for the grant are:

{number of annual productive hours for the year (see below)

minus

total number of hours declared by the beneficiary, for that person for that year, for other EU grants}.

The hourly rate is the rate set out in Annex 2a (see Points A.3 and A.4 above).]

[OPTION 2 for LIFE: Not applicable]**B. Direct costs of subcontracting** (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by the beneficiary that is not a public body acting as public authority) are eligible if the conditions in Article 10.1.1 are met.

C. Direct costs of providing financial support to third parties

[OPTION 1a if foreseen in the call for proposals AND applicable to the grant (to be used if Article 11a applies): C.1 Direct costs of providing financial support are eligible if the conditions set out in Article 11a.1.1 are met.]

[OPTION 1b for prizes to be used if Article 11a.2 applies: C.2 Direct costs of providing financial support in the form of prizes are eligible if the conditions set out in Article 11a.2.1 are met.]

[OPTION 2: Not applicable]

D. Other direct costs

D.1 Travel costs and related subsistence allowances (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by the beneficiary, if it is not a public body acting as public authority) are eligible if they are in line with the beneficiary's usual practices on travel.

D.2 The depreciation costs of equipment, infrastructure or other assets (new or second-hand) as recorded in the beneficiary's accounts are eligible, if they were purchased in accordance with Article 9.1.1 and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

The **costs of renting or leasing** equipment, infrastructure or other assets (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by the beneficiary, if it is not a public body acting as public authority) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

[additional OPTION if foreseen in the call for proposals AND applicable to the grant: For the following equipment, infrastructure or other assets:

- [insert name/type of equipment]
 - [insert name/type of equipment]
- [same for more equipment]*

the full costs of purchase (new or second-hand; as recorded in the beneficiary's accounts) are eligible if the equipment, infrastructure or other assets was purchased in accordance with Article 9.1.1 [and if [insert additional eligibility conditions, if any]].

If such equipment, infrastructure or other assets are rented or leased, the full costs of renting or leasing (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary that is not a public body acting as public authority) are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.]

D.3 Costs of other goods and services (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by the beneficiary, if it is not a public body acting as public authority) are eligible, if they are purchased specifically for the action and in accordance with Article 9.1.1.

Such goods and services include, for instance, consumables and supplies, dissemination, protection of results, certificates on the financial statements (if they are required by the Agreement), translations and publications.

E. Indirect costs

Indirect costs are eligible if they are declared on the basis of the flat-rate of 7% of the eligible direct costs (see Article 5.2 and Points A, B and D above).

If the beneficiary receives an EU operating grant⁹, it cannot declare indirect costs for the period covered by the operating grant, unless it can demonstrate that the operating grant does not cover any costs of the specific action.

6.3 Conditions for costs of linked third parties to be eligible

[OPTION 1 to be used if Article 11 applies: Costs incurred by linked third parties are eligible if they fulfil — mutatis mutandis — the general and specific conditions for eligibility set out in this Article (Article 6.1 and 6.2) and Article 11.1.1.]

[OPTION 2: Not applicable]

6.4 Ineligible costs

‘**Ineligible costs**’ are:

- (a) costs that do not comply with the conditions set out above (Article 6.1 to 6.3), in particular:
 - (i) costs related to return on capital;
 - (ii) debt and debt service charges;
 - (iii) provisions for future losses or debts;
 - (iv) interest owed;
 - (v) doubtful debts;
 - (vi) currency exchange losses;
 - (vii) bank costs charged by the beneficiary’s bank for transfers from the Agency;

⁹ For the definition, see Article 200(2)(b) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (‘EU Financial Regulation’) (OJ L 193, 30.7.2018, p. 1): ‘operating grant’ means direct financial contribution, by way of donation, from the budget in order to finance the functioning of a body which pursues an aim of general EU interest or has an objective forming part of and supporting an EU policy.

- (viii) excessive or reckless expenditure;
 - (ix) deductible VAT;
 - (x) costs incurred during suspension of the implementation of the action (see Article 33);
 - (xi) in-kind contributions provided by third parties free of charge;
- (b) costs declared under another EU grant (including grants awarded by a Member State and financed by the EU budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary is already receiving an EU operating grant in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action;
- (c) costs for staff of a national (or regional/local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (d) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies;
- (e) *[OPTION if foreseen in the call for proposals: costs for activities that do not take place in one of the eligible countries set out in the call for proposals — unless approved by the [Commission][Agency][;][.]*
- (f) *[OPTION 1 for LIFE: costs for large infrastructure] [OPTION 2 for COSME/EMFF: not applicable] [;][.]*
- [(g) OPTION for cost categories explicitly excluded in the call for proposals¹⁰: [insert name of excluded cost category]].*

6.5 Consequences of declaration of ineligible costs

Declared costs that are ineligible will be rejected (see Article 26).

This may also lead to any of the other measures described in Chapter 6.

CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES

SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO IMPLEMENTING THE ACTION

¹⁰ If no call for proposals, read as 'invitation to submit a proposal'.

ARTICLE 7 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ACTION

7.1 General obligation to properly implement the action

The beneficiary must implement the action as described in Annex 1 and in compliance with the provisions of the Agreement and all legal obligations under applicable EU, international and national law.

7.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 8 — RESOURCES TO IMPLEMENT THE ACTION — THIRD PARTY INVOLVED IN THE ACTION

The beneficiary must have the appropriate resources to implement the action.

If it is necessary to implement the action, the beneficiary may:

- purchase goods, works and services (see Article 9);
- call upon subcontractors to implement action tasks described in Annex 1 (see Article 10);
- call upon linked third parties to implement action tasks described in Annex 1 (see Article 11).

In these cases, the beneficiary retains sole responsibility towards the Agency for implementing the action.

ARTICLE 8a — IMPLEMENTATION OF ACTION TASKS BY A BENEFICIARY NOT RECEIVING FUNDING

[OPTION 1 by default: Not applicable]

[OPTION 2 if the beneficiary is not receiving funding¹¹ but has a linked third party that receives funding: 8a.1 Rules for the implementation of action tasks by a beneficiary not receiving funding]

If the beneficiary [is not eligible for funding][requests zero funding] ('beneficiary not receiving funding'), it must implement the action tasks attributed to it in Annex 1 in accordance with Article 7.1.

¹¹ For COSME: May be necessary for Norwegian beneficiaries or beneficiaries from other third countries for a temporary period.

Its costs are estimated in Annex 2 but:

- *will not be reimbursed and*
- *will not be taken into account for the calculation of the specific grant (see Articles 5 and 16).*

Articles 5, 6, 9 to 11a, 15.6, 19 and 24 do not apply to the beneficiary.

The beneficiary will not be subject to financial checks, reviews and audits under Article 17 for its own costs.

*[additional **OPTION** for beneficiaries requesting zero funding: If the beneficiary receives funding later on (through an amendment; see Article 39), all obligations will apply retroactively.]*

8a.2 Consequences of non-compliance

If the beneficiary not receiving funding breaches any of its obligations under this Article, its participation in the Agreement may be terminated (see Article 34).

Such breaches may also lead to any of the other measures described in Chapter 6 that are applicable to it.]

ARTICLE 9 — PURCHASE OF GOODS, WORKS OR SERVICES

9.1 Rules for purchasing goods, works or services

9.1.1 If necessary to implement the action, the beneficiary may purchase goods, works or services.

The beneficiary must make such purchases ensuring the best value for money or, if appropriate, the lowest price. In doing so, it must avoid any conflict of interests (see Article 20).

*[**OPTION:** In addition, if the value of the goods, works or services to be purchased exceeds EUR [...], the beneficiary must comply with the following rules: [...].¹²]*

¹² If the authorising officer decides to set specific rules, they should have due regard for the principle of proportionality, taking into account the value of the contracts and the relative size of the EU contributions in relation to the total cost of the action and the risk. Specific rules must be based on the rules contained in the Financial Regulation. Simply citing the FR without specifying the applicable provisions should be avoided. Specific rules may only be set for the award of contracts of a value higher than EUR 60 000. The authorising officer may set a threshold higher than EUR 60 000 on the basis of a risk assessment.

The beneficiary must ensure that the Agency, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards their contractors.

9.1.2 If the beneficiary is a ‘contracting authority’ within the meaning of Directive 2004/18/EC¹³ (or 2014/24/EU¹⁴) or ‘contracting entity’ within the meaning of Directive 2004/17/EC¹⁵ (or 2014/25/EU¹⁶), it must comply with the applicable national law on public procurement.

9.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 9.1.1, the costs related to the contract concerned will be ineligible (see Article 6) and will be rejected (see Article 26).

If the beneficiary breaches any of its obligations under Article 9.1.2, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 10 — IMPLEMENTATION OF ACTION TASKS BY SUBCONTRACTORS

10.1 Rules for subcontracting action tasks

10.1.1 If necessary to implement the action, the beneficiary may award subcontracts covering the implementation of certain action tasks described in Annex 1.

[OPTION if applicable to the grant: Subcontracting may cover only a limited part of the action.]

The beneficiary must award the subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, it must avoid any conflict of interests (see Article 20).

[OPTION: In addition, if the value of the subcontract to be awarded exceeds EUR [...], the beneficiary must comply with the following rules: [...].¹⁷]

¹³ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (OJ L 134, 30.04.2004, p. 114).

¹⁴ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

¹⁵ Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (OJ L 134, 30.04.2004, p. 1).

¹⁶ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

¹⁷ If the authorising officer decides to set specific rules, they should have due regard for the principle of proportionality, taking into account the value of the contracts and the relative size of the EU contributions in

The tasks to be implemented and the estimated cost for each subcontract must be set out in Annex 1 and the total estimated costs of subcontracting must be set out in Annex 2. The Agency may however approve subcontracts not set out in Annex 1 and 2 without amendment (see Article 39), if:

- they are specifically justified in the technical report (see Article 15) and
- they do not entail changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

The beneficiary must ensure that the subcontracted work is performed in one of the eligible countries set out in the call for proposals ('place of performance obligation') — unless otherwise approved by the Agency.

The beneficiary must ensure that the Agency, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards their subcontractors.

10.1.2 The beneficiary must ensure that its obligations under Articles 20, 21, 22 and 30 also apply to the subcontractors.

If the beneficiary is a 'contracting authority' within the meaning of Directive 2004/18/EC (or 2014/24/EU) or 'contracting entity' within the meaning of Directive 2004/17/EC (or 2014/25/EU), it must comply with the applicable national law on public procurement.

10.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 10.1.1, the costs related to the subcontract concerned will be ineligible (see Article 6) and will be rejected (see Article 26).

If the beneficiary breaches any of its obligations under Article 10.1.2, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 11 — IMPLEMENTATION OF ACTION TASKS BY LINKED THIRD PARTIES

[OPTION 1 if applicable to the grant: 11.1 Rules for calling upon linked third parties to implement part of the action

relation to the total cost of the action and the risk. Specific rules must be based on the rules contained in the Financial Regulation. Simply citing the FR without specifying the applicable provisions should be avoided. Specific rules may only be set for the award of contracts of a value higher than EUR 60 000. The authorising officer may set a threshold higher than EUR 60 000 on the basis of a risk assessment.

11.1.1 The following **entities** that are **affiliated** to the beneficiary¹⁸ may participate in the action as **'linked third parties'** and implement the action tasks attributed to them in Annex 1:

- [name of the entity (short name)], affiliated to the beneficiary
 - [name of the entity (short name)], affiliated to the beneficiary
- [same for more linked third parties]

The linked third parties may declare as eligible the costs they incur for implementing the action tasks in accordance with Article 6.3.

The beneficiary must ensure that the Agency, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards its linked third parties.

11.1.2 The beneficiary must ensure that its obligations under Articles 13, 15, 20, 21 and 22 also apply to its linked third parties.

11.2 Consequences of non-compliance

If any obligation under Article 11.1.1 is breached, the costs of the linked third party will be ineligible (see Article 6) and will be rejected (see Article 26).

If any obligation under Article 11.1.2 is breached, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.]

[OPTION 2: Not applicable]

ARTICLE 11a — FINANCIAL SUPPORT TO THIRD PARTIES

11a.1 Rules for providing financial support to third parties

[OPTION 1 to be used if foreseen in the call for proposals AND applicable to the grant:
11a.1.1 The beneficiary must provide financial support in accordance with the conditions set out in Annex 1.

At a minimum, these conditions must include:

- (a) the maximum amount of financial support for each third party.

The maximum amount may not exceed EUR [...] ¹⁹ for each third party ;

¹⁸ For the definition, see Article 187 Financial Regulation 2018/1046: **entities affiliated to the beneficiary** are:

- (a) entities that form a 'sole beneficiary' (i.e. where an entity is formed of several entities that satisfy the criteria for being awarded a grant, including where the entity is specifically established for the purpose of implementing an action to be financed by a grant);
- (b) entities that satisfy the eligibility criteria and that do not fall within one of the situations referred to in Article 136(1) and 141(1) and that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.

- (b) *the criteria for calculating the exact amount of the financial support;*
- (c) *the different types of activity that qualify for financial support, on the basis of a closed list;*
- (d) *the persons or categories of persons that may receive financial support, and*
- (e) *the criteria for giving financial support.*

The beneficiary must ensure that the Commission, the Agency, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards the third parties receiving financial support.

11a.1.2 The beneficiary must ensure that its obligations under Articles 20, 21, 22 and 30 also apply to the third parties receiving financial support.]

[OPTION 2: Not applicable]

11a.2 Financial support in the form of prizes

[OPTION 1 to be used if foreseen in the call for proposals AND applicable to the grant:

11a.2.1 The beneficiary must provide prizes in accordance with the conditions described in Annex 1.

At a minimum, these conditions must include:

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

The beneficiary must ensure that the Agency, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards the third parties receiving a prize.

11a.2.2 The beneficiary must ensure that its obligations under Articles 20, 21, 22 and 30 also apply to the third parties receiving a prize.]

[OPTION 2: Not applicable]

11a.3 Consequences of non-compliance

¹⁹ The amount must be specified in the call for proposals. It may not be more than 60 000 EUR, unless the objective of the action would otherwise be impossible or overly difficult (Article 204 EU Financial Regulation 2018/1046).

[OPTION 1 to be used if 11a.1 and/or 11a.2 are applicable: If the beneficiary breaches any of its obligations under Articles 11a.1.1 or 11a.2.1 the costs related to the financial support or prize will be ineligible (see Article 6) and will be rejected (see Article 26).

If the beneficiary breaches any of its obligations under Articles 11a.1.2 or 11a.2.2, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.]

[OPTION 2: Not applicable]

SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE GRANT ADMINISTRATION

ARTICLE 12 — GENERAL OBLIGATION TO INFORM

12.1 General obligation to provide information upon request

The beneficiary must provide — during implementation of the action or afterwards — any information requested in order to verify eligibility of the costs, proper implementation of the action and compliance with the other obligations under the Agreement.

12.2 Obligation to keep information up to date and to inform about events and circumstances likely to affect the Agreement

The beneficiary must keep information stored in the Participant Portal Beneficiary Register (via the electronic exchange system; see Article 36) up to date, in particular, its name, address, legal representatives, legal form and organisation type.

The beneficiary must immediately inform the Agency of any of the following:

- (a) **events** which are likely to affect significantly or delay the implementation of the action or the EU financial interests, in particular:
 - (i) changes in its legal, financial, technical, organisational or ownership situation *[or those of its linked third parties and*
 - (ii) *changes in the name, address, legal form, organisation type of its linked third parties;]*
- (b) **circumstances** affecting:
 - (i) the decision to award the grant or
 - (ii) compliance with requirements under the Agreement.

12.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 13 — KEEPING RECORDS — SUPPORTING DOCUMENTATION

13.1 Obligation to keep records and other supporting documentation

The beneficiary must — for a period of [*OPTION 1 by default: five*][*OPTION 2 for low value grants²⁰ and EMFF: three*] years after the payment of the balance — keep records and other supporting documentation in order to prove the proper implementation of the action and the costs they declare as eligible.

The beneficiary must make them available upon request (see Article 12) or in the context of checks, reviews, audits or investigations (see Article 17).

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement (including the extension of findings; see Article 17), the beneficiary must keep the records and other supporting documentation until the end of these procedures.

The beneficiary must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The Agency may accept non-original documents if it considers that they offer a comparable level of assurance.

13.1.1 Records and other supporting documentation on the technical implementation

The beneficiary must keep records and other supporting documentation on the technical implementation of the action, in line with the accepted standards in the respective field.

13.1.2 Records and other documentation to support the costs declared

The beneficiary must keep the records and documentation supporting the costs declared, in particular the following:

- (a) for **actual costs**: adequate records and other supporting documentation to prove the costs declared, such as contracts, subcontracts, invoices and accounting records. In addition, the beneficiary's usual cost accounting practices and internal control procedures must enable direct reconciliation between the amounts declared, the amounts recorded in its accounts and the amounts stated in the supporting documentation;
- (b) for **unit costs**: [*OPTION 1: not applicable;*][*OPTION 2 if unit costs apply*]: adequate records and other supporting documentation to prove the number of units declared.

²⁰ For the definition, see Article 2(41) EU Financial Regulation 2018/1046: 'low value grants' are lower or equal to EUR 60 000.

The beneficiary does not need to identify the actual eligible costs covered or to keep or provide supporting documentation (such as accounting statements) to prove the amount per unit;

In addition, for unit costs calculated in accordance with the beneficiary's usual cost accounting practices, the beneficiary must keep adequate records and documentation to prove that the cost accounting practices used comply with the eligibility conditions set out in Article 6.2, Point [A][B][C][D][E].

The beneficiary [and linked third parties] may submit to the Agency, for approval, a certificate (drawn up in accordance with Annex 6) stating that its usual cost accounting practices comply with these conditions ('certificate on the methodology'). If the certificate is approved, costs declared in line with this methodology will not be challenged subsequently, unless the beneficiary [or linked third party] concealed information for the purpose of the approval.]

- (c) for **flat-rate costs**: adequate records and other supporting documentation to prove the eligibility of the costs to which the flat-rate is applied. The beneficiary does not need to identify the costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared at a flat-rate;
- (d) for **lump sum costs**: not applicable.

In addition, for **personnel costs** (declared as actual or unit costs), the beneficiary must keep **time records** for the number of days/hours declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly. In the absence of reliable time records of the days/hours worked on the action, the Agency may accept alternative evidence supporting the number of days/hours declared, if it considers that it offers an adequate level of assurance.

As an exception, for **persons working exclusively on the action**, there is no need to keep time records, if the beneficiary signs a **declaration** confirming that the persons concerned have worked exclusively on the action.

[OPTION to be added if Article 11 applies: For costs declared by linked third parties (see Article 11), it is the beneficiary that must keep the originals of the financial statement(s) and the certificates on the financial statement(s) of its linked third parties.]

13.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, costs insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 26), and the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 14 — SUBMISSION OF DELIVERABLES

14.1 Obligation to submit deliverables

The beneficiary must submit:

- **[OPTION if applicable to the grant: the following ‘progress report(s)’ on the implementation of the action:**
 - a [first] progress report, [within 30 days after half of the [first] reporting period set out in Article 15.2 has passed] [within 30 days after the end of month [A]] [by [insert date];
 - [a second progress report, [within 30 days after half of the second reporting period set out in Article 15.2 has passed] [within 30 days after the end of month [B]] [by [insert date];
 - [same for other progress reports]]]
- the ‘**deliverables**’ identified in Annex 1, in accordance with the timing and conditions set out in it.

14.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the Agency may apply any of the measures described in Chapter 6.

ARTICLE 15 — REPORTING — PAYMENT REQUESTS

15.1 Obligation to submit reports

The beneficiary must submit to the Agency (see Article 36) the technical and financial reports set out in this Article. These reports include the request(s) for payment and must be drawn up using the forms and templates provided in the electronic exchange system (see Article 36).

15.2 Reporting periods

The action **[OPTION 1 for actions with one RP and NO interim payments: has one ‘reporting period’]** **[OPTION 2 for actions with several RPs and interim payments: is divided into the following ‘reporting periods’]:**

- RP1: from month 1 to month [X]
[- RP2: from month [X+1] to month [Y]
[same for other RPs]]

15.2a Requests for additional pre-financing payments

[OPTION 1 by default: Not applicable]

[OPTION 2 in case of additional pre-financing payments: If at least 70% of the pre-financing payment has been used, the beneficiary may submit a request for an additional pre-financing payment.

The request must be included in a statement on the use of the previous pre-financing payment (see Annex 7) and accompanied by a progress report on the implementation of the action.]

[OPTION 1 for actions with one RP and NO interim payments:

15.3 Periodic reports — Requests for interim payments

Not applicable

15.4 Final report — Request for payment of the balance

The beneficiary must submit — within 60 days following the end of the reporting period — a final report, which includes the request for payment of the balance.

The final report must include the following:

(a) a **'final technical report'** containing:

- (i) *an explanation of the work carried out by the beneficiary;*
- (ii) *an overview of the implementation of the action, including milestones and deliverables identified in Annex 1.*

This report must include explanations justifying the differences between work expected to be carried out in accordance with Annex 1 and that actually carried out.

- (iii) *a summary for publication by the Agency;*
- (iv) *answers to the 'questionnaire': answers to the questions covering issues related to the action implementation and its impact;*

(b) a **'final financial report'** containing:

- (i) *an 'individual financial statement' (see Annex 4) [from the beneficiary and each linked third party], for the reporting period.*

The individual financial statement must detail the eligible costs (actual, unit costs and flat-rate costs [and lump sum costs]; see Article 6) for each budget category (see Annex 2).

The beneficiary [and linked third parties] must declare all eligible costs, even if — for actual costs, unit costs and flat-rate costs — they exceed the amounts indicated in the estimated budget (see Annex 2). Amounts which are not declared in the individual financial statement will not be taken into account by the Agency.

The individual financial statement(s) must also detail the receipts of the action (see Article 5.3.3).

*The beneficiary [and each linked third party] must **certify** that:*

- *the information provided is full, reliable and true;*
 - *the costs declared are eligible (see Article 6);*
 - *the costs can be substantiated by adequate records and supporting documentation (see Article 13) that will be produced upon request (see Article 12) or in the context of checks, reviews, audits and investigations (see Article 17), and*
 - *that all the receipts have been declared (see Article 5.3.3);*
- (ii) *an **explanation of the use of resources** and the information on subcontracting (see Article 10) from the beneficiary [and from each linked third party], for the reporting period;*
- (iii) *special provisions for the **JRC**: not applicable;*
- (iv) *a '**final summary financial statement**', created automatically by the electronic exchange system, [OPTION if Article 11 applies: consolidating the individual financial statements for the reporting period and] including the **request for payment of the balance**;*
- (v) *'certificate on the financial statements': [OPTION A to be used by default, unless RAO waives the certificate for the beneficiary and all linked third parties (public body/ international organisation exemption): a certificate (drawn up in accordance with Annex 5) [for the beneficiary] [and] [for each linked third party], if:*
- *it requests EUR 325 000 or more as reimbursement of actual costs and*
 - *the maximum grant amount indicated, for [the beneficiary][or] linked third party], in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more[.]*

*[additional **OPTION** to be used for linked third parties for which the RAO waives the certificate: — except for the following linked third parties:*

- *[short name of linked third party]*
- *[short name of linked third party].]*

[OPTION B to be used if RAO waives the certificate for the beneficiary and all linked third parties: not applicable]

**[OPTION 2 for actions with several RPs and interim payments:
15.3 Periodic reports — Requests for interim payments**

The beneficiary must submit a periodic report within 60 days following the end of each reporting period.

*The **periodic report** must include the following:*

*(a) a **'periodic technical report'** containing:*

- (i) an **explanation of the work carried out** by the beneficiary;*
- (ii) an **overview of the progress** towards the objectives of the action, including milestones and deliverables identified in Annex 1.*

This report must include explanations justifying the differences between work expected to be carried out in accordance with Annex 1 and that actually carried out;

- (iii) summary for publication by the Agency;*
- (iv) answers to the **'questionnaire'**: answers to the questions covering issues related to the action implementation and its impact;*

*(b) a **'periodic financial report'** containing:*

- (i) an **'individual financial statement'** (see Annex 4) [from the beneficiary and each linked third party], for the reporting period concerned.*

The individual financial statement must detail the eligible costs (actual costs, unit costs and flat-rate costs [and lump sum costs]; see Article 6) for each budget category (see Annex 2).

The beneficiary [and linked third parties] must declare all eligible costs, even if — for actual costs, unit costs and flat-rate costs — they exceed the amounts indicated in the estimated budget (see Annex 2). Amounts which are not declared in the individual financial statement will not be taken into account by the Agency.

If an individual financial statement is not submitted for a reporting period, it may be included in the periodic financial report for the next reporting period.

*The individual financial statements of the last reporting period must also detail the **receipts of the action** (see Article 5.3.3).*

*The beneficiary [and each linked third party] must **certify** that:*

- the information provided is full, reliable and true;*
- the costs declared are eligible (see Article 6);*

- *the costs can be substantiated by adequate records and supporting documentation (see Article 13) that will be produced upon request (see Article 12) or in the context of checks, reviews, audits and investigations (see Article 17), and*
- *for the last reporting period: that all the receipts have been declared (see Article 5.3.3);*
- (ii) *an **explanation of the use of resources** and the information on subcontracting (see Article 10) from the beneficiary [and from each linked third party], for the reporting period concerned;*
- (iii) *special provisions for the JRC: not applicable;*
- (iv) *a ‘**periodic summary financial statement**’, created automatically by the electronic exchange system, [OPTION if Article 11 applies: consolidating the individual financial statements for the reporting period concerned and] including — except for the last reporting period — the **request for interim payment**;*
- (v) *‘**certificate on the financial statements**’: [OPTION A to be used by default, unless RAO waives the certificate for the beneficiary and all linked third parties (public body/international organisation exemption): a certificate (drawn up in accordance with Annex 5) [for the beneficiary] [and] [for each linked third party], if:*
 - *the (cumulative) amount it requests as reimbursement of actual costs (and for which no certificate has yet been submitted) is EUR 325 000 or more and*
 - *the maximum grant amount indicated, [for the beneficiary] [or] [linked third party], in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more[.]*

[additional OPTION to be used for linked third parties for which the RAO waives the certificate: — except for the following linked third parties:

- *[short name of linked third party]*
- *[short name of linked third party].]*

- (vi) *[OPTION B to be used if RAO waives the certificate for the beneficiary and all linked third parties: not applicable.]*

15.4 Final report — Request for payment of the balance

In addition to the periodic report for the last reporting period, the beneficiary must submit the final report within 60 days following the end of the last reporting period.

*The **final report** must include the following:*

- (a) a **'final technical report'** with a **summary** for publication containing:
- (i) an overview of the results and their dissemination;
 - (ii) the conclusions on the action;
 - (iii) impact of the action: not applicable;
- (b) a **'final financial report'** containing the **'final summary financial statement'**, created automatically by the electronic exchange system, consolidating the individual financial statement(s) for all reporting periods and including the **request for payment of the balance.**]

15.5 Information on cumulative expenditure incurred

[OPTION 1 for grants of more than EUR 5 million with reporting periods beyond 18 months²¹: In addition to the reporting requirements set out above, the beneficiary must inform the Agency by [31 December][30 November] each year of the cumulative expenditure incurred from the starting date of the action.

This information is required for EU accounting purposes and will not be used to calculate the final grant amount.]

[OPTION 2: Not applicable]

15.6 Currency for financial statements and conversion into euro

Financial statements must be drafted in euro.

The beneficiary *[and linked third parties]* with accounting established in a currency other than the euro must convert the costs recorded in its accounts into euro, at the average of the daily euro exchange rates published in the C series of the *Official Journal of the European Union*, calculated over the corresponding reporting period.

If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, it must be converted at the average of the monthly accounting exchange rates published on the Commission's website, calculated over the corresponding reporting period.

The beneficiary *[and linked third parties]* with accounting established in euro must convert costs incurred in another currency into euro according to its usual accounting practices.

15.7 Language of reports

²¹ To be added in the case of grants of more than EUR 5 million for which a pre-financing is paid and the reporting periods for interim payments or payments of the balance exceed eighteen months.

All reports (including financial statement(s)) must be submitted in the language of the Agreement.

15.8 Consequences of non-compliance

If the reports submitted do not comply with this Article, the Agency may suspend the payment deadline (see Article 31) and apply any of the other measures described in Chapter 6.

If the beneficiary breaches its obligation to submit the reports and if it fails to comply with this obligation within 30 days following a written reminder, the Agency may terminate the Agreement (see Article 34) or apply any of the other measures described in Chapter 6.

ARTICLE 16 — PAYMENTS AND PAYMENT ARRANGEMENTS

16.1 Payments to be made

The following payments will be made to the beneficiary:

- a **pre-financing payment**;
- *[OPTION in case of additional pre-financing payments: [insert number] additional pre-financing payment(s), on the basis of request(s) for additional pre-financing payment (see Article 15);]*
- *[OPTION for actions with several RPs and interim payments: one or more interim payments, on the basis of the request(s) for interim payment (see Article 15), and]*
- one **payment of the balance**, on the basis of the request for payment of the balance (see Article 15).

16.2 Pre-financing payments — Amount [— Pre-financing guarantees]

[OPTION 1 by default: The aim of the pre-financing is to provide the beneficiary with a float.

It remains the property of the EU until the payment of the balance.

The amount of the pre-financing payment will be EUR [insert amount (insert amount in words)].

The Agency will — except if Article 32 applies — make the pre-financing payment to the beneficiary within 30 days, either from entry into force of the Agreement (see Article 42) or from the starting date of the action (see Article 3) [OPTION if Agency requires a pre-financing guarantee: or from receiving the pre-financing guarantee], whichever is the latest.

[additional OPTION in case of additional pre-financing payments: The Agency will — within 60 days from the request (see Article 15.2a) [OPTION if the Agency requires additional pre-financing guarantee(s) for the additional pre-financing(s): or from receiving the pre-financing guarantee (see below), whichever is the latest] — make an additional pre-

financing payment of EUR [insert amount (insert amount in words)], except if Articles 31 or 32 apply.

If the statement on the use of the previous pre-financing payment shows that less than 70% of the previous payment has been used to cover the costs of the action, the amount of the new pre-financing to be paid will be reduced by the difference between the 70% threshold and the amount used.]

[OPTION if the Agency requires one or more pre-financing guarantee(s)²²: The payment of [the first][each] pre-financing will be conditional on receiving a financial guarantee of EUR [insert amount (insert amount in words)].

The guarantee(s) must fulfil the following conditions:

- (a) be provided by a bank or an approved financial institution or — if requested by the beneficiary and accepted by the Agency — by a third party;*
- (b) the guarantor stands as first-call guarantor and does not require the Agency (or Commission) to first have recourse against the principal debtor (i.e. the beneficiary), and*
- (c) remain explicitly in force until the payment of the balance and, if payment of the balance takes the form of recovery, until three months after the debit note is notified to a beneficiary.*

The guarantee(s) will be released within the following month.]]

[OPTION 2 if the JRC is the beneficiary: The [DG][Agency] will make a pre-financing payment of EUR [insert amount (insert amount in words)], within 30 days from the submission of a debit note from the JRC after the signature of the Administrative Arrangement.]

16.3 Interim payments — Amount — Calculation

[OPTION 1 for actions with one RP and NO interim payments: Not applicable]

[OPTION 2 for actions with several RPs and interim payments: Interim payments reimburse the eligible costs incurred for the implementation of the action during the corresponding reporting periods.

The Agency will pay to the beneficiary the amount due as interim payment within 90 days from receiving the periodic report (see Article 15.3), except if Articles 31 or 32 apply.

²² A pre-financing guarantee may be required by the responsible authorising officer (RAO), if s/he considers it necessary (i.e. appropriate and proportionate), to limit the financial risks connected with the payment of pre-financing: Pre-financing guarantees may not be requested for low-value grants (see Article 152 Financial Regulation 2018/1046).

Payment is subject to the approval of the periodic report. Its approval does not imply recognition of compliance, authenticity, completeness or correctness of its content.

*The **amount due as interim payment** is calculated by the Agency in the following steps:*

Step 1 — Application of the reimbursement rate

Step 2 — Limit to 90% of the maximum grant amount

16.3.1 Step 1 — Application of the reimbursement rate

The reimbursement rate (see Article 5.2) is applied to the eligible costs (actual costs, unit costs and flat-rate costs [and lump sum costs]; see Article 6) declared by the beneficiary [and the linked third parties] (see Article 15) and approved by the Agency (see above) for the concerned reporting period.

16.3.2 Step 2 — Limit to 90% of the maximum grant amount

The total amount of pre-financing and interim payments must not exceed 90% of the maximum grant amount set out in Article 5.1. The maximum amount for the interim payment will be calculated as follows:

{90% of the maximum grant amount (see Article 5.1)

minus

{pre-financing and previous interim payments}.]

16.4 Payment of the balance — Amount — Calculation

The payment of the balance reimburses the remaining part of the eligible costs incurred by the beneficiary for the implementation of the action.

If the total amount of earlier payments is greater than the final grant amount (see Article 5.3), the payment of the balance takes the form of a recovery (see Article 28).

If the total amount of earlier payments is lower than the final grant amount, the Agency will pay the balance within 90 days from receiving the final report (see Article 15.4), except if Articles 31 or 32 apply.

Payment is subject to the approval of the final report. Its approval does not imply recognition of compliance, authenticity, completeness or correctness of its content.

The **amount due as the balance** is calculated by the Agency by deducting the total amount of pre-financing and interim payments (if any) already made, from the final grant amount determined in accordance with Article 5.3:

{final grant amount (see Article 5.3)

minus

{pre-financing and interim payments (if any) made}}.

If the balance is positive, it will be paid to the beneficiary.

The amount to be paid may however be offset — without the beneficiary's consent — against any other amounts owed by the beneficiary to the Agency, the Commission or another executive agency (under the EU budget), up to the maximum grant amount indicated, for the beneficiary, in the estimated budget (see Annex 2).

If the balance is negative, it will be recovered (see Article 28).

16.5 Notification of amounts due

When making payments, the Agency will formally notify to the beneficiary the amount due, specifying that it concerns *[OPTION in case of additional pre-financing payments: a pre-financing payment or][OPTION for actions with several RPs and interim payments: an interim payment or]* the payment of the balance.

For the payment of the balance, the notification will also specify the final grant amount.

In the case of reduction of the grant or recovery of undue amounts, the notification will be preceded by the contradictory procedure set out in Articles 27 and 28.

16.6 Currency for payments

The Agency will make all payments in euro.

16.7 Payments to the beneficiary

Payments will be made to the beneficiary.

Payments to the beneficiary will discharge the Agency from its payment obligation.

16.8 Bank account for payments

[OPTION 1 by default: All payments will be made to the following bank account:

Name of bank: [...]

Full name of the account holder: [...]

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

[IBAN code: [...]]²³

[OPTION 2 if the JRC is the beneficiary: All payments will be made in accordance with the Commission's accounting rules on internal invoicing, from the operational budget line of the [DG][Agency] to the Legal Entity File (LEF) number of the JRC and mentioning the recovery

²³ BIC or SWIFT code applies to for countries if the IBAN code does not apply.

order (RO) number. The JRC will submit a debit note for each payment (including the pre-financing).]

16.9 Costs of payment transfers

The cost of the payment transfers is borne as follows:

- the Agency bears the cost of transfers charged by its bank;
- the beneficiary bears the cost of transfers charged by its bank;
- the party causing a repetition of a transfer bears all costs of the repeated transfer.

16.10 Date of payment

Payments by the Agency are considered to have been carried out on the date when they are debited to its account.

16.11 Consequences of non-compliance

16.11.1 [OPTION 1 by default: *If the Agency does not pay within the payment deadlines (see above), the beneficiary is entitled to **late-payment interest** at the rate applied by the European Central Bank (ECB) for its main refinancing operations in euros ('reference rate'), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the payment deadline expires, as published in the C series of the Official Journal of the European Union.*

If the late-payment interest is lower than or equal to EUR 200, it will be paid to the beneficiary only upon request submitted within two months of receiving the late payment.

Late-payment interest is not due if the beneficiary is an EU Member State (including regional and local government authority or other public body acting on behalf of a Member State for the purpose of this Agreement).

Suspension of the payment deadline or payments (see Articles 31 and 32) will not be considered as late payment.

Late-payment interest covers the period running from the day following the due date for payment (see above), up to and including the date of payment.

Late-payment interest is not considered for the purposes of calculating the final grant amount.]

[OPTION 2 if the JRC is the beneficiary: Not applicable]

16.11.2 Not applicable

ARTICLE 16a — PROJECT COACHING

[OPTION 1 FOR LIFE:

16a.1 Obligation to accept the assistance of project coaches

The action will be followed by project coaches, appointed by the Agency to monitor and support the beneficiary.

Their role is to give advice to the beneficiary and report to the Agency, but they do not represent the Agency (or the Commission) and therefore cannot take decisions on their behalf or bind them vis-à-vis the beneficiary.

The beneficiary must fully cooperate with the coaches and provide them with any information or data requested in a timely, helpful and constructive manner.

The coaching may cover all aspects linked to the grant, including overall follow-up of the action, assessing the action's progress, checking and advising on reports and deliverables and their coherence with the costs actually incurred, reviewing financial reports and supporting documents, assisting with communication and dissemination activities, etc. It may include participation in meetings, visiting the beneficiary's premises, interviewing persons involved in the action, etc.

16a.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the Agency may apply the measures described in Chapter 6.]

[OPTION 1 for COSME/EMFF: Not applicable]

ARTICLE 17 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS — EXTENSION OF FINDINGS

17.1 Checks, reviews and audits by the Agency and the Commission

17.1.1 Right to carry out checks

The Agency or the Commission will — during the implementation of the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing deliverables and reports.

For this purpose, the Agency or the Commission may be assisted by external persons or bodies.

The Agency or the Commission may also request additional information in accordance with Article 12.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

17.1.2 Right to carry out reviews

The Agency or the Commission may — during the implementation of the action or afterwards — carry out reviews on the proper implementation of the action (including assessment of deliverables and reports) and compliance with the obligations under the Agreement.

Reviews may be started **up to [OPTION 1 by default: five][OPTION 2 for low value grants and EMFF: three] years after the payment of the balance**. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

If the review is carried out on a third party (see Articles 9 to 11a), the beneficiary must inform the third party.

The Agency or the Commission may carry out reviews directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. The beneficiary has the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must provide — within the deadline requested — any information and data in addition to deliverables and reports already submitted (including information on the use of resources).

The beneficiary may be requested to participate in meetings, including with external experts.

For **on-the-spot** reviews, the beneficiary must allow access to its sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the review findings, a ‘**review report**’ will be drawn up.

The Agency or the Commission will formally notify the review report to the beneficiary, who has 30 days to formally notify observations (‘**contradictory review procedure**’).

Reviews (including review reports) are in the language of the Agreement.

17.1.3 Right to carry out audits

The Agency or the Commission may — during the implementation of the action or afterwards — carry out audits on the proper implementation of the action and compliance with the obligations under the Agreement.

Audits may be started **up to [OPTION 1 by default: five][OPTION 2 for low value grants and EMFF: three] years after the payment of the balance**. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

If the audit is carried out on a third party (see Articles 9 to 11a), the beneficiary must inform the third party.

The Agency or the Commission may carry out audits directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. The beneficiary has the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must provide — within the deadline requested — any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement.

For **on-the-spot** audits, the beneficiary must allow access to its sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the audit findings, a ‘**draft audit report**’ will be drawn up.

The Agency or the Commission will formally notify the draft audit report to the beneficiary, who has 30 days to formally notify observations (‘**contradictory audit procedure**’). This period may be extended by the Agency or the Commission in justified cases.

The ‘**final audit report**’ will take into account observations by the beneficiary. The report will be formally notified to it.

Audits (including audit reports) are in the language of the Agreement.

The Agency or the Commission may also access the beneficiary’s statutory records for the periodical assessment of unit costs or flat-rate amounts *[or lump sums]*.

17.2 Investigations by the European Anti-Fraud Office (OLAF)

Under Regulations No 883/2013²⁴ and No 2185/96²⁵ (and in accordance with their provisions and procedures), the European Anti-Fraud Office (OLAF) may — at any moment during implementation of the action or afterwards — carry out investigations, including on-the-spot checks and inspections, to establish whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the EU.

17.3 Checks and audits by the European Court of Auditors (ECA)

²⁴ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18/09/2013, p. 1).

²⁵ Council Regulation (Euratom, EC) No 2185/1996 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15/11/1996, p. 2).

Under Article 287 of the Treaty on the Functioning of the European Union (TFEU) and Article 257 of the Financial Regulation 2018/1046, the European Court of Auditors (ECA) may — at any moment during implementation of the action or afterwards — carry out audits.

The ECA has the right of access for the purpose of checks and audits.

17.4 Checks, reviews, audits and investigations for international organisations

[OPTION 1 for international organisations: In conformity with its financial regulations, the European Union, including the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA), may undertake, including on the spot, checks, reviews audits and investigations.

This Article will be applied in accordance with any specific agreement concluded in this respect by the international organisation and the European Union.]

[OPTION 2: Not applicable]

17.5 Consequences of findings in checks, reviews, audits and investigations — Extension of findings

17.5.1 Findings in this grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to the rejection of ineligible costs (see Article 26), reduction of the grant (see Article 27), recovery of undue amounts (see Article 28) or to any of the other measures described in Chapter 6.

Rejection of costs or reduction of the grant after the payment of the balance will lead to a revised final grant amount (see Article 5.4).

Findings in checks, reviews, audits or investigations may lead to a request for amendment for the modification of Annex 1 (see Article 39).

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other EU grants awarded under similar conditions (**‘extension of findings from this grant to other grants’**).

Moreover, findings arising from an OLAF investigation may lead to criminal prosecution under national law.

17.5.2 Findings in other grants

The Agency or the Commission may extend findings from other grants to this grant (**‘extension of findings from other grants to this grant’**), if:

- (a) the beneficiary is found, in other EU grants awarded under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant and

- (b) those findings are formally notified to the beneficiary — together with the list of grants affected by the findings — **no later than [OPTION 1 by default: five][OPTION 2 for low value grants and EMFF: three] years after the payment of the balance** of this grant.

The extension of findings may lead to the rejection of costs (see Article 26), reduction of the grant (see Article 27), recovery of undue amounts (see Article 28), suspension of payments (see Article 32), suspension of the action implementation (see Article 33) or termination (see Article 34).

17.5.3 Procedure

The Agency or the Commission will formally notify the beneficiary the systemic or recurrent errors and its intention to extend these audit findings, together with the list of grants affected.

17.5.3.1 If the findings concern **eligibility of costs**: the formal notification will include:

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

The beneficiary has 90 days from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method**. This period may be extended by the Agency or the Commission in justified cases.

The Agency or the Commission may then start a **rejection procedure** in accordance with Article 26, either on the basis of the revised financial statements, the alternative method or the correction rate announced.

17.5.3.2 If the findings concern **substantial errors, irregularities or fraud or serious breach of obligations**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings and
- (b) the flat-rate the Agency or the Commission intends to apply according to the principle of proportionality.

The beneficiary has 90 days from receiving notification to submit observations or to propose a duly substantiated alternative flat-rate.

The Agency or the Commission may then start a **reduction procedure** in accordance with Article 27, either on the basis of the alternative flat-rate or the flat-rate announced.

17.6 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, any insufficiently substantiated costs will be ineligible (see Article 6) and will be rejected (see Article 26).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 18 — EVALUATION OF THE IMPACT OF THE ACTION

18.1 Right to evaluate the impact of the action

The Agency or the Commission may carry out interim and final evaluations of the impact of the action measured against the objective of the EU programme.

Evaluations may be started during implementation of the action and **up to [OPTION 1 by default: five][OPTION 2 for low value grants and EMFF: three] years after the payment of the balance**. The evaluation is considered to start on the date of the formal notification to the beneficiary.

The Agency or the Commission may make these evaluations directly (using its own staff) or indirectly (using external bodies or persons it has authorised to do so).

The beneficiary must provide any information relevant to evaluate the impact of the action, including information in electronic format.

18.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the Agency may apply the measures described in Chapter 6.

SECTION 3 OTHER RIGHTS AND OBLIGATIONS

ARTICLE 19 — PRE-EXISTING RIGHTS AND OWNERSHIP OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

19.1 Pre-existing rights and access rights to pre-existing rights

Where industrial and intellectual property rights (including rights of third parties) exist prior to the Agreement, the beneficiary must establish a list of these pre-existing industrial and intellectual property rights, specifying the owner and any persons that have a right of use.

The beneficiary must — before starting the action — submit this list to the Agency.

19.2 Ownership of results and rights of use

[OPTION 1 by default: The results of the action (including the reports and other documents relating to it) are owned by the beneficiary.

The beneficiary must give the Agency and the Commission the right to use the results for their communication activities under Article 22.]

[OPTION 2 for COSME if foreseen in the call for proposals AND applicable to the grant (i.e. explicitly requested by DG GROW)²⁶: The results of the action (including the reports, webpages and other documents relating to it) are owned by the Agency.]

19.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such a breach may also lead to any of the other measures described in Chapter 6.

ARTICLE 20 — CONFLICT OF INTERESTS

20.1 Obligation to avoid a conflict of interests

The beneficiary must take all measures to prevent any situation where the impartial and objective implementation of the action is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest ('**conflict of interests**').

The beneficiary must formally notify to the Agency without delay any situation constituting or likely to lead to a conflict of interests and immediately take all the necessary steps to rectify this situation.

The Agency may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

20.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27) and the Agreement or participation of the beneficiary may be terminated (see Article 34).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 21 — CONFIDENTIALITY

21.1 General obligation to maintain confidentiality

²⁶ To be used only if justified by specific circumstances.

During implementation of the action and **for five years after the payment of the balance**, the parties must keep confidential any data, documents or other material (in any form) that is identified as confidential at the time it is disclosed (**‘confidential information’**).

They may use confidential information to implement the Agreement.

The confidentiality obligations no longer apply if:

- (a) the disclosing party agrees to release the other party;
- (b) the information becomes generally and publicly available, without breaching any confidentiality obligation;
- (c) the disclosure of the confidential information is required by EU or national law.

21.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 22 — PROMOTING THE ACTION — VISIBILITY OF EU FUNDING

22.1 Communication activities by the beneficiary

22.1.1 General obligation to promote the action and its results

The beneficiary must promote the action and its results.

22.1.2 Information on EU funding — Obligation and right to use the EU emblem

Unless the Agency requests or agrees otherwise, any communication activity related to the action (including at conferences, seminars, in information material, such as brochures, leaflets, posters, presentations, etc., in electronic form, via social media, etc.) and any infrastructure, equipment or major result funded by the grant must:

- display the EU emblem and
- include the following text:

“With the contribution of the [COSME Programme][European Maritime and Fisheries Fund] [LIFE Programme] of the European Union”

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

For the purposes of its obligations under this Article, the beneficiary may use the EU emblem without first obtaining approval from the Agency.

This does not, however, give him the right to exclusive use.

Moreover, the beneficiary may not appropriate the EU emblem or any similar trademark or logo, either by registration or by any other means.

[additional OPTION 1 FOR LIFE: *In addition (and unless the Agency requests or agrees otherwise), any communication activity related to the action (including at conferences, seminars, in information material, such as brochures, leaflets, posters, presentations, etc., in electronic form, via social media, etc.) and any infrastructure, equipment or major result funded by the grant must moreover display:*

- *the LIFE Programme logo*



and

- *for projects in Natura 2000 sites or contributing to the integrity of Natura 2000 network: the Natura 2000 logo*



22.1.3 Disclaimer excluding Agency and Commission responsibility

Any communication activity related to the action must indicate the following disclaimer:

“The content of this [insert appropriate description, e.g. report, publication, conference, etc.] represents the views of the author only and is his/her sole responsibility; it cannot be considered to reflect the views of the European Commission and/or the Executive Agency for Small and Medium-sized Enterprises (EASME) or any other body of the European Union. The European Commission and the Agency do not accept any responsibility for use that may be made of the information it contains.”

22.2 Communication activities by the Agency and the Commission

22.2.1 Right to use beneficiary's materials, documents or information

The Agency and the Commission may use information relating to the action, documents notably summaries for publication and public deliverables as well as any other material, such as pictures or audio-visual material received from any beneficiary (including in electronic form).

This does not change the confidentiality obligations in Article 21, which still apply.

The right to use the beneficiary's materials, documents and information includes:

- (a) **use for its own purposes** (in particular, making them available to persons working for the Agency, the Commission or any other EU institution, body, office or agency or body or institutions in EU Member States; and copying or reproducing them in whole or in part, in unlimited numbers);
- (b) **distribution to the public** (in particular, publication as hard copies and in electronic or digital format, publication on the internet, as a downloadable or non-downloadable file, broadcasting by any channel, public display or presentation, communicating through press information services, or inclusion in widely accessible databases or indexes);
- (c) **editing or redrafting** for communication and publicising activities (including shortening, summarising, inserting other elements (such as meta-data, legends, other graphic, visual, audio or text elements), extracting parts (e.g. audio or video files), dividing into parts, use in a compilation);
- (d) **translation**;
- (e) giving **access in response to individual requests** under Regulation No 1049/2001²⁷, without the right to reproduce or exploit;
- (f) **storage** in paper, electronic or other form;
- (g) **archiving**, in line with applicable document-management rules, and
- (h) the right to authorise **third parties** to act on its behalf or sub-license the modes of use set out in Points (b), (c), (d) and (f) to third parties if needed for the communication and publicising activities of the Agency or the Commission.

If the right of use is subject to rights of a third party (including personnel of the beneficiary), the beneficiary must ensure that it complies with its obligations under this Agreement (in particular, by obtaining the necessary approval from the third parties concerned).

²⁷ Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31/5/2001, p. 43).

Where applicable (and if provided by the beneficiary), the Agency or the Commission will insert the following information:

“© – [year] – [name of the copyright owner]. All rights reserved. Licensed to the Executive Agency for Small and Medium-sized Enterprises (EASME) and the European Union (EU) under conditions.”

22.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 23 — PROCESSING OF PERSONAL DATA

23.1 Processing of personal data by the Agency and the Commission

Any personal data under the Agreement will be processed by the Agency or the Commission under Regulation No 45/2001²⁸ and according to the ‘notifications of the processing operations’ to the Data Protection Officer (DPO) of the Agency or the Commission (publicly accessible in the DPO register).

Such data will be processed by the ‘**data controller**’ of the Agency or the Commission, for the purposes of implementing, managing and monitoring the Agreement or protecting the EU financial interests (including checks, reviews, audits and investigations; see Article 17).

The persons whose personal data are processed have the right to access and correct their own personal data. For this purpose, they must send any queries about the processing of their personal data to the data controller, via the contact point indicated in the privacy statement(s) on the Agency and Commission websites.

They also have the right to have recourse at any time to the European Data Protection Supervisor (EDPS).

23.2 Processing of personal data by the beneficiary

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

The beneficiary may grant its personnel access only to data that is strictly necessary for implementing, managing and monitoring the Agreement.

²⁸ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12/01/2001, p 1)

The beneficiary must inform the personnel whose personal data are collected and processed by the Agency or the Commission. For this purpose, it must provide them with the privacy statement(s) (see above), before transmitting their data to the Agency or the Commission.

23.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 23.2, the Agency may apply any of the measures described in Chapter 6.

ARTICLE 24 — ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE AGENCY

The beneficiary may not assign any of its claims for payment against the Agency to any third party, except if approved by the Agency on the basis of a reasoned, written request by the beneficiary.

If the Agency has not accepted the assignment or the terms of it are not observed, the assignment will have no effect on it.

In no circumstances will an assignment release the beneficiary from its obligations towards the Agency.

CHAPTER 5 BENEFICIARY'S ROLES AND RESPONSIBILITIES

ARTICLE 25 — BENEFICIARY'S ROLES AND RESPONSIBILITIES

25.1 Roles and responsibilities towards the Agency

The beneficiary has full responsibility for implementing the action and complying with the Agreement.

The beneficiary is itself responsible for:

- (a) monitoring that the action is implemented properly (see Article 7);
- (b) informing the Agency immediately of any events or circumstances likely to affect significantly or delay the implementation of the action (see Article 12);
- (c) submitting the deliverables and reports to the Agency (see Articles 14 and 15);
- (d) submitting to the Agency or the Commission in good time any documents or information required,

and may not subcontract these tasks.

25.2 Internal division of roles and responsibilities

Not applicable

25.3 Internal arrangements between beneficiaries — Consortium agreement

Not applicable

CHAPTER 6 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE

SECTION 1 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS

ARTICLE 26 — REJECTION OF INELIGIBLE COSTS

26.1 Conditions

The Agency will — [*OPTION for actions with several RPs and interim payments: at the time of an interim payment,*] **at the payment of the balance or afterwards** — reject any costs which are ineligible (see Article 6), in particular following checks, reviews, audits or investigations (see Article 17).

The rejection may also be based on the **extension of findings from other grants to this grant** (see Article 17.5.2).

26.2 Ineligible costs to be rejected — Calculation — Procedure

Ineligible costs will be rejected in full [*OPTION if lump sum foreseen in Article 5.2; except for lump sum costs, which will be rejected proportionally to the tasks or parts of the action not implemented*].

If the rejection of costs does not lead to a recovery (see Article 28), the Agency will formally notify the beneficiary of the rejection of costs, the amounts and the reasons why (if applicable, together with the notification of amounts due; see Article 16.5). The beneficiary may — within 30 days of receiving notification — formally notify the Agency of its disagreement and the reasons why.

If the rejection of costs leads to a recovery, the Agency will follow the contradictory procedure with pre-information letter set out in Article 28.

26.3 Effects

If the Agency rejects costs at [*OPTION for actions with several RPs and interim payments: the time of an interim payment or*] **the payment of the balance**, it will deduct them from the total eligible costs declared in [*periodic or*] final summary financial statement (see Article 15.3 and 15.4). It will then calculate [*the interim payment or*] payment of the balance as set out in Article 16.3 or 16.4.

[OPTION for actions with several RPs and interim payments: If the Agency — after an interim payment but before the payment of the balance — rejects costs declared in a periodic summary financial statement, it will deduct them from the costs declared in the next periodic summary financial statement or final summary financial statement. It will then calculate the interim payment or payment of the balance as set out in Article 16.3 or 16.4.]

If the Agency rejects costs **after the payment of the balance**, it will calculate the revised final grant amount as set out in Article 5.4. If the revised final grant amount is lower than the final grant amount, the Agency will recover the difference (see Article 28).

ARTICLE 27 — REDUCTION OF THE GRANT

27.1 Conditions

The Agency may — **at the payment of the balance or afterwards** — reduce the grant, if:

- (a) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed:
 - substantial errors, irregularities or fraud or
 - serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or
- (b) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

27.2 Amount to be reduced — Calculation — Procedure

The amount of the reduction will be proportionate to the seriousness of the errors, irregularities or fraud or breach of obligations.

Before reduction of the grant, the Agency will formally notify a ‘**pre-information letter**’ to the beneficiary:

- informing it of its intention to reduce the grant, the amount it intends to reduce and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive any observations or decides to pursue reduction despite the observations it has received, it will formally notify **confirmation** of the reduction (if applicable, together with the notification of amounts due; see Article 16).

27.3 Effects

If the Agency reduces the grant at the time of **the payment of the balance**, it will calculate the reduced grant amount and then determine the amount due as payment of the balance (see Articles 5.3 and 16.4).

If the Agency reduces the grant **after the payment of the balance**, it will calculate the revised final grant amount (see Article 5.4). If the revised final grant amount is lower than the final grant amount, the Agency will recover the difference (see Article 28).

ARTICLE 28 — RECOVERY OF UNDUE AMOUNTS

28.1 Amount to be recovered — Calculation — Procedure

The Agency will —**at the payment of the balance** or **afterwards** — claim back any amount that was paid, but is not due under the Agreement.

The beneficiary is fully liable for repaying debts under the Agreement (including late-payment interest) — up to the maximum EU contribution indicated, for the beneficiary, in the estimated budget (as last amended; see Annex 2).

[OPTION to be added if Article 11 applies: Undue amounts paid by the Agency for costs declared by a linked third party will be considered as amounts unduly paid to the beneficiary.]

28.1.1 Recovery at payment of the balance

If the payment of the balance takes the form of a recovery (see Article 16.4), the Agency will formally notify a ‘**pre-information letter**’ to the beneficiary:

- informing it of its intention to recover, the amount due as the balance and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the Agency decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the beneficiary a **debit note** with the terms and the date for payment (together with the notification of amounts due; see Article 16.5).

If payment is not made by the date specified in the debit note, the Agency or the Commission will **recover** the amount:

- (a) by **offsetting** it — without the beneficiary’s consent — against any amounts owed to the beneficiary by the Agency, Commission or another executive agency (from the EU budget).

In exceptional circumstances, to safeguard the EU financial interests, the Agency or the Commission may offset before the payment date specified in the debit note;

- (b) *[OPTION if Agency requires one or more pre-financing guarantee(s): by drawing on the financial guarantee(s) (see Article 16.2)]**[OPTION 2: not applicable]*;

- (c) joint and several liability of other beneficiaries: not applicable;

- (d) by **taking legal action** (see Article 41) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 100(2) of the Financial Regulation 2018/1046.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 16.11, from the day following the payment date in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC²⁹ applies.

28.1.2 Recovery of amounts after payment of the balance

If — after the payment of the balance — the Agency revised the final grant amount (see Article 5.4), and the revised final grant amount is lower than the final grant amount (see Article 5.3), it will formally notify a **pre-information letter** to the beneficiary:

- informing it of its intention to recover, the amount to be repaid and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the Agency decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the beneficiary a **debit note**. This note will also specify the terms and the date for payment.

If payment is not made by the date specified in the debit note, the Agency or the Commission will **recover** the amount:

²⁹ Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (OJ L 319, 05.12.2007, p. 1).

- (a) by **offsetting** it — without the beneficiary’s consent — against any amounts owed to the beneficiary by the Agency, Commission or another executive agency (from the EU budget).

In exceptional circumstances, to safeguard the EU financial interests, the Agency or the Commission may offset before the payment date specified in the debit note;

- (b) joint and several liability of other beneficiaries: not applicable;

- (c) by **taking legal action** (see Article 41) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 100(2) of the EU Financial Regulation 2018/1046.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 16.11, from the day following the date for payment in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

ARTICLE 29 — ADMINISTRATIVE SANCTIONS

In addition to contractual measures, the Agency or the Commission may also adopt administrative sanctions under Articles 136 to 140 of the EU Financial Regulation 2018/1046 (i.e. exclusion from future procurement contracts, grants, prizes and expert contracts and/or financial penalties).

SECTION 2 — LIABILITY FOR DAMAGES

ARTICLE 30 — LIABILITY FOR DAMAGES

30.1 Liability of the Agency

The Agency cannot be held liable for any damage caused to the beneficiary or to third parties as a consequence of implementing the Agreement, including for gross negligence.

The Agency cannot be held liable for any damage caused by the beneficiary or third parties involved in the action, as a consequence of implementing the Agreement.

30.2 Liability of the beneficiary

Except in case of force majeure (see Article 35), the beneficiary must compensate the Agency for any damage it sustains as a result of the implementation of the action or because the action was not implemented in full compliance with the Agreement.

SECTION 3 SUSPENSION AND TERMINATION

ARTICLE 31 — SUSPENSION OF PAYMENT DEADLINE

31.1 Conditions

The Agency may — at any moment — suspend the payment deadline (see Article 16.2 to 16.4) if a request for payment (see Article 15) cannot be approved because:

- (a) it does not comply with the provisions of the Agreement (see Article 15);
- (b) the technical or financial report(s) have not been submitted or are not complete or additional information is needed, or
- (c) there is doubt about the eligibility of the costs declared in the financial statement(s) and additional checks, reviews, audits or investigations are necessary.

31.2 Procedure

The Agency will formally notify the beneficiary of the suspension and the reasons why.

The suspension will **take effect** the day notification is sent by the Agency (see Article 36).

If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** — and the remaining period will resume.

If the suspension exceeds two months, the beneficiary may request the Agency if the suspension will continue.

If the payment deadline has been suspended due to the non-compliance of the technical or financial reports (see Article 15) and the revised report or statement is not submitted or was submitted but is also rejected, the Agency may also terminate the Agreement (see Article 34.3.1(i)).

ARTICLE 32 — SUSPENSION OF PAYMENTS

32.1 Conditions

The Agency may — at any moment — suspend payments, in whole or in part, , if:

- (a) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed or is suspected of having committed:
 - (i) substantial errors, irregularities or fraud or

- (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or
- (a) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

If suspension concerns the payment of the balance, the payment (or recovery) after suspension is lifted will be considered to be the payment that closes the action.

32.2 Procedure

Before suspending payments, the Agency will formally notify the beneficiary:

- informing it of its intention to suspend payments and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the suspension procedure is not continued.

The suspension will **take effect** the day the confirmation notification is sent by the Agency.

If the conditions for resuming payments are met, the suspension will be **lifted**. The Commission will formally notify the beneficiary.

[OPTION for actions with several RPs and interim payments: During the suspension, the periodic report(s) for all reporting periods except the last one (see Article 15.3), must not contain any financial statements [from the beneficiary and its linked third parties]. The beneficiary must include them in the next periodic report after the suspension is lifted or — if suspension is not lifted before the end of the action — in the last periodic report.]

The beneficiary may suspend implementation of the action (see Article 33.1) or terminate the Agreement (see Article 34.1 and 34.2).

ARTICLE 33 — SUSPENSION OF THE ACTION IMPLEMENTATION

33.1 Suspension of the action implementation, by the beneficiary

33.1.1 Conditions

The beneficiary may suspend implementation of the action or any part of it, if exceptional circumstances — in particular *force majeure* (see Article 35) — make implementation impossible or excessively difficult.

33.1.2 Procedure

The beneficiary must immediately formally notify to the Agency the suspension (see Article 36), stating:

- the reasons why and
- the expected date of resumption.

The suspension will **take effect** the day this notification is received by the Agency.

Once circumstances allow for implementation to resume, the beneficiary must immediately formally notify the Agency and request an **amendment** of the Agreement to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 39) — unless the Agreement has been terminated (see Article 34).

The suspension will be **lifted** with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension of the action implementation are not eligible (see Article 6).

33.2 Suspension of the action implementation, by the Agency

33.2.1 Conditions

The Agency may suspend implementation of the action or any part of it, if:

- (a) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed or is suspected of having committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or
- (b) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

33.2.2 Procedure

Before suspending implementation of the action, the Agency will formally notify the beneficiary:

- informing it of its intention to suspend the implementation and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the procedure is not continued.

The suspension will **take effect** five days after confirmation notification is received by the beneficiary (or on a later date specified in the notification).

It will be **lifted** if the conditions for resuming implementation of the action are met.

The beneficiary will be formally notified of the lifting and the Agreement will be **amended** to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 39) — unless the Agreement has been terminated (see Article 34).

The suspension will be lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension are not eligible (see Article 6).

The beneficiary may not claim damages due to suspension by the Agency (see Article 30).

Suspension of the action implementation does not affect the Agency's right to terminate the Agreement (see Article 34), reduce the grant or recover amounts unduly paid (see Articles 27 and 28).

ARTICLE 34 — TERMINATION OF THE AGREEMENT

34.1 Termination of the Agreement, by the beneficiary

34.1.1 Conditions and procedure

The beneficiary may terminate the Agreement.

The beneficiary must formally notify termination to the Agency (see Article 36), stating:

- the reasons why and
- the date the termination will take effect. This date must be after the notification.

If no reasons are given or if the Agency considers the reasons do not justify termination, the Agreement will be considered to have been ‘**terminated improperly**’.

The termination will **take effect** on the day specified in the notification.

34.1.2 Effects

The beneficiary must — within 60 days from when termination takes effect — submit *[OPTION for actions with several RPs and interim payments: a periodic report (for the open reporting period until termination; see Article 15.3) and]* the final report (see Article 15.4).

If the Agency does not receive the report(s) within the deadline (see above), *[OPTION 1 for actions with one RP and NO interim payments: no costs will be taken into account]* *[OPTION 2 for actions with several RPs and interim payments: only costs which are included in an approved periodic report will be taken into account]*.

The Agency will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 16.4) on the basis of the report(s) submitted. Only costs incurred until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

Improper termination may lead to a reduction of the grant (see Article 27).

After termination, the beneficiary’s obligations (in particular, Articles 15, 17, 18 19, 20, 21, 22, 24, 26, 27 and 28) continue to apply.

34.2 Termination of the participation of one or more beneficiaries, by the beneficiaries

Not applicable

34.3 Termination of the Agreement, by the Agency

34.3.1 Conditions

The Agency may terminate the Agreement, if:

- (a) not applicable;
- (b) a change to the legal, financial, technical, organisational or ownership situation of the beneficiary *[(or those of its linked third parties)]* is likely to substantially affect or delay the implementation of the action or calls into question the decision to award the grant;
- (c) not applicable;
- (d) implementation of the action is prevented by force majeure (see Article 35) or suspended by the beneficiary (see Article 33.1) and either:

- (i) resumption is impossible, or
- (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants;
- (e) the beneficiary (or a person with unlimited liability for its debts) is declared bankrupt, being wound up, having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, or is subject to any other similar proceedings or procedures under national law;
- (f) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has been found guilty of grave professional misconduct ;
- (g) the beneficiary (or a person with unlimited liability for its debts) does not comply with the applicable national law on taxes and social security;
- (h) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed fraud, corruption, or is involved in a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking;
- (i) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant)has committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles);
- (j) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2);
- (k) the beneficiary (or a person having powers of representation, decision-making or control, beneficial owner, or person essential for the award/implementation of the grant) was created under a different jurisdiction with the intent to circumvent fiscal, social or other legal obligations in the country of origin (or created another entity with this purpose);
- (l) *[OPTION 1: despite a specific request by the Agency, the beneficiary does not request an amendment to the Agreement to end the participation of one of its linked third parties that is in one of the situations under points (e), (f), (g), (h), (i) or (j) and to*

reallocate its tasks][**OPTION 2: refusal to remove a linked third party: not applicable**].

34.3.2 Procedure

Before terminating the Agreement, the Agency will formally notify the beneficiary:

- informing it of its intention to terminate and the reasons why and
- inviting it, within 30 days of receiving notification, to submit observations and — in case of Point (i.ii) above — to inform the Agency of the measures to ensure compliance with the obligations under the Agreement.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify to the beneficiary **confirmation** of the termination and the date it will take effect. Otherwise, it will formally notify that the procedure is not continued.

The termination will **take effect**:

- for terminations under Points (b), (c), (e), (g), (i.ii), (k) and (l) above: on the day specified in the notification of the confirmation (see above);
- for terminations under Points (a), (d), (f), (h), (i.i) and (j) above: on the day after the notification of the confirmation is received by the beneficiary.

34.3.3 Effects

The beneficiary must — within 60 days from when termination takes effect — submit [**OPTION for actions with several RPs and interim payments: a periodic report (for the last open reporting period until termination; see Article 15.3) and**] a final report (see Article 15.4).

If the Agreement is terminated for breach of the obligation to submit report(s) (see Articles 15.8 and 34.3.1(i)), the beneficiary may not submit any report(s) after termination.

If the Agency does not receive the report(s) within the deadline (see above), [**OPTION 1 for actions with one RP and NO interim payments: no costs will be taken into account**] [**OPTION 2 for actions with several RPs and interim payments: only costs which are included in an approved periodic report will be taken into account**].

The Agency will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 16.4) on the basis of the report(s) submitted. Only costs incurred until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

This does not affect the Agency's right to reduce the grant (see Article 27) or to impose administrative sanctions (Article 29).

The beneficiary may not claim damages due to termination by the Agency (see Article 30).

After termination, the beneficiary's obligations (in particular Articles 15, 17, 18, 19, 20, 21, 22, 24, 26, 27 and 28) continue to apply.

SECTION 4 FORCE MAJEURE

ARTICLE 35 — FORCE MAJEURE

'Force majeure' means any situation or event that:

- prevents either party from fulfilling their obligations under the Agreement,
- was unforeseeable, exceptional situation and beyond the parties' control,
- was not due to error or negligence on their part (or on the part of third parties involved in the action), and
- proves to be inevitable in spite of exercising all due diligence.

The following cannot be invoked as force majeure:

- any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure,
- labour disputes or strikes, or
- financial difficulties.

Any situation constituting force majeure must be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effects.

The parties must immediately take all the necessary steps to limit any damage due to force majeure and do their best to resume implementation of the action as soon as possible.

The party prevented by force majeure from fulfilling its obligations under the Agreement cannot be considered in breach of them.

CHAPTER 7 FINAL PROVISIONS

ARTICLE 36 — COMMUNICATION BETWEEN THE PARTIES

36.1 Form and means of communication

Communication under the Agreement (information, requests, submissions, 'formal notifications', etc.) must:

- be made in writing and

- bear the number of the Agreement.

All communication must be made through the Participant Portal electronic exchange system and using the forms and templates provided there.

If — after the payment of the balance — the Agency finds that a formal notification was not accessed, a second formal notification will be made by registered post with proof of delivery ('formal notification on **paper**'). Deadlines will be calculated from the moment of the second notification.

Communications in the electronic exchange system must be made by persons authorised according to the Participant Portal Terms & Conditions. For naming the authorised persons, the beneficiary must have designated — before the signature of this Agreement — a 'legal entity appointed representative (LEAR)'. The role and tasks of the LEAR are stipulated in his/her appointment letter (see Participant Portal Terms & Conditions).

If the electronic exchange system is temporarily unavailable, instructions will be given on the Agency and Commission websites.

36.2 Date of communication

Communications are considered to have been made when they are sent by the sending party (i.e. on the date and time they are sent through the electronic exchange system).

Formal notifications through the **electronic** exchange system are considered to have been made when they are received by the receiving party (i.e. on the date and time of acceptance by the receiving party, as indicated by the time stamp). A formal notification that has not been accepted within 10 days after sending is considered to have been accepted.

Formal notifications **on paper** sent by **registered post** with proof of delivery (only after the payment of the balance) are considered to have been made on either:

- the delivery date registered by the postal service or
- the deadline for collection at the post office.

If the electronic exchange system is temporarily unavailable, the sending party cannot be considered in breach of its obligation to send a communication within a specified deadline.

36.3 Addresses for communication

The **electronic** exchange system must be accessed via the following URL:

[insert URL]

The Agency will formally notify the beneficiary in advance of any changes to this URL.

The address for **paper** communications to the Agency (if exceptionally allowed) is the official mailing address indicated on the Agency's website. For the beneficiary, it is the legal address specified in the Participant Portal Beneficiary Register.

ARTICLE 37 — INTERPRETATION OF THE AGREEMENT

37.1 Precedence of the Terms and Conditions over the Annexes

The provisions in the Terms and Conditions of the Agreement take precedence over its Annexes.

Annex 2 takes precedence over Annex 1.

37.2 Privileges and immunities

[OPTION 1 for international organisations: Nothing in the Agreement may be interpreted as a waiver of any privileges or immunities accorded to the beneficiary by its constituent documents or international law.]

[OPTION 2: Not applicable]

ARTICLE 38 — CALCULATION OF PERIODS, DATES AND DEADLINES

In accordance with Regulation No 1182/71³⁰, periods expressed in days, months or years are calculated from the moment the triggering event occurs.

The day during which that event occurs is not considered as falling within the period.

ARTICLE 39 — AMENDMENTS TO THE AGREEMENT

39.1 Conditions

The Agreement may be amended, unless the amendment entails changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

Amendments may be requested by any of the parties.

39.2 Procedure

The party requesting an amendment must submit a request for amendment signed in the electronic exchange system (see Article 36).

The request for amendment must include:

- the reasons why and
- the appropriate supporting documents.

The Agency may request additional information.

³⁰ Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time-limits (OJ L 124, 8/6/1971, p. 1).

If the party receiving the request agrees, it must sign the amendment in the electronic exchange system within 45 days of receiving notification (or any additional information the Agency has requested). If it does not agree, it must formally notify its disagreement within the same deadline. The deadline may be extended, if necessary for the assessment of the request. If no notification is received within the deadline, the request is considered to have been rejected.

An amendment **enters into force** on the day of the signature of the receiving party.

An amendment **takes effect** on the date agreed by the parties or, in the absence of such an agreement, on the date on which the amendment enters into force.

ARTICLE 40 — ACCESSION TO THE AGREEMENT

Not applicable

ARTICLE 41 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES

41.1 Applicable law

[OPTION 1 by default: The Agreement is governed by the applicable EU law, supplemented if necessary by the law of Belgium.]

[OPTION 2 for international organisations that do not accept any applicable law clause: Not applicable]

[OPTION 3 for international organisations that would accept an applicable law clause, but not the standard clause (EU + Belgian law): The Agreement is governed [by the applicable EU law] [, supplemented if necessary] [by the law of [Belgium][[insert name of another Member State or EFTA country]]] [and, where appropriate,] [by the general principles governing the law of international organisations and the rules of general international law].]

41.2 Dispute settlement

[OPTION 1 by default: If a dispute concerning the interpretation, application or validity of the Agreement cannot be settled amicably, the General Court — or, on appeal, the Court of Justice of the European Union — has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU).]

[OPTION 2 if the beneficiary is a non-EU beneficiary (except if the beneficiary is established in an associated country with an association agreement to the COSME Programme that stipulates sole jurisdiction of the European Court of Justice): If a dispute concerning the interpretation, application or validity of the Agreement cannot be settled amicably, it must be brought before the courts of Brussels, Belgium.]

[OPTION 3 if the beneficiary is an international organisation or a beneficiary not receiving funding because not eligible for funding (see Article 8a) which according to its national law cannot be subject to the jurisdiction of the Belgian courts: If a disputes concerning the interpretation, application or validity of the Agreement cannot be settled

amicably, it will be referred to arbitration. Each party must formally notify to the other party its intention of resorting to arbitration and the identity of the arbitrator. The Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of entry into force of the Agreement will apply. The appointing authority will be the Secretary-General of the Permanent Court of Arbitration following a written request submitted by either party. The arbitration proceedings must take place in Brussels and the language used in the arbitral proceedings will be English. The arbitral award will be binding on all parties and will not be subject to appeal.]

If a dispute concerns administrative sanctions, offsetting or an enforceable decision under Article 299 TFEU (see Articles 28 and 29), the beneficiary must bring action before the General Court — or, on appeal, the Court of Justice of the European Union — under Article 263 TFEU. Actions against offsetting and enforceable decisions must be brought against the Commission (not against the Agency).

ARTICLE 42 — ENTRY INTO FORCE OF THE AGREEMENT

The Agreement will enter into force on the day of signature by the Agency or the beneficiary, depending on which is later.

SIGNATURES

For the beneficiary

[function/forename/surname]

[electronic signature]

Done in [English] on [electronic time stamp]

For the Agency

[forename/surname]

[electronic signature]

Done in [English] on [electronic time

stamp]

Grant Agreement number: [insert number] [insert acronym] [insert call identifier]

EU Grants: EASME MGA — Mono: V5.0 – 15.11.2018

ANNEX 1

DESCRIPTION OF THE ACTION

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MODEL ANNEX 2 EASME MGA — MONO

ESTIMATED BUDGET FOR THE ACTION

Cost form ⁶	Estimated eligible ¹ costs (per budget category)						EU contribution			Action's estimated receipts			Additional information		
	A. Direct personnel costs		B. Direct costs of subcontracting	[C. Direct costs of financial support]	D. Other direct costs	E. Indirect costs ²	Total costs	Reimbursement rate % ³	Maximum EU contribution ⁴	Maximum grant amount ⁵	Income generated by the action	Financial contributions given by third parties to the beneficiaries		Action's total receipts	Estimated costs of beneficiary/ linked third parties not receiving funding
	A.1 Employees (or equivalent) A.2 Natural persons under direct contract and seconded persons	A.3 SME owners without a salary A.4 Beneficiaries that are natural persons without salary		[C.1 Financial support] [C.2 Prizes]	D.1 Travel D.2 Equipment D.3 Other goods and services										
Actual	Unit ⁷		Actual	Actual	Actual	Flat-rate ⁸									
	a1	No hours	Total a2	b	[c]	d	$e = 0,07 * (a1 + a2 + b + d)$	$f = a1 + a2 + b + [c] + d + e$	g	$h = f * g$	i	j	k	l = j+k	m
1. [short name beneficiary]															
[short name affiliated entity /linked third party]															
[short name affiliated entity/linked third party not eligible for funding]															
[short name affiliated entity/linked third party requesting zero funding]															
X. [short name beneficiary not eligible for funding] ⁹															
X. [short name beneficiary requesting zero funding] ⁹															
[short name affiliated entity/linked third party] ¹⁰															
Total beneficiary															

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 15.6 for the conversion rules).

² Indirect costs already covered by an operating grant (received under any EU or Euratom funding programme) are ineligible (see Article 6.4(b)). Therefore, a beneficiary/affiliated entity/linked third party that receives an operating grant during the action duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action (see Article 6.2.E). This requires specific accounting tools. Please immediately contact us via the Participant Portal for details.

³ See Article 5.2 for the reimbursement rate.

⁴ This is the theoretical amount of the EU contribution, if the reimbursement rate is applied to all the budgeted costs. This theoretical amount is capped by the 'maximum grant amount'.

⁵ The 'maximum grant amount' is the maximum grant amount decided by the Agency. It normally corresponds to the requested grant, but may be lower.

⁶ See Article 5 for the cost forms.

⁷ See Annex 2a 'Additional information on the estimated budget' for the details (costs per hour (hourly rate)).

⁸ See Article 6.2.E for the flat rate.

⁹ See Article 8a for beneficiaries not receiving funding.

¹⁰ Only for affiliated entities/linked third parties that receive funding.

ANNEX 2a

ADDITIONAL INFORMATION ON THE ESTIMATED BUDGET

- Instructions and footnotes in blue will not appear in the text generated by the IT system (since they are internal instructions only).
- For options [in square brackets]: the applicable option will be chosen by the IT system. Options not chosen will automatically not appear.
- For fields in [grey in square brackets] (even if they are part of an option as specified in the previous item): IT system will enter the appropriate data.

Unit cost for SME owners/natural beneficiaries without salary

[OPTION for COSME/EMFF: 1. Costs for SME owners or beneficiaries that are natural persons not receiving a salary

Units: hours worked on the action

Amount per unit ('hourly rate'): calculated according to the following formula:

{the monthly living allowance for researchers in H2020 MSCA-IF actions / 143 hours}
multiplied by
{country-specific correction coefficient of the country where the beneficiary is established}

The monthly living allowance and the country-specific correction coefficients are set out in the Horizon 2020 Work Programme (section 3 MSCA) in force at the time of the call:

- for calls under COSME Work Programme 2017:
 - for the monthly living allowance: **EUR 4 650**
 - for the country-specific correction coefficients: see Horizon 2020 Work Programme 2016-2017 (available on the [Participant Portal Reference Documents](#) page)
- for calls under COSME/EMFF Work Programme 2018 and after:
 - for the monthly living allowance: **EUR 4 880**
 - for the country-specific correction coefficients: see Horizon 2020 Work Programme 2018-2020 (available on the [Participant Portal Reference Documents](#) page)

[additional OPTION if the beneficiary or a linked third party has opted to use the unit cost (in the proposal/with an amendment): For the [beneficiary]/[the following linked third parties], the amounts per unit (hourly rate) are fixed as follows:

- beneficiary/linked third party [short name]: EUR [insert amount]
- linked third party [short name]: EUR [insert amount]
- [same for other linked third parties, if necessary]]

Estimated number of units: see Annex 2]

ANNEX 3

Not applicable

Grant Agreement number: [insert number] [insert acronym] [insert call identifier]

EU Grants: EASME MGA — Mono: V5.0 – 15.11.2018

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MODEL ANNEX 4 EASME MGA — MONO

FINANCIAL STATEMENT FOR [BENEFICIARY [name] /AFFILIATED ENTITY [name] /LINKED THIRD PARTY] [name]] FOR REPORTING PERIOD [number]

	Eligible ¹ costs (per budget category)						Receipts			EU contribution			
	A. Direct personnel costs		B. Direct costs of subcontracting	[C. Direct costs of financial support]	D. Other direct costs	E. Indirect costs ²	Total costs	Income generated by the action	Financial contributions given by third parties to the beneficiaries	Total receipts	Reimbursement rate % ³	Maximum EU contribution ⁴	Requested EU contribution
	A.1 Employees (or equivalent)	A.3 SME owners without salary	[C.1 Financial support] [C.2 Prizes]	D.1 Travel									
	A.2 Natural persons under direct contract and seconded persons	A.4 Beneficiaries that are natural persons without salary		D.2 Equipment									
				D.3 Other goods and services									
Cost form ⁵	Actual	Unit	Actual	Actual	Flat-rate ⁶								
	a1	No hours Total a2	b	[c]	d	$e = 0,07 * (a1 + a2 + b + d)$	$f = a1 + a2 + b + [c] + d + e$	g	h	i = g + h	j	k = f * j	l
[short name beneficiary/ affiliated entity/ linked third party]													

The beneficiary/affiliated entity/linked third party hereby confirms that:
 The information provided is complete, reliable and true.
 The costs declared are eligible (see Article 6).
 The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 12, 13 and 17).
 For the last reporting period: that all the receipts have been declared (see Article 5.3.3).

¹ Please declare all eligible costs, even if they exceed the amounts indicated in the estimated budget (see Annex 2). Only amounts that were declared in your individual financial statements can be taken into account later on, in order to replace other costs that are found to be ineligible.

² See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 15.6 for the conversion rules).

³ The indirect costs claimed must be free of any amounts covered by an operating grant (received under any EU or Euratom funding programme, see Article 6.4.(b)). If you have received an operating grant during this reporting period, you cannot claim indirect costs, unless you can demonstrate that the operating grant does not cover any costs of the action (see Article 6.2.E). This requires specific accounting tools. Please contact us immediately via the Participant Portal for details.

⁴ See Article 5.2 for the reimbursement rate.

⁵ This is the theoretical amount of EU contribution that the system calculates automatically (by multiplying the reimbursement rate by the total costs declared). The amount you request (in the column 'requested EU contribution') may (have to) be less.

⁶ See Article 5 for the cost forms.

⁷ See Article 6.2.E for the flat rate.

ANNEX 5

MODEL FOR THE CERTIFICATE ON THE FINANCIAL STATEMENT (CFS)

This document sets out:

- the objectives and scope of the independent report of factual findings on costs declared under a EU grant agreement financed under the COSME/LIFE/EMFF Programme and
- a model for the certificate on the financial statement (CFS).

1. Background and subject matter

[OPTION 1 for actions with one RP and NO interim payments: Within 60 days of the end of the reporting period, the beneficiary must submit to the Agency a **final report**, which should include (among other documents and unless declared not applicable in Article 15 of the Grant Agreement) a **certified financial statement** (CFS; see proposed model below), if:

- the beneficiary/linked third party requests EUR 325 000 or more as reimbursement of actual costs and
- the maximum grant amount indicated for the beneficiary/linked third party in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.]

[OPTION 2 for actions with several RPs and interim payments: Within 60 days of the end of each reporting period, the beneficiary must submit to the Agency a **periodic report**, which should include (among other documents and unless declared not applicable in Article 15 of the Grant Agreement) a **certified financial statement** (CFS; see proposed model below) for itself and (if applicable) each linked third party, if:

- the cumulative amount it requests as reimbursement of actual costs is EUR 325 000 or more and
- the maximum grant amount indicated for the beneficiary/linked third party in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.

The CFS must be submitted every time the cumulative amount of payments requested (i.e. including in previous financial statements) reaches the threshold (i.e. a first certificate once the cumulative amount reaches 325 000, a second certificate once it reaches 650 000, a third certificate once it reaches 975 000, etc.).

Once the threshold is reached, the CFS must cover all reporting periods for which no certificate has yet been submitted.]

The beneficiary must provide the CFS for itself and, if applicable, for its linked third party (ies).

The **purpose** of the audit on which the CFS is based is to give the Agency ‘reasonable assurance’¹ that costs declared as eligible costs under the grant (and, if relevant, receipts generated in the course of the action) are being claimed by the beneficiary/linked third party in accordance with the relevant legal and financial provisions of the Grant Agreement.

The **scope** of the audit is limited to the verification of eligible costs included in the CFS. The audit must be conducted in line with point 3 below.

Certifying auditors must carry out the audits in compliance with generally accepted **audit standards** and indicate which standards they have applied. They must bear in mind that, to establish a CFS, they must carry out a compliance audit and not a normal statutory audit. The eligibility criteria in the Grant Agreement always override normal accounting practices.

The beneficiary/linked third party and the auditor are expected to address any **questions on factual data or detailed calculations** before the financial statement and the accompanying certificate are submitted. It is also recommended that the beneficiary/linked third party take into account the auditor’s preliminary comments and suggestions in order to avoid a qualified opinion or reduce the scope of the qualifications.

Since the certificate is the main source of assurance for cost claims and payments, it will be easier to consider amounts as eligible if a **non-qualified certificate** is provided.

The submission of a certificate does not affect the Agency’s right to carry out its **own assessment or audits**. Neither does the reimbursement of costs covered by a certificate preclude the Agency or the Commission, the European Anti-Fraud Office (OLAF) or the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article 17 of the Grant Agreement. The CFS audit is not a full-fledged audit according to international auditing standards and does not give assurance about the legality and regularity of the costs declared.

The Agency expects the certificates to be issued by auditors according to the highest professional standards.

2. Auditors who may deliver a certificate

The beneficiary/linked third party is free to choose a **qualified external auditor**, including its usual external auditor, provided that:

- the external auditor is **independent** from the beneficiary/linked third party and

¹ This means a high degree of confidence.

- the provisions of **Directive 2006/43/EC** are complied with.

Independence is one of the qualities that permit the auditor to apply unbiased judgement and objective consideration to established facts to arrive at an opinion or a decision. It also means that the auditor works without direction or interference of any kind from the beneficiary/linked third party.

Auditors are considered as providing services to the beneficiary/linked third party under a **purchase contract** within the meaning of Article 9 of the Grant Agreement. This means that the costs of the CFS may normally be declared as costs incurred for the action, if the cost eligibility rules set out in Articles 6 and 9.1.1 of the Grant Agreement are fulfilled (especially: best value for money and no conflict of interests; see also below eligibility of costs of other goods and services). Where the beneficiary/linked third party uses its usual external auditor, it is presumed that they already have an agreement that complies with these provisions and there is no obligation to find new bids. Where the beneficiary/linked third party uses an external auditor who is not their usual external auditor, it must select an auditor following the rules set out in Article 9.1.1.

Public bodies can choose an external auditor or a competent public officer. In the latter case, the auditor's independence is usually defined as independence from the audited beneficiary/linked third party 'in fact and in appearance'. A preliminary condition is that this officer was not involved in any way in drawing up the financial statements. Relevant national authorities establish the legal capacity of the officer to carry out audits of that specific public body. The certificate should refer to this appointment.

3. Audit methodology and expected results

3.1 Verification of eligibility of the costs declared

The auditor must conduct its verification on the basis of inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents and by interviewing the beneficiary/linked third party (and the persons working for it).

The auditor must examine the following documentation:

- the Grant Agreement and any amendments to it;
- the periodical and/or final report(s);
- *for personnel costs*
 - salary slips;
 - time sheets;
 - contracts of employment;
 - other documents (e.g. personnel accounts, social security legislation, invoices, receipts, etc.);
 - proofs of payment;
- *for subcontracting*

² Directive [2006/43/EC](#) of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts or similar national regulations (OJ L 157, 9.6.2006, p. 87).

- the call for tender (if any);
- tenders (if any);
- justification for the choice of subcontractor;
- contracts with subcontractors;
- invoices;
- declarations by the beneficiary/linked third party;
- proofs of payment;
- other documents: e.g. national rules on public tendering if applicable, EU Directives, etc.;
- *for travel and subsistence costs*
 - the beneficiary/linked third party's internal rules on travel;
 - transport invoices and tickets
 - declarations by the beneficiary/linked third party;
 - other documents (proofs of attendance such as minutes of meetings, reports, etc.);
 - proofs of payment;
- *for equipment costs*
 - invoices;
 - delivery slips / certificates of first use;
 - proofs of payment;
 - depreciation method of calculation;
- *for costs of other goods and services*
 - invoices;
 - proofs of payment; and
 - other relevant accounting documents.

General eligibility rules

The auditor must verify that the costs declared comply with the general eligibility rules set out in Article 6.1 of the Grant Agreement.

In particular, the costs must:

- be actually incurred;
- be linked to the subject of the Grant Agreement and indicated in the beneficiary/linked third party's estimated budget (i.e. the latest version of Annex 2);
- be necessary to implement the action which is the subject of the grant;
- be reasonable and justified, and comply with the requirements of sound financial management, in particular as regards economy and efficiency;³
- have been incurred during the action, as defined in Article 3 of the Grant Agreement (with the exception of the invoice for the audit certificate and costs relating to the submission of the final report);
- not be covered by another EU grant (see below ineligible costs);
- be identifiable, verifiable and, in particular, recorded in the beneficiary/linked third party's accounting records and determined according to the applicable accounting standards of the country where it is established and its usual cost-accounting practices;

³ To be assessed in particular on the basis of the procurement and selection procedures for service providers.

- comply with the requirements of applicable national laws on taxes, labour and social security;
- be in accordance with the provisions of the Grant Agreement (see, in particular, Articles 6 and 9-11a) and
- have been converted to euro at the rate laid down in Article 15.6 of the Grant Agreement:
 - for beneficiaries linked third parties with accounts established in a currency other than the euro:
Costs incurred in another currency must be converted into euros at the average of the daily exchange rates published in the C series of the [EU Official Journal](#) determined over the corresponding reporting period.
If no daily euro exchange rate is published in the EU Official Journal for the currency in question, the rate used must be the average of the monthly accounting exchange rates established by the Commission and published on its [website](#);
 - for beneficiaries/ linked third parties with accounts established in euro:
Costs incurred in another currency should be converted into euros applying the beneficiary/linked third party's usual accounting practice.

The auditor must verify whether expenditure includes **VAT** and, if so, verify that the beneficiary:

- cannot recover the VAT (this must be supported by a statement from the competent body) and
- is not a public body acting as a public authority.

The auditor should base his/her audit approach on the **confidence level** following a review of the beneficiary/linked third party's internal control system. When using sampling, the auditor should indicate and justify the sampling size.

Specific eligibility rules

In addition, the auditor must verify that the costs declared comply with the specific cost eligibility rules set out in Article 6.2 and Articles 9.1.1, 10.1.1, 11.1.1, 11a.1.1 and 11a.2.1 of the Grant Agreement.

Personnel costs

The auditor must verify that:

- personnel costs have been charged and paid in respect of the actual time devoted by the beneficiary/linked third party's personnel to implementing the action (justified on the basis of time sheets or other relevant time-recording system);
- personnel costs were calculated on the basis of annual gross salary, wages or fees (plus obligatory social charges, but excluding any other costs) specified in an employment or other type of contract, not exceeding the average rates corresponding to the beneficiary/linked third party's usual policy on remuneration;
- the work was carried out during the period of implementation of the action, as defined in Article 3 the Grant Agreement;
- the personnel costs are not covered by another EU grant (see below ineligible costs);

- for additional remuneration: the 2 conditions set out in Article 6.2.A.1 of the Grant Agreement are met (i.e. that it is part of the beneficiary/linked third party's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required and that the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary/linked third party, regardless of the source of funding used);
- for in-house consultants: the 3 conditions set out in Article 6.2.A.2 of the Grant Agreement are met (i.e. that the in-house consultant works under conditions similar to those of an employee, that the result of the work carried out belongs to the beneficiary/linked third party, and that the costs are not significantly different from those for personnel performing similar tasks under an employment contract).

The auditor should have assurance that the management and accounting system ensures proper allocation of the personnel costs to various activities carried out by the beneficiary and funded by various donors.

Subcontracting costs

The auditor must verify that:

- the subcontracting complies with best value for money (or lowest price) and that there was no conflict of interests;
- the subcontracting was necessary to implement the action for which the grant is requested;
- the subcontracting was provided for in Annex 1 and Annex 2 or agreed to by the Agency at a later stage;
- the subcontracting is supported by accounting documents in accordance with national accounting law;
- public bodies have complied with the national rules on public procurement.

Costs of providing financial support to third parties (if applicable)

The auditor must obtain the details and breakdown of the costs of providing financial support to third parties and sample cost items selected randomly (full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items or 10% of the total, whichever number is highest).

The auditor must verify that:

- the maximum amount of financial support for each third party did not exceed EUR 60 000, unless explicitly mentioned in Annex 1 of the Grant Agreement
- the other conditions set out in the Grant Agreement were respected.

Travel and subsistence costs

The auditor must verify that travel and subsistence costs:

- have been charged and paid in accordance with the beneficiary/linked third party's internal rules or usual practices;
- are not covered by another EU grant (see below ineligible costs)

- were incurred for travels linked to action tasks set out in Annex 1 of the Grant Agreement.

Equipment costs

The auditor must verify that:

- the equipment is purchased, rented or leased at normal market prices;
- public bodies have complied with the national rules on public procurement;
- the equipment is written off, depreciation has been calculated according to the tax and accounting rules applicable to the beneficiary/linked third party and only the portion of the depreciation corresponding to the duration of the action has been declared;
- the costs are not covered by another EU grant (see below ineligible costs).

Costs of other goods and services

The auditor must verify that:

- the purchase complies with best value for money (or lowest price) and that there was no conflict of interests;
- public bodies have complied with the national rules on public procurement;
- the costs are not covered by another EU grant (see below ineligible costs).

Ineligible costs

The auditor must verify that the beneficiary/linked third party has not declared any costs that are ineligible under Article 6.4 of the Grant Agreement:

- costs relating to return on capital;
- debt and debt service charges;
- provisions for future losses or debts;
- interest owed;
- doubtful debts;
- currency exchange losses;
- bank costs charged by the beneficiary/linked third party's bank for transfers from the Agency;
- excessive or reckless expenditure;
- deductible VAT;
- VAT incurred by a public body acting as a public authority;
- costs incurred during suspension of the implementation of the action;
- in-kind contributions provided by third parties free of charge;
- costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Agency for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary/linked third party is already receiving an EU operating grant in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action;
- costs incurred for permanent staff of a national administration for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
- costs incurred for staff or representatives of EU institutions, bodies or agencies;

- for LIFE grants: costs for large infrastructure.

For more information on cost eligibility, see the Guide for applicants.

3.2 Verification of receipts

The auditor must verify that the beneficiary/linked third party has declared receipts within the meaning of Article 5.3.3 of the Grant Agreement, i.e.:

- income generated by the action (e.g. from the sale of products, services and publications, conference fees) and
- financial contributions given by third parties, specifically to be used for costs that are eligible under the action.

3.3 Verification of the beneficiary/linked third party's accounting system

The auditor must verify that:

- the accounting system (analytical or other suitable internal system) makes it possible to identify **sources of financing** for the action and related expenses incurred during the contractual period and
- expenses/income under the grant have been recorded systematically using a numbering system that **distinguishes** them from expenses/income for other projects.

Certificate on the financial statement (CFS)

To

[Beneficiary//linked third party's full name
address]

We, [full name of the audit firm/organisation], established in [full address/city/country], represented for signature of this audit certificate by [name and function of an authorised representative],

hereby certify

that:

1. We have **conducted an audit** relating to the costs declared in the financial statement of [name of beneficiary/linked third party] (the [‘beneficiary’//‘linked third party’]), to which this audit certificate is attached and which is to be presented to the Executive Agency for Small and Medium-sized Enterprises (EASME) under Grant Agreement No [insert number] — [insert acronym], covering costs for the following reporting period(s): [insert reporting period(s)].
2. We confirm that our audit was **carried out in accordance with generally accepted auditing standards** in compliance with ethical rules and on the basis of the provisions of the **Grant Agreement** and its Annexes (and in particular the audit methodology described in Annex 5).
3. The financial statement was examined and all necessary tests of [all//] of the supporting documentation and accounting records were carried out in order to obtain **reasonable assurance that**, in our opinion and on the basis of our audit
 - total **costs of EUR [insert number]** ([insert amount in words]) are eligible, i.e.:
 - actual (— for actual costs);
 - determined in accordance with the [beneficiary’s//linked third party’s] accounting principles (— for actual costs);
 - incurred during the period referred to in Article 3 of the Grant Agreement;
 - recorded in the [beneficiary’s//linked third party’s] accounts (at the date of this audit certificate);
 - comply with the specific eligibility rules in Article 6.2 of the Grant Agreement;
 - do not contain costs that are ineligible under Article 6.4 of the Grant Agreement, in particular:
 - costs relating to return on capital;
 - debt and debt service charges;
 - provisions for future losses or debts;
 - interest owed;
 - doubtful debts;
 - currency exchange losses;

- bank costs charged by the [beneficiary's]/[linked third party's] bank for transfers from the Agency;
 - excessive or reckless expenditure;
 - deductible VAT;
 - VAT incurred by a public body acting as a public authority;
 - costs incurred during suspension of the implementation of the action;
 - in-kind contributions provided by third parties free of charge;
 - costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Agency for the purpose of implementing the EU budget); in particular, indirect costs if the [beneficiary]/[linked third party] is already receiving an EU operating grant in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action;
 - costs incurred for permanent staff of a national administration, for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
 - costs incurred for staff or representatives of EU institutions, bodies or agencies;
 - for LIFE grants: costs for large infrastructure;
 - [are claimed according to the euro conversion rate referred to in Article 15.6 of the Grant Agreement (— for actual costs);]
- total **receipts of EUR [insert number]** ([insert amount in words]) have been declared under Article 5.3.3 of the Grant Agreement and
- the [beneficiary's]/[linked third party's] **accounting procedures** are in compliance with the accounting rules of the state in which it is established and permit direct reconciliation of the costs incurred for the implementation of the action covered by the EU grant with the overall statement of accounts relating to its overall activity.

[However, our audit opinion is **qualified** for:

- costs of EUR [insert number]
- receipts of EUR [insert number]

which in our opinion do not comply with the applicable rules.]

4. We are qualified/authorised to deliver this audit certificate [(for additional information, see appendix to this certificate)].
5. The [beneficiary]/[linked third party] paid a **price** of EUR [insert number] (including VAT of EUR [insert number]) for this audit certificate. **[OPTION 1:** These costs are eligible (i.e. incurred within 60 days of the end of the action referred to in Article 3 of the Grant Agreement) and included in the financial statement.**]****[OPTION 2:** These costs were not included in the financial statement.**]**

Grant Agreement number: [insert number] [insert acronym] [insert call identifier]

EU Grants: EASME MGA — Mono: V5.0 – 15.11.2018

Date, signature and stamp