Annex 2

EUROPEAN UNION
GRANT AGREEMENT FOR PILLAR ASSESSED ORGANISATIONS
(PA GRANT AGREEMENT)

<PA grant agreement identification number>
(the "Agreement")

Select one:
[The European Union, represented by the European Commission or [<full name and address of the Contracting Authority>], (the ‘Contracting Authority’) of the one part, and

<Full official name as mentioned in the LEF>[
[<Legal status (International Organisation or others)>] / [{Organisation official registration number, if any}>] / [{VAT number, for VAT registered beneficiaries},
<Full official address>

<Full official name as mentioned in the LEF of any Co-Beneficiary(ies)>[
[<Legal status (organisation)>] / [{title (individual)>] / [{Organisation official registration number}>] / [{Passport or ID number}],
<Full official address>

[VAT number, for VAT registered beneficiaries]

who have conferred powers of attorney for the purposes of the signature of the Agreement to the Organisation 1, collectively referred to as ‘Beneficiaries’ where a provision applies without distinction to the Organisation and the Co-Beneficiaries

of the other part, (individually a "Party" and collectively the ‘Parties’) have agreed as follows:

SPECIAL CONDITIONS

Article 1 — Purpose

1.1 The purpose of this Agreement is the award of a financial contribution by the Contracting Authority to finance the implementation of the action entitled: <title of the Action> (the ‘Action’) described in Annex I.

1.2 The [Organisation / Beneficiaries] shall be awarded the contribution on the terms and conditions set out in this Agreement, which consists of these special conditions (the ‘Special Conditions’) and the annexes, which the [Organisation / Beneficiaries] hereby declare[s] [it has) [they have] noted and accepted.

1.3 The [Organisation / Beneficiaries] accept[s] the contribution and undertake[s] to be responsible for carrying out the Action.

1.4 In the performance of the activities, the Organisation applies its own internal control and accounting systems as well as the rules and procedures for an independent external audit which have been positively assessed in the ex-ante pillars assessment, as well as any other Regulations and Rules to the extent that these systems, Regulations and Rules are not in conflict with the provisions of this Agreement.

1.5 This Action [is / is not] an EU External Action.\(^1\) In case of an EU External Action add the applicable instrument/EDF: The Action is financed under <instrument under the EU Budget or EDF>.

1.6 This Agreement is subject to the provisions of <reference to any relevant framework agreement between the European Commission and the Organisation or delete>.]

Article 2 — Implementation and execution period of the Action

\(^1\) Model mandate provided in Annex A to the Guidelines for Applicants

\(^2\) EU External Actions are those under EDF, DCI, ENI, IPA II, INSPI, ICSP, PI, EIDHR and their predecessors.
2.1 This Agreement shall enter into force on the date when the second of the two Parties signs.
2.2 Implementation of the Action shall begin on:
   - [the day after the last Party signs.]
   - [a later date.]
   - [the first day of the month following the date on which the first pre-financing is paid by the Contracting Authority.]
   - < exceptionally and subject to conditions on retroactive eligibility as stipulated in the Practical Guide, a date preceding the signature of the Agreement (specify the date)>.
2.3 The Implementation Period of the Action is <number of months>.
2.4 The Execution Period of this Agreement shall end on the end date as stipulated under Article 13.5 of Annex II.

Article 3 — Financing the Action
3.1 The total eligible costs of the Action are estimated at EUR <     > as set out in Annex III.
3.2 The Contracting Authority undertakes to finance a maximum amount of <EUR..... >. This contribution is further limited to <enter applicable percentage> of the total eligible cost of the Action.
   The final amount of the Contracting Authority’s contribution shall be determined in accordance with Articles 24, 25, 27 and 28 of Annex II.
3.3 Pursuant to Article 25 of Annex II, eligible indirect costs shall be declared on the basis of a flat-rate of <enter percentage, maximum 7% ...> % of the final amount of direct eligible costs of the Action established in accordance with Articles 24, 25, 27 and 28 of Annex II.

Insert if applicable:
3.4 For EU External Actions, a reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5% of the direct eligible costs may be included in Annex III, to allow for adjustments necessary in the light of unforeseeable changes of circumstances on the ground. It can be used only with the prior written authorisation of the Contracting Authority, upon duly justified request by the Organisation.

Article 4 — Reporting and payment arrangements
4.1 Payments shall be made in accordance with Article 26 of Annex II
   Initial pre-financing instalment: <... EUR .......>

For EU External Actions, the further pre-financing instalments should be indicated as one global amount and not broken down per payment. The actual instalments will be based on the updated forecast for the next reporting period. The total sum of pre-financing instalments may not exceed 95% of the amount referred to in Article 3.2 of the Special Conditions, excluding not authorised contingencies; where the Implementation Period is 12 months or less or where the EU contribution is EUR 100.000 or less, further pre-financing instalments should not be included.

Further pre-financing instalment(s): <... EUR.......> following the end of the <1st, 2nd, etc.> reporting period <from date to date>
(subject to the provisions of Annex II)

Forecast balance of the final amount of the contribution:
(subject to the provisions of Annex II): <... EUR.......>

4.2 For contributions of more than EUR 5.000.000, For EU External Actions add: [a further pre-financing payment may be made only if the part financed by the Contracting Authority of the eligible costs approved is at least

---

2 In case of direct award, when the Action under this Agreement is part of a bigger project or programme of the Organisation for which the total final budget is not known at the time of the signature of this Agreement, the percentage may be 100% if the Contracting Authority has the assurance of the existence of co-financing.
3 The Parties have to agree on a pre-financing rate (X%). The determination of the amount of the pre-financing instalments corresponds to X% of the part of the forecast budget for the following reporting period of the Action which is being financed by the EU (excluding not authorised contingencies).
4 For EU External Actions, by default, the reporting period is every 12 months as from the commencement of the Implementation Period.
equal to the total amount of all the previous payments excluding the last one. For internal policies, if a pre-financing is paid and if the reporting periods exceed eighteen month, add: [in addition to the reporting requirements set out in Article 3 of Annex II, the Organisation shall inform the Contracting Authority by <31 December> <30 November> each year about the cumulative expenditure incurred by the [Organisation / Beneficiaries] from the starting date of the Action specified in Article 2.2. This information is required for the Contracting Authority’s accounting purposes and may not be used for determining the final amount of the contribution.]

[4.x For specific reporting requirements: <Specify the applicable reporting requirements and payment schedules/length of reporting period>]

Article 5 — Communication language and contacts

5.1 All communications to the Contracting Authority in connection with the Agreement, including reports referred to in Article 3 of Annex II, shall be in <specify the language of this agreement>. If requested by the Contracting Authority they shall be accompanied by a translation or a summary in English or French where the language of the Agreement is not English or French.

5.2 Any communication relating to the Agreement shall be in writing, shall state the number and/or title of the Action, and shall use the following addresses below.

5.3 Any communication relating to the Agreement, including payment requests and attached reports, and requests for changes to bank account arrangements shall be sent to:

For the Contracting Authority
[Option 1: where the Contracting Authority is the European Commission:
European Commission
IRECTorate-General for insert responsible DG>
For the attention of <address of the finance unit/section>
Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:
European Commission
IRECTorate-General for insert responsible DG>
For the attention of <address of the management unit/section>]

[Option 2: where the Contracting Authority is not the European Commission:
<address of the Contracting Authority’s management department>]
[A copy of the reports referred to in Article 4.1 shall be sent to the concerned service of the European Commission, at the following address: <address of Directorate-General for insert responsible DG>]

For the Organisation
<address of the Organisation for correspondence>

5.4. Ordinary mail shall be deemed to have been received on the date on which it is officially registered at the address referred to above.

5.5 The contact point within the Organisation which shall have the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate the latter's operational activities shall be: <complete OLAF contact point within the Organisation>

Article 6 — Annexes

6.1 The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

Annex I: <Description of the Action (including the Logical Framework of the Project and – where applicable - the Concept Note)>
Annex II: General Conditions for PA Grant or Delegation Agreements (Part II on Delegation Agreements does not apply)
Annex III: Budget for the Action
Annex IV: Financial identification form*
6.2 In the event of a conflict between the provisions of the present Special Conditions and any annex thereto, the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, those of Annex II shall take precedence.

[Article 7 — Other specific conditions applying to the Action]

7.1 The General Conditions are supplemented by the following:

If any Affiliated Entity in line with the Guidelines for applicants (where applicable) or agreed with the Contracting Authority in cases of direct awards:[7.1.x For the purpose of this Agreement, the following legal entities are considered as Affiliated Entities:

- [name of the legal entity], affiliated to [name of the Organisation or Co-Beneficiary];
- [name of the legal entity], affiliated to [name of the Organisation or Co-Beneficiary];

If financial support is provided for in the Guidelines for applicants (where applicable) or agreed with the Contracting Authority in cases of direct awards:[7.1.x Financial support to third parties may only be awarded in accordance with the criteria and conditions laid down in the Description of the Action in Annex I.]

optional: Financial support is one of the main purposes of the Action.

If VAT, taxes, duties and charges are not eligible, i.e in one of the following cases:
1. the basic act/financing agreement excludes their eligibility
2. the Call for Proposals excludes their eligibility
3. for VAT, the activities supported through the contribution are engaged in by the Organisation/Beneficiaries as a Member State public authority (police, justice and public domain management).

[7.1.x <VAT/ taxes, duties and charges > are not eligible [for the [following] activities as described in Annex I].

In case of accepted costs system (ineligible taxes, other ineligible costs...):

7.1.x The following non eligible costs may be considered part of the total accepted costs of the Action for the purpose of co-financing, as follows: < clarify the conditions and specificities of the accepted costs, such as, ineligible taxes, including VAT, indirect costs exceeding 7%, etc.>

The corresponding cost must be included separately in the budget and in the financial reports.

The total accepted costs of the Action are estimated at <enter total of estimated eligible costs plus non eligible costs .......EURO>, as set out in Annex III.

To add in case of accepted costs system where a mandatory co-financing percentage has to be complied with (ex. following Call for proposals, % set in the financing decision, etc.):

The Contracting Authority's contribution set out in Article 3.2 is further limited to <enter applicable percentage >% of the total accepted costs.11

Costs of local infrastructure in the partner country (field office)12
[7.1.x Where the implementation of the Action requires the setting up or the use of local infrastructure in the partner country (field office), the Organisation may declare as eligible direct costs the capitalised and operating costs of local infrastructure if all the following conditions are fulfilled:

a) They comply with the cost eligibility criteria referred to in Article 25.1 of the General Conditions;
b) They fall within one of the following categories;

If required, the Organisation shall provide a copy of the Legal Entity File:
http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm

10 The Communication and Visibility plan describes the measures to acknowledge that the Action receives EU funding.
11 The percentages set with regard to the total eligible costs and total accepted costs shall apply cumulatively so that the Contracting Authority's contribution shall be limited to the lowest amount obtained by respectively applying the percentages to the final total eligible and accepted costs approved by the Commission. In case the total accepted costs are equal to the total eligible costs, the percentage applicable to the total accepted costs applies to the total eligible costs to ensure the required co-financing.
12 To be inserted where the specific action requires it. Depending on the usual costing practices of the Organisation, only part of the list of cost categories may be included.
i) costs of staff, including administrative and support staff, directly assigned to the operations of local infrastructure;
ii) travel and subsistence costs for staff and other persons directly assigned to the operations of local infrastructure;
iii) depreciation costs, rental costs or lease of equipment and assets composing local infrastructure;
iv) costs of maintenance and repair contracts specifically awarded for the operations of local infrastructure;
v) costs of consumables and supplies specifically purchased for the operations of local infrastructure;
vi) costs of IT and telecommunication services specifically purchased for the operations of local infrastructure;
vii) costs of energy and water specifically supplied for the operations of local infrastructure;
viii) costs of facility management contracts including security fees and insurance costs specifically awarded for the operations of local infrastructure.

c) The Organisation declares as direct eligible costs only the portion of the capitalised and operating costs of local infrastructure which corresponds to the duration of the Action and

i) the rate of actual use of local infrastructure for the purposes of the Action; or
ii) the rate of use of local infrastructure for the purposes of the Action, determined by the Organisation on the basis of a simplified allocation method, provided that the allocation method is:
- compliant with the Organisation's usual accounting and management practices and applied in a consistent manner regardless of the source of funding, and
- based on an objective, fair and reliable allocation key.

7.2 The following derogations from Annex II shall apply:

If the objective of the Action is to reinforce the financial capacity of the Organisation or a Co-Beneficiary or to generate an income to ensure its sustainability beyond the end of this Agreement

[7.2.x The no-profit rule shall not apply to this Agreement, according to Article 28.4 of Annex II:

a) actions the objective of which is the reinforcement of the financial capacity of the Organisation or a Co-Beneficiary

b) actions which generate an income to ensure their continuity beyond the end of this Agreement

[7.2.x < if appropriate, insert here the specific currency for reporting and the corresponding conversion rules to be applied if the general rules set out in Article 3.14 and 3.15 of Annex II do not apply>]

For EDF only where the Agreement implements a financing agreement concluded following a 2013 or earlier template
[7.2.x The initial pre-financing payment shall be made within 45 days of receipt of the payment request by the Contracting Authority.]

For EDF only where the Agreement implements a financing agreement concluded following a 2014 or later template
[7.2.x The initial pre-financing payment shall be made within 60 days of receipt of the payment request by the Contracting Authority.]

Done in English in <two/three> originals, <For agreements under direct management>, <one/two> originals being for the European Commission / For agreements under indirect management: one original being for the Contracting Authority, one original being for the European Commission, > and one original being for the [Organisation / Beneficiaries].

For the Organisation / Beneficiaries13 For the Contracting Authority

Name Name
Position Position
Signature Signature
Date Date

In the case of ex-ante control if the European Commission makes the payments under the Agreement and if required (see Indirect Management with ex-ante controls, section 6.5.8.6 of the Practical Guide):

13 In accordance with the mandate conferred on the Organisation, (see section 5 of the application form for calls for proposals available on the EuropeAid website), the Organisation signs this Agreement also on behalf of the Co-Beneficiaries, who, therefore, do not need to individually sign this Agreement to become parties to it.
Endorsed for financing by the European Union

Name
Title
Signature
Date