GRANT AGREEMENT FOR AN ACTION WITH MULTIPLE BENEFICIARIES

AGREEMENT NUMBER — [insert]

This Agreement (‘the Agreement’) is concluded between the following parties:

on the one part,

The European Union (‘the Union’), represented by the European Commission (‘the Commission’), represented for the purposes of signature of the Agreement by [function, DG/service, forename and surname],¹

and

on the other part,

1. ‘the coordinator’

[full official name] [ACRONYM]

[official legal status or form]²

[official registration No]³

¹ The person representing the Commission 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’.

² To be deleted or filled out in accordance with the ‘Legal Entity’ form.
Agreement number: [complete]

Multi beneficiaries model agreement: November 2016

[official address in full]

[VAT number],

represented for the purposes of signature of the Agreement by [function, forename and surname]

and the following other beneficiaries:

[Option 1 for signing:]

2. [full official name — established in [country]]

3. [full official name — established in [country]]

[idem for each beneficiary]

duly represented for the signature of the Agreement by the coordinator by virtue of the mandate[s] included in Annex IV]

[Option 2 for signing:]

2. [full official name] [ACRONYM]

[official legal status or form]5

[official registration No]6

[official address in full]

[VAT number],

represented for the purposes of signature of the Agreement by [function, forename and surname]

[same for each beneficiary]]

[Option 3 — to be used if the parties communicate through the H2020 portal]

2. [full official name — established in [country]]

3 To be deleted or filled out in accordance with the ‘Legal Entity’ form.

4 Option 1: Either the beneficiaries confer powers of attorney on the appointed coordinator (a model mandate is provided as Annex IV, requiring full details of the beneficiaries and their signatures) or, Option 2: each participating beneficiary signs the agreement itself on the last page.

5 To be deleted or filled out in accordance with the ‘Legal Entity’ form.

6 To be deleted or filled out in accordance with the ‘Legal Entity’ form.
Agreement number: [complete]

Multi beneficiaries model agreement: November 2016

3. [full official name — established in [country]]

[same for each beneficiary]

if they sign the Accession Form set out in Annex IV.

Unless otherwise specified, references to ‘beneficiary’ and ‘beneficiaries’ include the coordinator.

The parties referred to above

HAVE AGREED

to the Special Conditions (‘the Special Conditions’) and the following Annexes:

Annex I Description of the action

Annex II General Conditions (‘the General Conditions’)

Annex III Estimated budget of the action

Annex IV [Option 1 for signing: Mandate[s] provided to the coordinator by the other beneficiary[ies]]

[Option 2 for signing: Mandates provided to the coordinator by the other beneficiaries or accession forms: not applicable]

[Option 3 for signing: Accession Form[s] provided by the other beneficiary[ies]]

Annex V [Model technical report] [Model technical report: not applicable]

Annex VI [Model financial statement] [Model financial statement: not applicable]

Annex VII [Model terms of reference for the certificate on the financial statements] [Model terms of reference for the certificate on the financial statements: not applicable]

Annex VIII [Model terms of reference for the certificate on the compliance of the cost accounting practices] [Model terms of reference for the certificate on the compliance of the cost accounting practices: not applicable]

which form an integral part of the Agreement.

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

The provisions in Annex II ‘General Conditions’ take precedence over the other Annexes.
# SPECIAL CONDITIONS

## TABLE OF CONTENTS

| Article I.1 — Subject matter of the agreement [Option to be used if the parties communicate through the H2020 portal: and accession to the agreement] | 7 |
| I.1.1 Subject matter | 7 |
| I.1.2 Accession of beneficiaries mentioned in the preamble | 7 |
| I.1.3 Accession of new beneficiaries | 7 |
| Article I.2 — Entry into force and implementation period of the agreement | 7 |
| Article I.3 — Maximum amount and form of the grant | 8 |
| Article I.4 — Reporting — Requests for payment [Option to be used if the parties do not communicate through the H2020 portal: and supporting documents] | 9 |
| I.4.1 Reporting periods | 9 |
| I.4.2 Request[s] for second [and][,] [third][and][,][fourth][same for further] pre-financing payment[s] and supporting documents | 9 |
| I.4.3 Request[s] for interim payment[s] and supporting documents | 10 |
| I.4.4 Request for payment of the balance and supporting documents | 11 |
| I.4.2 Periodic report[s] — Request[s] for second [and][,] third][and][,][fourth][same for further] pre-financing payment[s] | 12 |
| I.4.3 Periodic report[s] — Request[s] for interim payment[s] | 13 |
| I.4.4 Final report — Request for payment of the balance | 14 |
| I.4.2 Periodic report — Request for second pre-financing payment | 15 |
| I.4.3 Periodic report — Request for interim payment | 15 |
| I.4.4 Final report — Request for payment of the balance | 15 |
| I.4.5 Information on cumulative expenditure incurred | 16 |
I.4.6 Currency for [Option to be used if the parties do not communicate through the H2020 portal: requests for payment and financial statements][Option to be used if the parties communicate through the H2020 portal: financial statements] and conversion into euro...

I.4.7 Language of [Option to be used if the parties do not communicate through the H2020 portal: requests for payments, technical reports and financial statements][Option to be used if the parties communicate through the H2020 portal: reports]

Article I.5 — Payments and Payment arrangements

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.5.1</td>
<td>Payments to be made</td>
</tr>
<tr>
<td>I.5.2</td>
<td>Pre-financing payment(s)</td>
</tr>
<tr>
<td>I.5.3</td>
<td>Interim payment(s)</td>
</tr>
<tr>
<td>I.5.4</td>
<td>Payment of the balance</td>
</tr>
<tr>
<td>I.5.5</td>
<td>Notification of amounts due</td>
</tr>
<tr>
<td>I.5.6</td>
<td>Interest on late payment</td>
</tr>
<tr>
<td>I.5.7</td>
<td>Currency for payments</td>
</tr>
<tr>
<td>I.5.8</td>
<td>Date of payment</td>
</tr>
<tr>
<td>I.5.9</td>
<td>Costs of payment transfers</td>
</tr>
<tr>
<td>I.5.10</td>
<td>Payments to the coordinator</td>
</tr>
</tbody>
</table>

Article I.6 — Bank account for payments

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
</table>

Article I.7 — Data controller, communication details of the parties [Option to be used if the parties communicate through the H2020 portal: and access to the electronic exchange system]

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.7.1</td>
<td>Data controller</td>
</tr>
<tr>
<td>I.7.2</td>
<td>Communication details of the Commission</td>
</tr>
<tr>
<td>I.7.3</td>
<td>Communication details of the beneficiaries</td>
</tr>
<tr>
<td>I.7.2</td>
<td>Communication details until payment of the balance</td>
</tr>
<tr>
<td>I.7.3</td>
<td>Communication details of the Commission after payment of the balance</td>
</tr>
<tr>
<td>I.7.4</td>
<td>Communication details of the beneficiaries after payment of the balance</td>
</tr>
</tbody>
</table>
Article I.XX — Entities affiliated to the beneficiaries ........................................... 24

Article I.XX — Additional provisions on THE reimbursement of costs declared on the basis of the beneficiary’s usual cost accounting practices .............. 24

Article I.XX — Additional provisions on use of the results (including intellectual and industrial property rights) ............................................................. 25

Article I.XX — Obligation to conclude an internal cooperation agreement ........ 25

Article I.XX — Special provisions on the financial responsibility for recoveries .. 26

Article I.XX — Inapplicability of the no-profit principle ................................. 26

Article I.XX — Eligibility of equipment costs ..................................................... 26

Article I.XX — Ineligibility of value added tax .................................................. 26

Article I.XX — Special provisions on budget transfers ..................................... 27

Article I.XX — Special provisions on budget transfers involving use of provisions for [contingencies] [and] [foreign exchange losses] ................................. 27

Article I.XX — Settlement of disputes with non-EU beneficiaries .................. 27

Article I.XX — Beneficiaries which are international organisations ............... 27

I.XX.4 Applicable law .......................................................................................... 27

I.XX.1 Dispute settlement — Arbitration ............................................................... 28

I.XX.2 [Certificates on the financial statements] [and] [certificates on the compliance of the cost accounting practices] ......................................................... 29

I.XX.3 Checks and audits ..................................................................................... 29

I.XX.5 Privileges and immunities ....................................................................... 29
ARTICLE I.1 — SUBJECT MATTER OF THE AGREEMENT

[OPTION TO BE USED IF THE PARTIES COMMUNICATE THROUGH THE H2020 PORTAL: AND ACCESSION TO THE AGREEMENT]

[Option to be used if the parties do not communicate through the H2020 portal:

The Commission has decided to award a grant under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled [insert title of the action in bold], as described in Annex I.

By signing the Agreement, the beneficiaries accept the grant and agree to implement the action, acting on their own responsibility.]

[Option to be used if the parties communicate through the H2020 portal:

I.1.1 Subject matter

The Commission has decided to award a grant under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled [insert title of the action in bold], as described in Annex I.

By signing the Agreement or the Accession Form, the beneficiaries accept the grant and agree to implement the action, acting on their own responsibility.

I.1.2 Accession of beneficiaries mentioned in the preamble

Beneficiaries other than the coordinator must accede to the Agreement by signing the Accession Form in the electronic exchange system within [30][45][60] calendar days after its entry into force. The Accession Form is set out in Annex IV.

The beneficiaries will assume the rights and obligations under the Agreement with effect from the date of its entry into force.

If a beneficiary does not accede to the Agreement by the above deadline, the coordinator must, within 30 calendar days from the deadline, request an amendment to the Agreement to make any changes necessary to ensure that the action is implemented properly. This does not affect the Commission’s right to terminate the Agreement as provided for in Article II.17.3.

I.1.3 Accession of new beneficiaries

If the implementation of the action requires the addition of a new beneficiary, the coordinator must submit a request for amendment in accordance with Article II.13. The coordinator must include with the request for amendment an Accession Form as provided for in Annex IV. The Accession Form must have been signed by the new beneficiary in the electronic exchange system.

New beneficiaries assume the rights and obligations under the Agreement with effect from the date of their accession, as specified in the Accession Form.]
ARTICLE I.2 — ENTRY INTO FORCE AND IMPLEMENTATION PERIOD OF THE AGREEMENT

I.2.1 The Agreement enters into force on the date on which the last party signs it.

I.2.2 The action runs for [insert number in bold] months starting on [the first day [of the month] following the date when the last party signs the Agreement][insert date].

ARTICLE I.3 — MAXIMUM AMOUNT AND FORM OF THE GRANT

I.3.1 The maximum amount of the grant is EUR [insert amount].

I.3.2 The grant takes the form of:

(a) [the reimbursement of [...]% of the eligible costs of the action (‘reimbursement of eligible costs’), which are estimated at EUR [...] and which are:]

[Reimbursement of eligible costs: not applicable]

(i) [actually incurred (‘reimbursement of actual costs’) for the [following categories of costs] [for [each of] the [following] beneficiaries] [[and] affiliated entities]: [...] [reimbursement of actual costs: not applicable]

(ii) [declared on the basis of an amount of EUR [...] per [unit] (‘reimbursement of unit costs’) for the [following categories of costs] [for [each of] the [following] beneficiaries] [[and] affiliated entities]: [...] [reimbursement of unit costs: not applicable]

(iii) [declared on the basis of a lump sum of EUR [...] (‘reimbursement of lump sum costs’) for the [following categories of costs] [for [each of] the [following] beneficiaries] [[and] affiliated entities]: [...] [reimbursement of lump sum costs: not applicable]

(iv) [declared on the basis of a flat rate of [...]% of the eligible [direct][other] costs (‘reimbursement of flat-rate costs’) for the [following categories of costs] [for [each of] the [following] beneficiaries] [[and] affiliated entities]: [...] [reimbursement of flat-rate costs: not applicable]

The date must be later than the date of entry into force of the Agreement unless authorised otherwise by the responsible authorising officer in case the applicant demonstrates the need to start the action before the grant agreement enters into force. In any case, the indicated date should not be earlier than the date of the submission of the grant application (Article 130 FR).

Please complete the form(s) which apply/ies to your grant in point (a), indents (i) to (v), point (b), point (c) and point (d). If one of the forms is not used please leave in a reference to the option in question so that it can be cross-referenced if necessary and simply indicate that they are not applicable (ex.: (a)(v) reimbursement of costs declared on the basis of the beneficiary’s usual cost accounting practices: not applicable). Please put the form(s) which apply/ies in bold.
ARTICLE I.4 — REPORTING — REQUESTS FOR PAYMENT [OPTION TO BE USED IF THE PARTIES DO NOT COMMUNICATE THROUGH THE H2020 PORTAL: AND SUPPORTING DOCUMENTS]

I.4.1 Reporting periods

The action is divided into the following reporting periods:

- Reporting period 1: from month 1 to month [X]
- Reporting period 2: from month [X+1] to month [Y]
- Reporting period 3: from month [Y+1] to month [Z]
  
  [same for other reporting periods]

- Reporting period N: from month [N+1] to [the last month of the action].]

[Options to be used if the parties do not communicate through the H2020 portal for Articles I.4.2 to I.4.4:

I.4.2 Request[s] for second [and][,] [third][and][,][fourth][same for further] pre-financing payment[s] and supporting documents

[The coordinator must submit a request for second and][,] [third][and][,][fourth][same for further] pre-financing payment[s] within 60 calendar days following the end of the first [and][,] [second][and][,][third][same for further] reporting period[s].

The request must be accompanied by the following documents:

(a) a progress report on the implementation of the action (‘technical report on progress’);
(b) a statement on the amount of the previous pre-financing instalment used to cover costs of the action (‘statement on the use of the previous pre-financing instalment’). The statement must be drawn up in accordance with Annex VI[.][; and
(c) a financial guarantee.]

[Not applicable]

1.4.3 Request[s] for interim payment[s] and supporting documents

[The coordinator must submit a request for an interim payment within 60 calendar days following the end of [the first] [and][.][second][and][.][third][same for further] reporting period[s].

This request must be accompanied by the following documents:

(a) an interim report (‘interim technical report’), drawn up in accordance with Annex V, containing:

(i) the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution, as provided for in Article I.3.2 (a)(ii) and (iii), (b) or (c));
(ii) information on subcontracting as referred to in Article II.1

(b) an interim financial statement (‘interim financial statement’). The interim financial statement must include a consolidated statement and a breakdown of the amounts claimed by each beneficiary and its affiliated entities.

The interim financial statement must be drawn up in accordance with the structure of the estimated budget set out in Annex III and in accordance with Annex VI. It must also detail the amounts for each of the forms of grant set out in Article I.3.2 for the reporting period concerned;

(c) a certificate on the financial statements and underlying accounts (‘certificate on the financial statements’) for each beneficiary and for each affiliated entity, if:

(i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2 (a)(i) (and for which no certificate has yet been submitted) is EUR 325,000 or more;
(ii) the maximum grant amount indicated for that beneficiary and its affiliated entities in the estimated budget as reimbursement of actual costs is EUR 750,000 or more.

This certificate must be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII.

The certificate must certify that the costs declared in the interim financial statement by the beneficiary concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3.2(a)(i) are real, accurately recorded and eligible in accordance with the Agreement.
[As an exception, the following beneficiaries and affiliated entities must not submit a certificate on the financial statements: [insert beneficiaries or affiliated entities].  

The coordinator must certify that the information provided in the request for interim payment is full, reliable and true.

The coordinator must also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27.]

[Not applicable]

**I.4.4 Request for payment of the balance and supporting documents**

The coordinator must submit a request for payment of the balance within 60 calendar days following the end of the last reporting period.

This request must be accompanied by the following documents:

(a) a final report on implementation of the action (‘final technical report’), drawn up in accordance with Annex V, containing:

(i) the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution, as provided for in Article I.3.2(a)(ii) and (iii), (b) or (c));

(ii) information on subcontracting as referred to in Article II.11.1(d);

(b) a final financial statement (‘final financial statement’). The final financial statement must include a consolidated statement and a breakdown of the amounts claimed by each beneficiary and its affiliated entities.

The final financial statement must be drawn up in accordance with the structure of the estimated budget set out in Annex III and in accordance with Annex VI and detail the amounts for each of the forms of grant set out in Article I.3.2 for the last reporting period;

---

9 To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts (see Article 207(3) RAP):

- for beneficiaries which are public bodies or international organisations;

- for interim payments, for beneficiaries of grants in connection with humanitarian aid, civil protection emergency operations and the management of crisis situations;

- for beneficiaries of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;

- where an audit has been or will be directly done by the Commission’s own staff or by a body authorised to do so on its behalf.
(c) a summary financial statement (‘summary financial statement’).

This statement must include a consolidated financial statement and a breakdown of the amounts declared or requested by each beneficiary and its affiliated entities, aggregating the financial statements already submitted previously and indicating the receipts referred to in Article II.25.3 for each beneficiary and its affiliated entities.

The summary financial statement must be drawn up in accordance with Annex VI;

(d) a certificate on the financial statements and underlying accounts (‘certificate on the financial statements’) for each beneficiary and for each affiliated entity, if:

(i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2(a)(i) (and for which no certificate has yet been submitted) is EUR 325,000 or more;

(ii) the maximum grant amount indicated for that beneficiary and its affiliated entities in the estimated budget as reimbursement of actual costs is EUR 750,000 or more.

This certificate must be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII.

The certificate must certify that the costs declared in the final financial statement by the beneficiary concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3.2(a)(i) are real, accurately recorded and eligible in accordance with the Agreement.

In addition, the certificate must certify that all the receipts referred to in Article II.25.3 have been declared.

[As an exception, the following beneficiaries and affiliated entities must not submit a certificate on the financial statements: [insert beneficiaries or affiliated entities]].

The coordinator must certify that the information provided in the request for payment of the balance is full, reliable and true.

---

10 To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts (see Article 207(3) RAP):

- for beneficiaries which are public bodies or international organisations;

- for interim payments, for beneficiaries of grants in connection with humanitarian aid, civil protection emergency operations and the management of crisis situations;

- for beneficiaries of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;

- where an audit has been or will be directly done by the Commission’s own staff or by a body authorised to do so on its behalf.
The coordinator must also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27.

In addition, the coordinator must certify that all the receipts referred to in Article II.25.3 have been declared.

[Options to be used if the parties communicate through the H2020 portal if there are two or more reporting periods for Articles I.4.2 to I.4.4:

I.4.2 Periodic report[s] — Request[s] for second [and][,]
third][and][,][fourth][same for further] pre-financing payment[s]

The coordinator must submit a periodic report within 60 calendar days following the end of the first [and][,] [second][and][,][third][same for further] reporting period[s].

The periodic report must include the following:

(a) a progress report on implementation of the action (‘periodic technical report’);
(b) a statement on the amount of the previous pre-financing instalment used to cover costs of the action (‘statement on the use of the previous pre-financing instalment’), drawn up in accordance with Annex VI and including the request for a further pre-financing payment[.]; and
(c) a financial guarantee.

[Not applicable]

I.4.3 Periodic report[s] — Request[s] for interim payment[s]

The coordinator must submit a periodic report within 60 calendar days following the end of [the first] [and][,] [second][and][,][third][same for further] reporting period[s].

The periodic report must include the following:

(a) a periodic report on the implementation of the action (‘periodic technical report’), drawn up using the forms and templates provided in the electronic exchange system.

The periodic technical report must contain:

(i) the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution as provided for in Article I.3.2(a)(ii), (iii), (b) or (c));
(ii) information on subcontracting as referred to in Article II.11.1(d);

(b) a periodic financial report (‘periodic financial report’) containing:

(i) an individual financial statement from each beneficiary and its affiliated entities for the reporting period concerned.
The individual financial statement must be drawn up using the forms and templates provided in the *electronic exchange system* and must detail the amounts for each of the forms of grant set out in Article I.3.2.

The individual financial statements of the last reporting period must also detail the receipts of the *action* referred to in Article II.25.3.

Each beneficiary must certify that the information provided in the financial statement is full, reliable and true.

Each beneficiary must also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the periodic financial statement is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27.

In addition, for the last reporting period, each beneficiary must certify that all the receipts referred to in Article II.25.3 have been declared;

(ii) a periodic summary financial statement (*‘summary financial statement’*) created automatically by the *electronic exchange system*. The summary financial statement consolidates the individual financial statements for the reporting period concerned and includes the request for interim payment, except for the last reporting period;

(c) a certificate on the financial statements and underlying accounts (*‘certificate on the financial statements’*) for each beneficiary and for each affiliated entity, if:

(i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2(a)(i) (and for which no certificate has yet been submitted) is EUR 325,000 or more;

(ii) the maximum grant amount indicated for that beneficiary and its affiliated entities in the estimated budget as reimbursement of actual costs is EUR 750,000 or more.

This certificate must be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII.

The certificate must certify that the costs declared in the individual financial statement by the beneficiary concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3.2(a)(i) are real, accurately recorded and eligible in accordance with the Agreement.

In addition, for the payment of the balance, the certificate must certify that all the receipts referred to in Article II.25.3 have been declared.
As an exception, the following beneficiaries and affiliated entities must not submit a certificate on the financial statements: [insert beneficiaries or affiliated entities].

I.4.4 Final report — Request for payment of the balance

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

The final report must include the following:

(a) a final report on implementation of the action (‘final technical report’), drawn up using the forms and templates provided in the electronic exchange system;
(b) a final summary financial statement (‘final summary financial statement’), created automatically by the electronic exchange system. The final summary financial statement consolidates the individual financial statements for all reporting periods and includes the request for payment of the balance.

[Option to be used if the parties communicate through the H2020 portal if there is only one reporting period for Articles I.4.2 to I.4.4:]

I.4.2 Periodic report — Request for second pre-financing payment

Not applicable

I.4.3 Periodic report — Request for interim payment

Not applicable

I.4.4 Final report — Request for payment of the balance

The coordinator must submit the final report within 60 calendar days following the end of the reporting period.

11 To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts (see Article 207(3) RAP):

- for beneficiaries which are public bodies or international organisations;
- for interim payments, for beneficiaries of grants in connection with humanitarian aid, civil protection emergency operations and the management of crisis situations;
- for beneficiaries of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;
- where an audit has been or will be directly done by the Commission’s own staff or by a body authorised to do so on its behalf.
The final report must include the following:

(a) a final report on the implementation of the *action* (‘final technical report’), drawn up using the forms and templates provided in the *electronic exchange system*.

The final technical report must contain:

(i) the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution as provided for in Article I.3.2(a)(ii), (iii), (b) or (c));

(ii) information on subcontracting as referred to in Article II.11.1(d);

(b) a final financial report (‘final financial report’) containing:

(i) an individual financial statement from each beneficiary and its affiliated entities for the reporting period.

The individual financial statement must be drawn up using the forms and templates provided in the *electronic exchange system* and must detail the amounts for each of the forms of grant set out in Article I.3.2.

The individual financial statement must also detail the receipts of the *action* referred to in Article II.25.3.

Each beneficiary must certify that the information provided in the financial statement is full, reliable and true.

Each beneficiary must also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the final financial statement is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27.

In addition, each beneficiary must certify that all the receipts referred to in Article II.25.3 have been declared;

(ii) a final summary financial statement (‘final summary financial statement’), created automatically by the *electronic exchange system*. The final summary financial statement consolidates the individual financial statements for the reporting period and includes the request for payment of the balance;

(c) a certificate on the financial statements and underlying accounts (‘certificate on the financial statements’) for each beneficiary and for each affiliated entity, if:

(i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2(a)(i) (and for which no certificate has yet been submitted) is EUR 325,000 or more;

(ii) the maximum grant amount indicated for that beneficiary and its affiliated entities in the estimated budget as reimbursement of actual costs is EUR 750,000 or more.
This certificate must be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII.

The certificate must certify that the costs declared in the individual financial statement by the beneficiary concerned or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3.2(a)(i) are real, accurately recorded and eligible in accordance with the Agreement.

In addition, the certificate must certify that all the receipts referred to in Article II.25.3 have been declared.

[As an exception, the following beneficiaries and affiliated entities must not submit a certificate on the financial statements: [insert beneficiaries or affiliated entities]. 12]

I.4.5 Information on cumulative expenditure incurred

[In addition to the reporting requirements set out above, the coordinator must inform the Commission by [31 December] [30 November] each year about the cumulative expenditure incurred by the beneficiaries from the starting date.

This information is required for the Commission’s accounting purposes and may not be used for determining the final amount of the grant.]13]

[Not applicable]

I.4.6 Currency for [Option to be used if the parties do not communicate through the H2020 portal: requests for payment and financial statements][Option to be used if the parties communicate through the H2020 portal: financial statements] and conversion into euro

[Option by default:]

12 To be added where the authorising officer responsible decides to waive the obligation to provide a certificate on the financial statements and underlying accounts (see Article 207(3) RAP):

- for beneficiaries which are public bodies or international organisations;

- for beneficiaries of multiple grants which have provided independent certification offering equivalent guarantees on the control system and methodology used to prepare their claims;

- where an audit has been or will be directly done by the Commission’s own staff or by a body authorised to do so on its behalf.

13 To be added in the case of grants of more than EUR 5 000 000 for which pre-financing is paid and the reporting periods for interim payments or payments of the balance exceed 18 months.
[Option to be used if the parties do not communicate through the H2020 portal: Requests for payment and financial statements][Option to be used if the parties communicate through the H2020 portal: Financial statements] must be drafted in euros.

Beneficiaries and affiliated entities with general accounts in a currency other than the euro must convert costs incurred in another currency into euros at the average of the daily exchange rates published in the C series of the Official Journal of the European Union, determined over the corresponding reporting period (available at http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).

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

Beneficiaries and affiliated entities with general accounts in euros must convert costs incurred in another currency into euros in accordance with their usual accounting practices.

[Other option 1 — Conversion by the beneficiary of costs recorded in its accounts (not incurred):

Requests for payment and financial statements must be drafted in euros.

Beneficiaries and affiliated entities with general accounts in a currency other than the euro must convert costs recorded in their accounts into euros at the average of the daily exchange rates published in the C series of the Official Journal of the European Union, determined over the corresponding reporting period (available at http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).

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

Beneficiaries and affiliated entities with general accounts in euros must convert costs incurred in another currency into euros in accordance with their usual accounting practices.

[Other option 2 — Exceptional — Conversion by the Commission:

[Request[s] for pre-financing payment[s] must be drafted by the beneficiaries in euros.]

Request[s] [for interim payment[s] and] payment of the balance and financial statements must be drafted by the beneficiaries in the currencies in which their general accounts are drawn up.

The Commission must convert the amount requested in another currency into euros at the daily rate published in the C series of the Official Journal of the European Union applicable on the day when the payment order, or if the balance is negative, the recovery order, is drawn up by the Commission (available at http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html).
If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, the Commission must use the monthly accounting rate established by the Commission and published on its website ([http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)), applicable on the day when the payment order or recovery order is issued by the Commission.

I.4.7 Language of

[Option to be used if the parties do not communicate through the H2020 portal: requests for payments, technical reports and financial statements] [Option to be used if the parties communicate through the H2020 portal: reports]

[Option to be used if the parties do not communicate through the H2020 portal: All requests for payments, technical reports and financial statements must be submitted in [language].]

[Option to be used if the parties communicate through the H2020 portal: All reports (technical and financial reports, including financial statements) must be submitted in [language].]

ARTICLE I.5 — PAYMENTS AND PAYMENT ARRANGEMENTS

I.5.1 Payments to be made

The Commission must make the following payments to the coordinator:

- [[one] [a first] pre-financing payment;]

- [a [second][and][,][third][same for further] pre-financing payment[s], on the basis of the request for the [second][and][,][third][same for further] pre-financing payment[s] referred to in Article I.4.2;]

- [[one] [a first [and][,][second][and][,][third][same for further] interim payment[s], on the basis of the request[s] for interim payment[s] referred to in Article I.4.3;]

- one payment of the balance, on the basis of the request for payment of the balance referred to in Article I.4.4.

I.5.2 Pre-financing payment[s]

[The aim of the pre-financing is to provide the beneficiaries with a float. The pre-financing remains the property of the Union until it is cleared against interim payments or, if it is not cleared against interim payments, until the payment of the balance.

[Option if one pre-financing payment: The Commission must make the pre-financing payment of EUR [insert amount] to the coordinator within 30 calendar days from [the entry into force of the Agreement][insert a date later than the date of the entry into force of the Agreement] [or from when the Commission receives the financial guarantee of EUR [insert amount], whichever is the latest], except if Article II.24.1 applies.]
Option if several pre-financing payments: The Commission must make a first pre-financing payment of EUR [insert amount] to the coordinator within 30 calendar days from [the entry into force of the Agreement][insert a date later than the date of the entry into force of the Agreement] [or from when the Commission receives the financial guarantee of EUR [insert amount], whichever is the latest], except if Article II.24.1 applies.

The Commission must make a second pre-financing payment of EUR [insert amount] to the coordinator within 60 calendar days from when the Commission receives the request for second pre-financing payment referred to in Article I.4.2 [or from when it receives the financial guarantee of EUR [insert amount], whichever is the latest], except if Article II.24.1 or II.24.2 apply.

The Commission must make a third pre-financing payment of EUR [insert amount] to the coordinator within 60 calendar days from when the Commission receives the request for third pre-financing payment referred to in Article I.4.2 [or from when it receives the financial guarantee of EUR [insert amount], whichever is the latest], except if Article II.24.1 or II.24.2 apply.]

[Same for further pre-financing payments]

[The financial guarantee must fulfil the following conditions:

(a) it is provided by a bank or an approved financial institution or, if requested by the coordinator and accepted by the Commission, by a third party;
(b) the guarantor stands as first-call guarantor and does not require the Commission to first have recourse against the principal debtor (i.e. the beneficiary concerned); and
(c) it explicitly remains in force until the pre-financing is cleared against interim payments or payment of the balance by the Commission. If payment of the balance takes the form of a recovery, the financial guarantee must remain in force until three months after the debit note is notified to a beneficiary. The Commission must release the guarantee within the following month.]

If the statement on the use of the previous pre-financing instalment submitted in accordance with Article I.4.2 shows that less than 70% of the previous pre-financing instalment paid has been used to cover costs of the action, the amount of the new pre-financing to be paid must be reduced by the difference between the 70% ceiling and the amount used.]

[Not applicable]

I.5.3 Interim payment[s]

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

The Commission must pay the coordinator the amount due as interim payment within [60][90] calendar days from when the Commission receives the documents referred to in Article I.4.3, except if Article II.24.1 or II.24.2 apply.

[Option to be used if the parties do not communicate through the H2020 portal:}
Payment is subject to the approval of the request for interim payment and of the accompanying documents. Their approval does not imply recognition of the compliance, authenticity, completeness or correctness of their content.]

[Option to be used if the parties communicate through the H2020 portal:

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

The Commission calculates the amount due as interim payment as follows:

Step 1 — It applies the reimbursement rate to the eligible costs and adds the unit, flat-rate and lump sum contributions

Step 2 — [It clears the pre-financing] [Clearing of the pre-financing not applicable]

Step 3 — It limits the amount to [[insert percentage] of] the maximum amount of the grant

I.5.3.1 Step 1 — Applying the reimbursement rate to the eligible costs and adding the unit, flat-rate and lump sum contributions

This step is applied as follows:

(a) If, in accordance with Article I.3.2(a), the grant takes the form of the reimbursement of eligible costs, the reimbursement rate specified in that Article is applied to the eligible costs of the action approved by the Commission for the concerned reporting period and for the corresponding categories of costs, beneficiaries and affiliated entities;

(b) If, in accordance with Article I.3.2(b), the grant takes the form of a unit contribution, the unit contribution specified in that Article is multiplied by the actual number of units approved by the Commission for the concerned reporting period and for the corresponding beneficiaries and affiliated entities;

(c) If, in accordance with Article I.3.2(c), the grant takes the form of a lump sum contribution, the Commission applies the lump sum specified in that Article for the corresponding beneficiaries and affiliated entities if it finds that the corresponding tasks or part of the action were implemented properly in accordance with Annex I during the concerned reporting period;

(d) If, in accordance with Article I.3.2(d), the grant takes the form of a flat-rate contribution, the flat rate referred to in that Article is applied to the eligible costs or to the contribution approved by the Commission for the concerned reporting period and for the corresponding beneficiaries and affiliated entities.

If Article I.3.2 provides for a combination of different forms of grant, the amounts obtained must be added.

I.5.3.2 Step 2 — Clearing the pre-financing

[The [first][,][and][second][same for further] interim payment[s] must clear [[…]% of] the amount of the [first][,][and [second] same for further] pre-financing payment[s] previously made.
The amount of pre-financing to be cleared must be deducted from the amount obtained following Step 1.

[Not applicable]

I.5.3.3 Step 3 — Limiting the amount to \([\text{insert \ percentage}]\) of the maximum amount of the grant

The total amount of [pre-financing and] interim payments must not exceed \([\text{insert \ percentage}]\ \% \ \text{of}}\) the maximum amount of the grant.

[Not applicable] for the whole Article I.5.3

I.5.4 Payment of the balance

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

If the total amount of earlier payments is greater than the final amount of the grant determined in accordance with Article II.25, the payment of the balance takes the form of a recovery as provided for by Article II.26.

If the total amount of earlier payments is lower than the final amount of the grant determined in accordance with Article II.25, the Commission must pay the balance within \([60][90]\) calendar days from when it receives the documents referred to in Article I.4.4, except if Article II.24.1 or II.24.2 apply.

[Option to be used if the parties do not communicate through the H2020 portal:]

Payment is subject to the approval of the request for payment of the balance and of the accompanying documents. Their approval does not imply recognition of the compliance, authenticity, completeness or correctness of their content.

[Option to be used if the parties communicate through the H2020 portal:]

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

The Commission determines the amount due as the balance by deducting the total amount of pre-financing and interim payments (if any) already made from the final amount of the grant determined in accordance with Article II.25.

The amount to be paid may, however, be offset, without the beneficiary’s consent, against any other amount owed by the beneficiary to the Commission or to an executive agency (under the EU or Euratom budget), up to the maximum contribution indicated for that beneficiary, in the estimated budget in Annex III.

I.5.5 Notification of amounts due

The Commission must send a formal notification to the coordinator:
(a) informing it of the amount due; and
(b) specifying whether the notification concerns a further pre-financing payment, an interim payment or the payment of the balance.

For the payment of the balance, the Commission must also specify the final amount of the grant determined in accordance with Article II.25.

**I.5.6 Interest on late payment**

If the Commission does not pay within the time limits for payment, the beneficiaries are entitled to late-payment interest at the rate applied by the European Central Bank for its main refinancing operations in euros (‘the reference rate’), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

Late-payment interest is not due if all beneficiaries are Member States of the Union (including regional and local government authorities and other public bodies acting in the name of and on behalf of the Member State for the purpose of the Agreement).

If the Commission suspends the time limit for payment as provided for in Article II.24.2 or if it suspends an actual payments as provided for in Article II.24.1, these actions may not be considered as cases of late payment.

Late-payment interest covers the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article I.5.8. The Commission does not consider payable interest when determining the final amount of grant within the meaning of Article II.25.

As an exception to the first subparagraph, if the calculated interest is lower than or equal to EUR 200, it must be paid to the coordinator only if the coordinator requests it within two months of receiving late payment.

**I.5.7 Currency for payments**

The Commission must make payments in euros.

**I.5.8 Date of payment**

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

**I.5.9 Costs of payment transfers**

Costs of the payment transfers are borne as follows:

(a) the Commission bears the costs of transfer charged by its bank;
(b) the beneficiary bears the costs of transfer charged by its bank;
(c) the party causing a repetition of a transfer bears all costs of repeated transfers.

**I.5.10 Payments to the coordinator**
The Commission must make payments to the coordinator.

Payments to the coordinator discharge the Commission from its payment obligation.

[Option to be used if the parties communicate through the H2020 portal:

The coordinator may only distribute pre-financing if all the beneficiaries mentioned in the preamble have acceded to the Agreement in accordance with Article I.1.2.]

**ARTICLE I.6 — BANK ACCOUNT FOR PAYMENTS**

All payments must be made to the coordinator’s bank account as indicated below:

Name of bank: […]

Precise denomination of the account holder: […]

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

[IBAN code: […]]

**ARTICLE I.7 — DATA CONTROLLER, COMMUNICATION DETAILS OF THE PARTIES** [OPTION TO BE USED IF THE PARTIES COMMUNICATE THROUGH THE H2020 PORTAL: AND ACCESS TO THE ELECTRONIC EXCHANGE SYSTEM]

I.7.1 Data controller

The entity acting as a data controller as provided for in Article II.7 is: [insert name].

[Option to be used if the parties do not communicate through the H2020 portal]

I.7.2 Communication details of the Commission

Any communication addressed to the Commission must be sent to the following address:

European Commission
Directorate-General [complete]
Directorate [complete]
Unit [complete]
[Post code, town and country]
Email address: [insert functional mailbox]

The BIC or SWIFT code should be used for countries which do not use the IBAN code.
1.7.3 Communication details of the beneficiaries

Any communication from the Commission to the beneficiaries must be sent to the following address:

- [Full name]
- [Function]
- [Name of the entity]
- [Full official address]

Email address: [complete]

[Option to be used if the parties communicate through the H2020 portal]

1.7.2 Communication details until payment of the balance

Until the payment of the balance, any communication must be made through the electronic exchange system.

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

[insert URL]

1.7.3 Communication details of the Commission after payment of the balance

After the payment of the balance, any communication addressed to the Commission must be sent to the following address:

European Commission
Directorate-General [complete]

Directorate [complete]

Unit [complete]

[Post code, town and country]

1.7.4 Communication details of the beneficiaries after payment of the balance

After the payment of the balance, any communication addressed to the beneficiaries must be sent to their legal address as specified in the ‘Beneficiary register’.

[ARTICLE LXX — ENTITIES AFFILIATED TO THE BENEFICIARIES]

The following entities are considered as affiliated entities for the purpose of the Agreement:

- [name of the entity], affiliated to [name or acronym of the beneficiary]:
- [name of the entity], affiliated to [name or acronym of the beneficiary];

[idem for further affiliated entities]

[ARTICLE I.XXX — ADDITIONAL PROVISIONS ON THE REIMBURSEMENT OF COSTS DECLARED ON THE BASIS OF THE BENEFICIARY’S USUAL COST ACCOUNTING PRACTICES]

[In addition to the conditions set out in Article II.20.3.1, if, in accordance with Article I.3.2(a)(v), the grant takes the form of the reimbursement of [unit costs] [lump sum costs][flat-rate costs] declared by the beneficiary on the basis of its usual cost accounting practices, the beneficiary must ensure that the cost accounting practices used are also in compliance with the following conditions: [...].]

[If, in accordance with Article I.3.2(a)(v), the grant takes the form of the reimbursement of [unit costs][lump sum costs][flat-rate costs] declared by the beneficiary on the basis of its usual cost accounting practices, the beneficiary may ask the Commission to assess whether the cost accounting practices used by the beneficiary comply with the conditions referred to in Article II.20.3.1 [and in the first subparagraph].]

[In the latter case, the beneficiary must submit a certificate on the compliance of the cost accounting practices (‘certificate on the compliance of the cost accounting practices’) in accordance with Article II.20.3.2]]

[ARTICLE I.XXX — ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)]

[In accordance with Article II.9.3, whereby the Union acquires rights to use the results of the action, these results may be exploited using any of the following modes:

(a) [distribution to the public in hard copies, in electronic or digital format, on the internet including social networks as a downloadable or non-downloadable file;] [not applicable;]
(b) [communication through press information services;] [not applicable;]
(c) [inclusion in widely accessible databases or indexes, such as via ‘open access’ or ‘open data’ portals, or similar repositories, whether freely accessible or accessible only upon subscription;] [not applicable;]
(d) [[edit] [or] [re-write in another way] the results of the action, including [shortening], [summarising], [modifying the content], [correcting technical errors in the content] [insert other as appropriate;] [not applicable;]
(e) [[cut], [insert [meta-data], [legends or] [other graphic], [visual], [audio] [or] [word] elements] [insert other as appropriate] [in the results of the action;] [not applicable;]
(f) [[extract a part (e.g. audio or video files) of], [divide into parts] [or] [compile] the results of the action;] [not applicable;]
(g) [prepare derivative works of the results of the action;] [not applicable;]
(h) [[translate], [insert subtitles in], [dub] the results of the action in:

- [English], [French], [German]
- [all official languages of EU]
- [languages of candidate countries]
- [list other languages as appropriate]]
(i) [license or sub-license to third parties, including if there are licensed pre-existing rights, any of the rights or modes of exploitation set out [in point[s] […] of Article II.9.3 of the General Conditions] [and] [in point[s] […] above].] [not applicable.]]

[The beneficiaries must ensure that the Union has the rights of use specified [in the General Conditions] [and] [in points […] above] [for a period of […]] [for the whole duration of the industrial or intellectual property right[s] concerned].]

**[ARTICLE I.XXX — OBLIGATION TO CONCLUDE AN INTERNAL COOPERATION AGREEMENT]**

The beneficiaries must conclude an internal cooperation agreement including provisions on the management, operation and coordination of the beneficiaries and the implementation of the action.]

**[ARTICLE I.XXX — SPECIAL PROVISIONS ON THE FINANCIAL RESPONSIBILITY FOR RECOVERIES]**

[The financial responsibility of each beneficiary is limited to its own debt, including any amount unduly paid by the Commission as a contribution towards the costs incurred by its affiliated entities.

Point (c) of the third paragraph of Article II.26.3 does not apply.]15

[As an exception to point (c) of the third paragraph of Article II.26.3, the beneficiaries are jointly and severally liable for repaying any debt under the Agreement up to the maximum amount of the grant. The beneficiaries are also jointly and severally liable for interest on late payment, when applicable.]16

**[ARTICLE I.XXX — INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE]**

As an exception to Article II.25.3, the no-profit principle does not apply to the action.]17

---

15 To be added if an individual financial responsibility regime applies. An individual financial liability regime is less protective for the Union’s financial interests than the joint and several responsibility with an individual ceiling, which is the regime provided for in the General Conditions.

16 To be added if an unconditional joint and several financial responsibility regime applies, i.e. the joint and several responsibility regime provided for in the General Conditions but without any ceiling per beneficiary (this is the regime that is most protective for the Union’s financial interests).

17 To be added in the following cases, as provided in Article 125(4) FR:

- the objective of the action, as described in Annex I, is to reinforce the financial capacity of the beneficiaries;
- where required by Annex I, continuity of the action after the end of the implementation period is to be ensured by the income generated by the action;
- grants described in Annex I 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 the maximum amount of which, as laid down in Article I.3.1, is lower than or equal to EUR 60 000.
[ARTICLE I.XX — ELIGIBILITY OF EQUIPMENT COSTS]

As an exception to Article II.19.2(c), the full cost of purchase of equipment is eligible [subject to the following conditions: (…)].

[ARTICLE I.XX — INELIGIBILITY OF VALUE ADDED TAX]

As an exception to Article II.19.2(h), paid value added tax (VAT) is not eligible [under the Agreement] [for the following activities as described in Annex I: (…)].

[ARTICLE I.XX — SPECIAL PROVISIONS ON BUDGET TRANSFERS]

As an exception to the first subparagraph of Article II.22, budget transfers [between beneficiaries] [between budget categories] are limited to (…) % of [the estimated eligible costs of the action specified in Article I.3.2] [the amount of the budget of the beneficiary for which the transfer is intended] [the amount of each budget category for which the transfer is intended].

[ARTICLE I.XX — SPECIAL PROVISIONS ON BUDGET TRANSFERS INVOLVING USE OF PROVISIONS FOR [CONTINGENCIES] [AND] [FOREIGN EXCHANGE LOSSES]]

As an exception to the first subparagraph of Article II.22, any use of the provisions for [contingencies][and][foreign exchange losses] included in the estimated budget in Annex III must be communicated by the coordinator and approved by the Commission.

[ARTICLE I.XX — SETTLEMENT OF DISPUTES WITH NON-EU BENEFICIARIES]

This provision applies where a beneficiary is legally established in a country other than a Member State of the European Union (the ‘non-EU beneficiary’).

---

18 To be added where the basic act provides for ineligibility of VAT or where the activities supported through the grant fall within one of the following categories:

- taxed activities or exempt activities with right of deduction. For those activities, VAT is deductible, hence ineligible;

- activities engaged in as a public authority by the beneficiary where it is a State, regional or local government authority or another body governed by public law.

19 Not to be used if the parties communicate through the H2020 portal.

20 To be added if such provisions were envisaged under the call for proposals and are provided for in the estimated budget in Annex III.

21 Not to be used if the parties communicate through the H2020 portal.

22 This provision should be added where one or more beneficiaries are established outside the European Union.
As an exception to Article II.18.2, any of the parties (the Commission or the non-EU beneficiary) may bring before the Belgian Courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably.

Where one party has brought proceedings before the Belgian Courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Belgian Courts before which the proceedings have already been brought.]

[ARTICLE I.XX — BENEFICIARIES WHICH ARE INTERNATIONAL ORGANISATIONS

[i]f the international organisation does not accept Article II.18.1:

I.XX.4 Applicable law

[Option 1: if the international organisation accepts Union law as the applicable law but not Belgian law as subsidiary law:

As an exception to Article II.18.1, the Agreement is governed by the applicable Union law, complemented where necessary by [the law of (insert law of a Member State or an EFTA country)].

[Option 2: if the international organisation does not accept Union law as the applicable law:

Article II.18.1 does not apply to [insert name of IO(s)].]

[i]f an international organisation does not accept Article II.18.2:

I.XX.1 Dispute settlement — Arbitration

[Option 1 — Permanent Court of Arbitration:

As an exception to Article II.18, if any dispute between the Commission and [insert name of IO(s)] relating to the Agreement cannot be settled amicably, it must be referred to arbitration.

In such cases, 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 apply.

The appointing authority is 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 must be English.

The arbitral award is binding upon the parties, which hereby expressly agree to renounce any form of appeal or revision.]
[Option 2 — Arbitration committee:]

As an exception to Article II.18, if any dispute between the Commission and [insert name of IO(s)] relating to the Agreement cannot be settled amicably, it must be referred to an arbitration committee in accordance with the procedure specified below.

When a party intends to resort to arbitration, it must send a formal notification to the other party informing it of its intention and of its appointed arbitrator. The second party must appoint its arbitrator within one month of receipt of that formal notification. The two arbitrators must appoint, by joint agreement and within three months of the appointment of the second party’s arbitrator, a third arbitrator who is the chair of the arbitration committee, unless both parties agreed to have a sole arbitrator.

Within one month of the appointment of the third arbitrator, the parties must agree on the terms of reference of the arbitration committee, including the procedure to be followed.

The arbitration proceedings must take place in Brussels.

The arbitration committee must apply the terms of the Agreement. The arbitration committee must set out in its arbitral award detailed grounds for its decision.

The arbitral award is final and binding upon the parties, which hereby expressly agree to renounce any form of appeal or revision.

The costs, including all reasonable fees incurred by the parties related to any arbitration, must be apportioned between the parties by the arbitration committee.

[if an international organisation does not agree for the certificate to be drawn up by an external auditor:]

I.XX.2 [Certificates on the financial statements] [and] [certificates on the compliance of the cost accounting practices]

[Certificates on the financial statements] [or] [certificates on the compliance of the cost accounting practices] to be provided by the [insert name of IO(s)] in accordance with Article[s] [I.4.3] [and] [I.4.4] [and] [II.20.3.2] may be drawn up by [its][their] regular internal or external auditor, in accordance with [its][their] internal financial regulations and procedures.

[if an international organisation does not accept Article II.27:]

I.XX.3 Checks and audits

[Option if no framework agreement containing a verification annex has been signed between the international organisation and the Commission:]

The competent bodies of the Union must address any requests for checks or audits referred to in Article II.27 to the Director General of the [insert name of IO(s)].

[insert name of IO(s)] must make available to the competent bodies of the Union, upon request, all relevant financial information, including statements of accounts concerning the
action, where [it][they] implement[s] the action or where [its][their] affiliated entities or a subcontractor takes part in the action.]

[Option if a framework agreement containing a verification annex has been signed between the international organisation and the Commission:

Article II.27 must be applied in accordance with any specific agreement concluded in this respect by the international organisation and the European Union.]

I.XX.5 Privileges and immunities

Nothing in the Agreement may be interpreted as a waiver of any privileges or immunities which are accorded to the [insert name of IO(s)] by [its][their] constituent documents or international law.

SIGNATURES

Option 1 for signing:

For the coordinator

[function/forename/surname]

[signature]

Done at [place], [date]

For the Commission

[forename/surname]

[signature]

Done at [place], [date]

Option 2 for signing:

For the beneficiary

[function/forename/surname]

[signature]

Done at [place], [date]

For the Commission

[forename/surname]

[signature]

Done at [place], [date]

For the beneficiary

[function/forename/surname]

[signature]

Done at [place], [date]

[iden for each beneficiary]

In duplicate in English
Option 3 for signing:

For the coordinator
[function/forename/surname]
[electronic signature]
Done in [English] on [electronic time stamp]

For the Commission
[forename/surname]
[electronic signature]
Done in [English] on [electronic time stamp]
ANNEX II — GENERAL CONDITIONS

TABLE OF CONTENT

ANNEX II — GENERAL CONDITIONS ........................................................................ 31
TABLE OF CONTENT ................................................................................................. 31
PART A — LEGAL AND ADMINISTRATIVE PROVISIONS ........................................ 34

Article II.1 — Definitions ......................................................................................... 34
Article II.2 — General obligations and roles of the beneficiaries ......................... 35
  II.2.1 General obligations and role of the beneficiaries ..................................... 35
  II.2.2 General obligations and role of each beneficiary ................................... 35
  II.2.3 General obligations and role of the coordinator .................................... 36
Article II.3 — Communication between the parties ................................................. 37
  II.3.1 Form and means of communication ......................................................... 37
  II.3.2 Date of communications ......................................................................... 37
  II.3.1 Form and means of communication ......................................................... 38
  II.3.2 Date of communication ......................................................................... 38
Article II.4 — Liability for damages ....................................................................... 39
Article II.5 — Conflict of interests .......................................................................... 39
Article II.6 — Confidentiality .................................................................................. 39
Article II.7 — Processing of personal data .............................................................. 40
  II.7.1 Processing of personal data by the Commission ...................................... 40
  II.7.2 Processing of personal data by the beneficiaries .................................... 40
Article II.8 — Visibility of Union funding ................................................................. 41
  II.8.1 Information on Union funding and use of the European Union emblem ................................................................. 41
  II.8.2 Disclaimers excluding Commission responsibility .................................. 41
Article II.9 — Pre-existing rights and ownership and use of the results (including intellectual and industrial property rights) .......................................................... 41
  II.9.1 Ownership of the results by the beneficiaries ......................... 41
  II.9.2 Pre-existing rights .................................................................. 42
  II.9.3 Rights of use of the results and of pre-existing rights by the Union. 42
Article II.10 — Award of contracts necessary for the implementation of the action .................................................................................................................. 43
Article II.11 — Subcontracting of tasks forming part of the action .......... 43
Article II.12 — Financial support to third parties .................................. 44
Article II.13 — Amendments to the agreement ...................................... 45
Article II.14 — Assignment of claims for payments to third parties ........ 46
Article II.15 — Force majeure ............................................................... 46
Article II.16 — Suspension of the implementation of the action .......... 47
  II.16.1 Suspension of implementation by the beneficiaries ................. 47
  II.16.2 Suspension of implementation by the Commission .................. 47
  II.16.3 Effects of the suspension ....................................................... 48
Article II.17 — Termination of the agreement ........................................ 49
  II.17.1 Termination of the Agreement by the coordinator ................. 49
  II.17.2 Termination of the participation of one or more beneficiaries by the coordinator .......................................................... 49
  II.17.3 Termination of the Agreement or the participation of one or more beneficiaries by the Commission .................. 50
  II.17.4 Effects of termination .............................................................. 52
Article II.18 — Applicable law, settlement of disputes and enforceable decisions .......................................................... 54
PART B — FINANCIAL PROVISIONS ...................................................................... 55
  Article II.19 — Eligible costs .............................................................. 55
  II.19.1 Conditions for the eligibility of costs ..................................... 55
  II.19.2 Eligible direct costs ............................................................... 55
II.19.3 Eligible indirect costs
II.19.4 Ineligible costs

Article II.20 — Identifiability and verifiability of the amounts declared
II.20.1 Declaring costs and contributions
II.20.2 Records and other documentation to support the costs and contributions declared
II.20.3 Conditions to determine the compliance of cost accounting practices

Article II.21 — Eligibility of costs of entities affiliated to the beneficiaries

Article II.22 — Budget transfers

Article II.23 — Non-compliance with reporting obligations

Article II.24 — Suspension of payments and time limit for payment
II.24.1 Suspension of payments
II.24.2 Suspension of the time limit for payments

Article II.25 — Calculation of the final amount of the grant
II.25.1 Step 1 — Application of the reimbursement rate to the eligible costs and addition of the unit, flat-rate and lump sum contributions
II.25.2 Step 2 — Limit to maximum amount of the grant
II.25.3 Step 3 — Reduction due to the no-profit rule
II.25.4 Step 4 — Reduction due to improper implementation or breach of other obligations

Article II.26 — Recovery
II.26.1 Recovery at the time of payment of the balance
II.26.2 Recovery after payment of the balance
II.26.3 Recovery procedure
II.26.4 Interest on late payment
II.26.5 Bank charges

Article II.27 — Checks, audits and evaluations
II.27.1 Technical and financial checks, audits, interim and final evaluations ........................................ 67

II.27.2 Duty to keep documents ........................................................................................................ 68

II.27.3 Obligation to provide information ......................................................................................... 68

II.27.4 On-the-spot visits ................................................................................................................. 69

II.27.5 Contradictory audit procedure .............................................................................................. 69

II.27.6 Effects of audit findings ........................................................................................................ 69

II.27.7 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations ................................................................................................................. 69

II.27.8 Checks and inspections by OLAF .......................................................................................... 72

II.27.9 Checks and audits by the European Court of Auditors .......................................................... 72
PART A — LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 — DEFINITIONS

The following definitions apply for the purpose of the Agreement:

‘Action’: the set of activities or the project for which the grant is awarded, to be implemented by the beneficiaries as described in Annex I.

‘Confidential information or document’: any information or document (in any format) received by either party from the other or accessed by either party in the context of the implementation of the Agreement that any of the parties has identified in writing as confidential. It does not include information that is publicly available.

‘Conflict of interests’: a situation where the impartial and objective implementation of the Agreement by a beneficiary is compromised for reasons involving family, emotional life, political or national affinity, economic interest, or any other shared interest with the Commission or any third party related to the subject matter of the Agreement.

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

‘Electronic exchange system’: the electronic system for exchanges between the Commission and the beneficiaries referred to in Article I.7.2];

‘Force majeure’: any unforeseeable, exceptional situation or event beyond the control of the parties that prevents either of them from fulfilling any of their obligations under the Agreement, which is not attributable to error or negligence on their part or on the part of the subcontractors affiliated entities or third parties in receipt of financial support and which proves to be inevitable despite their exercising due diligence. The following cannot be invoked as force majeure: labour disputes, strikes, financial difficulties or any default of a service, defect in equipment or materials or delays in making them available, unless they stem directly from a relevant case of force majeure;

‘Formal notification’: form of communication between the parties made in writing [Option to be used if the parties do not communicate through the H2020 portal: by mail or electronic mail] [Option to be used if the parties communicate through the H2020 portal: via the electronic exchange system or, if the communication is made after the payment of the balance, by mail or electronic mail] which provides the sender with compelling evidence that the message was delivered to the specified recipient;

‘Fraud’: any intentional act or omission affecting the Union’s financial interests relating to the use or presentation of false, incorrect or incomplete statements or documents, to non-disclosure of information in violation of a specific obligation;

‘Implementation period’: the period of implementation of the activities forming part of the action, as specified in Article I.2.2;
‘Indirect costs’: those costs which are not specific costs directly linked to the implementation of the action and which therefore cannot be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs;

‘Irregularity’: any infringement of a provision of Union law resulting from an act or omission by a beneficiary, which has or would have the effect of prejudicing the Union’s budget;

‘Maximum amount of the grant’: the maximum EU contribution to the action, as defined in Article I.3.1;

‘Pre-existing material’: any materials, document, technology or know-how which exists prior to the beneficiary using it for the production of a result in the implementation of the action;

‘Pre-existing right’: any industrial and intellectual property right on pre-existing material; it may consist in a right of ownership, a licence right and/or a right of use belonging to the beneficiary or any other third parties;

‘Related person’: any person who has the power to represent the beneficiary or to take decisions on its behalf;

‘Starting date’: the date on which the implementation of the action starts as provided for in Article I.2.2;

‘Subcontract’: a procurement contract within the meaning of Article II.10, which covers the implementation by a third party of tasks forming part of the action as described in Annex I;

‘Substantial error’: any infringement of a provision of an agreement resulting from an act or omission, which causes or might cause a loss to the Union’s budget.

ARTICLE II.2 — GENERAL OBLIGATIONS AND ROLES OF THE BENEFICIARIES

II.2.1 General obligations and role of the beneficiaries

The beneficiaries:

(a) are jointly and severally liable for carrying out the action in accordance with the Agreement. If a beneficiary fails to implement its part of the action, the other beneficiaries become responsible for implementing this part (but without increasing the maximum amount of the grant);

(b) must comply jointly or individually with any legal obligations they are bound by under applicable EU, international and national law;

(c) must make appropriate internal arrangements to implement the action properly. The arrangements must be consistent with the terms of the Agreement. If provided for in the Special Conditions, those arrangements must take the form of an internal cooperation agreement between the beneficiaries.
II.2.2 General obligations and role of each beneficiary

Each beneficiary must:

(a) inform the coordinator immediately of any events or circumstances of which the beneficiary is aware, that are likely to affect or delay the implementation of the action;

(b) [Option to be used if the parties communicate through the H2020 portal: keep information stored in the ‘Beneficiary Register’ via the electronic exchange system up-to-date, in particular its name, address, legal representatives, legal form and organisation type and] inform the coordinator immediately:

(i) of any change in its legal, financial, technical, organisational or ownership situation and of any change in its name, address or legal representative;
(ii) of any change in the legal, financial, technical, organisational or ownership situation of its affiliated entities and of any change in their name, address or legal representative;

(c) submit in due time to the coordinator:

(i) the data needed to draw up the reports, financial statements and other documents provided for in the Agreement;

(ii) all the necessary documents required for audits, checks or evaluations as provided for in Article II.27.

(iii) any other information to be provided to the Commission under the Agreement, except if the Agreement requires such information to be submitted directly by the beneficiary.

II.2.3 General obligations and role of the coordinator

The coordinator:

(a) must monitor the implementation of the action in order to make sure that the action is implemented in accordance with the terms of the Agreement;

(b) is the intermediary for all communications between the beneficiaries and the Commission, except if provided otherwise in the Agreement. In particular, the coordinator:

(i) must immediately inform the Commission:

- of any change in the name, address, legal representative of any of the beneficiaries or of their affiliated entities;

- of any change in the legal, financial, technical, organisational or ownership situation of any of the beneficiaries or of their affiliated entities;

- of any events or circumstances of which the coordinator is aware, that are likely to affect or delay the implementation of the action.
(ii) is responsible for supplying the Commission with all documents and information required under the Agreement, except if provided otherwise in the Agreement itself. If information is required from the other beneficiaries, the coordinator is responsible for obtaining and verifying this information before passing it on to the Commission;

(c) must make the appropriate arrangements for providing any financial guarantees required under the Agreement;

(d) must draw up the \textit{Option to be used if the parties do not communicate through the H2020 portal: requests for payment}[\textit{Option to be used if the parties communicate through the H2020 portal: reports}] in accordance with the Agreement;

(e) if it is designated as the sole recipient of payments on behalf of all of the beneficiaries, it must ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay;

(f) is responsible for providing all the necessary documents required for checks and audits initiated before the payment of the balance or documents required for evaluation as provided for in Article II.27.

The coordinator may not subcontract any part of its tasks to the other beneficiaries or to any other party.

\textbf{ARTICLE II.3 — COMMUNICATION BETWEEN THE PARTIES}

\textit{Option to be used if the parties do not communicate through the H2020 portal}

\textbf{II.3.1 Form and means of communication}

Any communication relating to the Agreement or to its implementation must:

(a) be made in writing (in paper or electronic form);
(b) bear the number of the Agreement; and
(c) be made using the communication details identified in Article I.7.

If a party requests written confirmation of an electronic communication within a reasonable time, the sender must provide an original signed paper version of the communication as soon as possible.

\textbf{II.3.2 Date of communications}

Any communication is considered to have been made when the receiving party receives it, unless the Agreement states that communication is considered to have been made on the date when the communication was sent.

Email is considered to have been received by the receiving party on the day of dispatch of that email, provided that it is sent to the email address indicated in Article I.7. The sending party must be able to prove the date of dispatch. If the sending party receives a non-delivery report, it must make every effort to ensure that the other party actually receives the communication.
by email or mail. In such a case, the sending party is not held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the Commission using the postal or courier services is considered to have been received by the Commission on the date on which it is registered by the department identified in Article I.7.2.

*Formal notifications* are considered to have been received by the receiving party on the date of receipt indicated in the proof received by the sending party that the message was delivered to the specified recipient.]

[Option to be used if the parties communicate through the H2020 portal]

**II.3.1 Form and means of communication**

**II.3.1.1 Communication under the Agreement** (information, requests, submissions, *formal notifications*, etc.):

(a) must be made in writing; and

(b) must bear the number of the Agreement.

**II.3.1.2. Until the payment of the balance**: all communication must be made through the electronic exchange system set up by the Commission and using the forms and templates provided there.

The *electronic exchange system* must be accessed via the URL as referred to in Article I.7.2.

The Commission must send a *formal notification* to the coordinator and the beneficiaries before it makes any change to the URL.

Communications in the *electronic exchange system* must be made by persons authorised under the ‘Terms and conditions of use of the electronic exchange system’. For naming the authorised persons, each beneficiary must have designated — before the signature of the Agreement — a ‘Legal Entity Appointed Representative (LEAR)’. The role and tasks of the LEAR are stipulated in his/her appointment letter (see Terms and conditions of use of the electronic exchange system).

If the *electronic exchange system* is temporarily unavailable, instructions will be given on the Commission website.

**II.3.1.3. After the payment of the balance**: *Formal notifications* and any other communication must be sent to the addresses referred to in Articles I.7.3 and I.7.4.

**II.3.2 Date of communication**

**II.3.2.1 Until the payment of the balance**: Communications are considered to have been made when they are sent by the sending party (i.e. on the date and at the time they are sent through the electronic exchange system).
If the *electronic exchange system* is temporarily unavailable, the sending party cannot be considered to be in breach of its obligation to send a communication within a specified deadline.

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

**II.3.2.2 After the payment of the balance:**

Any communication is considered to have been made when it is received by the receiving party.

Mail sent to the Commission using the postal or courier services is considered to have been received by the Commission on the date on which it is registered by the department identified in Article I.7.3.

*Formal notifications* are considered to have been received by the receiving party on the date of receipt indicated in the proof received by the sending party that the message was delivered to the specified recipient.

**ARTICLE II.4 — LIABILITY FOR DAMAGES**

**II.4.1** The Commission may not be held liable for any damage caused or sustained by any of the beneficiaries, including any damage caused to third parties as a consequence of or during the implementation of the *action*.

**II.4.2** Except in cases of *force majeure*, the beneficiaries must compensate the Commission 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.

**ARTICLE II.5 — CONFLICT OF INTERESTS**

**II.5.1** The beneficiaries must take all necessary measures to prevent any situation of *conflict of interests*.

**II.5.2** The beneficiaries must inform the Commission without delay of any situation constituting or likely to lead to a *conflict of interests*. They must take immediately all the necessary steps to rectify this situation.

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

**ARTICLE II.6 — CONFIDENTIALITY**

**II.6.1** During implementation of the *action* and for five years after the payment of the balance, the parties must treat with confidentiality any *confidential information and documents*. 

42
II.6.2 The parties may only use confidential information and documents for a reason other than to fulfil their obligations under the Agreement if they have first obtained the prior written agreement of the other party.

II.6.3 The confidentiality obligations do not apply if:

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

ARTICLE II.7 — PROCESSING OF PERSONAL DATA

II.7.1 Processing of personal data by the Commission

Any personal data included in the Agreement must be processed by the Commission in accordance with Regulation (EC) No 45/2001.23

Such data must be processed by the data controller identified in Article I.7.1 solely for implementing, managing and monitoring the Agreement or to protect the financial interests of the EU, including checks, audits and investigations in accordance with Article II.27.

The beneficiaries 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 identified in Article I.7.1.

The beneficiaries may have recourse at any time to the European Data Protection Supervisor.

II.7.2 Processing of personal data by the beneficiaries

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

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

The beneficiaries must adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned. This is in order to:

(a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:

(i) unauthorised reading, copying, alteration or removal of storage media;

23 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.
(ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
(iii) unauthorised use of data processing systems by means of data transmission facilities;

(b) ensure that authorised users of a data processing system can access only the personal data to which their access right refers;
(c) record which personal data have been communicated, when and to whom;
(d) ensure that personal data processed on behalf of third parties can be processed only in the manner prescribed by the Commission;
(e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
(f) design their organisational structure in such a way that it meets data protection requirements.

ARTICLE II.8 — VISIBILITY OF UNION FUNDING

II.8.1 Information on Union funding and use of the European Union emblem

Unless the Commission requests or agrees otherwise, any communication or publication made by the beneficiaries jointly or individually that relates to the action, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, in electronic form, etc.), must:

(a) indicate that the action has received funding from the Union; and
(b) display the European Union emblem.

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

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

For the purposes of the first, second and third subparagraphs and under the conditions specified therein, the beneficiaries may use the European Union emblem without first obtaining permission from the Commission.

II.8.2 Disclaimers excluding Commission responsibility

Any communication or publication that relates to the action, made by the beneficiaries jointly or individually in any form and using any means, must indicate:

(a) that it reflects only the author’s view; and
(b) that the Commission is not responsible for any use that may be made of the information it contains.

ARTICLE II.9 — PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)
II.9.1 Ownership of the results by the beneficiaries

The beneficiaries retain ownership of the results of the action, including industrial and intellectual property rights, and of the reports and other documents relating to it, unless stipulated otherwise in the Agreement.

II.9.2 Pre-existing rights

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

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

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

II.9.3 Rights of use of the results and of pre-existing rights by the Union

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

(a) for its own purposes and in particular to make available to persons working for the Commission, other Union institutions, agencies and bodies and to Member States’ institutions, as well as to copy and reproduce in whole or in part and in an unlimited number of copies;

(b) reproduction: the right to authorise direct or indirect, temporary or permanent reproduction of the results by any means (mechanical, digital or other) and in any form, in whole or in part;

(c) communication to the public: the right to authorise any display performance or communication to the public, by wire or wireless means, including making the results available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them; this right also includes communication and broadcasting by cable or by satellite;

(d) distribution: the right to authorise any form of distribution of results or copies of the results to the public;

(e) adaptation: the right to modify the results;

(f) translation;

(g) the right to store and archive the results in line with the document management rules applicable to the Commission, including digitisation or converting the format for preservation or new use purposes;

(h) where the results are documents, the right to authorise the reuse of the documents in conformity with Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents if that Decision is applicable and if the documents fall within
its scope and are not excluded by any of its provisions. For the sake of this provision, the terms ‘reuse’ and ‘document’ have the meanings given to them by Decision 2011/833/EU.

The above rights of use may be further specified in the Special Conditions.

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

The beneficiaries must ensure that the Union has the right to use any pre-existing rights included in the results of the action. The pre-existing rights must be used for the same purposes and under the same conditions as applicable to the rights of use of the results of the action, unless specified otherwise in the Special Conditions.

Information about the copyright owner must be inserted in cases where the result is divulged by the Union. The copyright information must read: ‘© — year — name of the copyright owner. All rights reserved. Licensed to the European Union under conditions.’.

If the beneficiaries grant rights of use to the Commission, this does not affect its confidentiality obligations under Article II.6 or the beneficiaries’ obligations under Article II.2.1.

ARTICLE II.10 — AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

II.10.1 If the implementation of the action requires the beneficiaries to procure goods, works or services, they must award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they must avoid any conflict of interests.

The beneficiaries must ensure that the Commission, the European Court of Auditors and the European Anti-Fraud Office (OLAF) can exercise their rights under Article II.27 also towards the beneficiaries’ contractors.

II.10.2 Beneficiaries that are ‘contracting authorities’ within the meaning of Directive 2014/24/EU24 or ‘contracting entities’ within the meaning of Directive 2014/25/EU25 must comply with the applicable national public procurement rules.

The beneficiaries must ensure that the conditions applicable to them under Articles II.4, II.5, II.6 and II.9 are also applicable to the contractors.

II.10.3 The beneficiaries remain solely responsible for carrying out the action and for compliance with the Agreement.

---


II.10.4. If the beneficiaries breach their obligations under Article II.10.1 the costs related to the contract concerned are considered ineligible in accordance with Article II.19.2 (c), (d) and (e).

If the beneficiaries breach their obligations under Article II.10.2 the grant may be reduced in accordance with Article II.25.4.

ARTICLE II.11 — SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION

II.11.1 Beneficiaries may subcontract tasks forming part of the action. If they do so, they must ensure that, in addition to the conditions specified in Article II.10, the following conditions are also complied with:

(a) subcontracting does not cover core tasks of the action;
(b) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
(c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex III;
(d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the coordinator and approved by the Commission. The Commission may grant approval:

(i) before any recourse to subcontracting, if the beneficiaries request an amendment as provided for in Article II.13; or

(ii) after recourse to subcontracting if the subcontracting:

- is specifically justified in the [Option to be used if the parties do not communicate through the H2020 portal: interim] [Option to be used if the parties communicate through the H2020 portal: periodic] or final technical report referred to in Articles I.4.3 and I.4.4; and

- does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;

(e) the beneficiaries ensure that the conditions applicable to them under Article II.8 are also applicable to the subcontractors.

II.11.2 If the beneficiaries breach their obligations under Article II.11.1 (a), (b), (c) or (d), the costs related to the contract concerned are considered ineligible in accordance with Article II.19.2 (f).

If the beneficiaries breach their obligation under Article II.11.1 (e) the grant may be reduced in accordance with Article II.25.4.

ARTICLE II.12 — FINANCIAL SUPPORT TO THIRD PARTIES

II.12.1 If, while implementing the action, the beneficiaries have to give financial support to third parties, the beneficiaries must give such financial support in accordance with
the conditions specified in Annex I. Under those conditions, the following information must be stated at least:

(a) the maximum amount of financial support. This amount may not exceed EUR 60000 for each third party except if the financial support is the primary aim of the action as specified in Annex I;
(b) the criteria for determining the exact amount of the financial support;
(c) the different types of activity that may receive financial support, on the basis of a fixed list;
(d) the persons or categories of persons which may receive financial support;
(e) the criteria for giving the financial support.

II.12.2 As an exception to Article II.12.1, if the financial support takes the form of a prize, the beneficiaries must give such financial support in accordance with the conditions specified in Annex I. Under those conditions, the following information must at least be stated:

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

II.12.3 The beneficiaries must ensure that the conditions applicable to them under Articles II.4, II.5, II.6, II.8, II.9 and II.27 are also applicable to the third parties receiving financial support.

ARTICLE II.13 — AMENDMENTS TO THE AGREEMENT

[Option to be used if the parties do not communicate through the H2020 portal]

II.13.1 Any amendment to the Agreement must be made in writing.

II.13.2 An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.13.3 Any request for amendment must:

(a) be duly justified;
(b) be accompanied by appropriate supporting documents; and
(c) be sent to the other party in due time before it is due to take effect, and in any case one month before the end of the implementation period.

Point (c) does not apply in cases duly substantiated by the party requesting the amendment if the other party agrees.

II.13.4 A request for amendment on behalf of the beneficiaries must be submitted by the coordinator. If a change of coordinator is requested without its agreement, the
request must be submitted by all other beneficiaries and must be accompanied by the opinion of the coordinator or proof that this opinion has been requested in writing.

II.13.5 Amendments enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

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

[Option to be used if the parties communicate through the H2020 portal

II.13.1 Any party requesting an amendment must submit a request for amendment signed in the electronic exchange system.

II.13.2 An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.13.3 Any request for amendment must:

(a) be duly justified;
(b) be accompanied by appropriate supporting documents; and
(c) be sent to the other party in due time before it is due to take effect, and in any case one month before the end of the implementation period.

Point (c) does not apply in cases duly substantiated by the party requesting the amendment if the other party agrees.

II.13.4 A request for amendment on behalf of the beneficiaries must be submitted by the coordinator. If a change of coordinator is requested without its agreement, the request must be submitted by all other beneficiaries and must be accompanied by the opinion of the coordinator or proof that this opinion has been requested in writing.

The Commission may request additional information.

II.13.5 If the party receiving the request agrees, it must sign the amendment in the electronic exchange system within 45 calendar days of receiving notification (or of receiving any additional information it requested). If it does not agree, it must send a formal notification informing the other party about its disagreement within the same deadline. The deadline may be extended if necessary for the assessment of the request. If no formal notification is received by the deadline, the request is considered to have been rejected.

II.13.6 Amendments enter into force on the day they are signed by the receiving party.

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

ARTICLE II.14 — ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES
II.14.1 The beneficiaries may not assign any of their claims for payment against the Commission to any third party, except if approved by the Commission on the basis of a reasoned, written request by the coordinator made on behalf of the beneficiaries.

If the Commission does not accept the assignment or the terms of it are not complied with, the assignment has no effect on it.

II.14.2 In no circumstances may an assignment release the beneficiaries from their obligations towards the Commission.

ARTICLE II.15 — FORCE MAJEURE

II.15.1 A party faced with force majeure must send a formal notification to the other party without delay, stating the nature of the situation or of the event, its likely duration and foreseeable effects.

II.15.2 The parties must take the necessary measures to limit any damage due to force majeure. They must do their best to resume the implementation of the action as soon as possible.

II.15.3 The party faced with force majeure may not be considered in breach of its obligations under the Agreement if it has been prevented from fulfilling them by force majeure.

ARTICLE II.16 — SUSPENSION OF THE IMPLEMENTATION OF THE ACTION

II.16.1 Suspension of implementation by the beneficiaries

The coordinator, on behalf of the beneficiaries, may suspend the implementation of the action or any part of it, if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of force majeure.

The coordinator must immediately inform the Commission, stating:

(a) the reasons for suspension, including details about the date or period when the exceptional circumstances occurred; and
(b) the expected date of resumption.

Once the circumstances allow the beneficiaries to resume implementing the action, the coordinator must inform the Commission immediately and present a request for amendment of the Agreement as provided for in Article II.16.3. This obligation does not apply if the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.17.1, II.17.2 or points (c) or (d) of Article II.17.3.1.

II.16.2 Suspension of implementation by the Commission

II.16.2.1 Grounds for suspension

The Commission may suspend the implementation of the action or any part thereof:
(a) if the Commission has evidence that a beneficiary has committed *substantial errors, irregularities or fraud* in the award procedure or while implementing the Agreement or if a beneficiary fails to comply with its obligations under the Agreement;
(b) if the Commission has evidence that a beneficiary has committed systemic or recurrent errors, *irregularities, fraud* or serious breach of obligations in other grants funded by the Union or the European Atomic Energy Community (‘Euratom’) awarded to the beneficiary under similar conditions and the errors, *irregularities, fraud* or breach have a material impact on this grant; or
(c) if the Commission suspects *substantial errors, irregularities, fraud* or breach of obligations committed by a beneficiary in the award procedure or while implementing the Agreement and needs to verify whether they have actually occurred.

**II.16.2.2 Procedure for suspension**

**Step 1** — Before suspending implementation of the *action*, the Commission must send a *formal notification* to the coordinator:

(a) informing it of:

   (i) its intention to suspend the implementation;
   (ii) the reasons for suspension;
   (iii) the necessary conditions for resuming the implementation in the cases referred to in points (a) and (b) of Article II.16.2.1; and

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

**Step 2** — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it must send a *formal notification* to the coordinator informing it of:

(a) the suspension of the implementation;
(b) the reasons for suspension; and
(c) the final conditions for resuming the implementation in the cases referred to in points (a) and (b) of Article II.16.2.1.; or
(d) the indicative date of completion of the necessary verification in the case referred to in point (c) of Article II.16.2.1.

The coordinator must immediately inform the other beneficiaries of the suspension. The suspension takes effect five calendar days after the *formal notification* is received by the coordinator or on a later date specified in the *formal notification*.

Otherwise, the Commission must send a *formal notification* to the coordinator informing it that it is not continuing the suspension procedure.

**II.16.2.3 Resuming implementation**

In order to resume the implementation, the beneficiaries must meet the notified conditions as soon as possible and must inform the Commission of any progress made.
If the conditions for resuming the implementation are met or the necessary verifications are carried out, the Commission must send a *formal notification* to the coordinator:

(a) informing it that the conditions for lifting the suspension are met; and
(b) requiring it to present a request for amendment of the Agreement as provided for in Article II.16.3. This obligation does not apply if the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.17.1, II.17.2 or points (c), (g) or (h) of Article II.17.3.1.

### II.16.3 Effects of the suspension

If the implementation of the *action* can be resumed and the Agreement has not been terminated, an amendment to the Agreement must be made in accordance with Article II.13 in order to:

(a) set the date on which the *action* is to be resumed;
(b) extend the duration of the *action*; and
(c) make other changes necessary to adapt the *action* to the new situation.

The suspension is 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 the period of suspension that relate to the implementation of the suspended *action* or the suspended part of it may not be reimbursed or covered by the grant.

Suspending implementation of the *action* does not affect the Commission’s right to terminate the Agreement or to terminate the participation of a beneficiary in accordance with Article II.17.3, reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26.

Neither party may claim damages due to suspension by the other party.

### ARTICLE II.17 — TERMINATION OF THE AGREEMENT

#### II.17.1 Termination of the Agreement by the coordinator

The beneficiaries may terminate the Agreement.

The coordinator must send a *formal notification* of termination to the Commission, stating:

(a) the reasons for termination; and
(b) the date on which the termination takes effect. This date must be set after the *formal notification*.

If the coordinator does not state the reasons for the termination or if the Commission considers that the reasons do not justify termination, the Agreement is considered to have been terminated improperly.

The termination takes effect on the day specified in the *formal notification*. 
II.17.2 Termination of the participation of one or more beneficiaries by the coordinator

The participation of one or more beneficiaries may be terminated by the coordinator at the request of the beneficiary concerned or on behalf of the other beneficiaries.

The coordinator must send a formal notification of termination to the Commission and inform the beneficiary concerned by termination.

If the coordinator’s participation is terminated without its agreement, the formal notification must be submitted by another beneficiary (acting on behalf of the other beneficiaries).

The formal notification must include:

(a) the reasons for termination;
(b) the opinion of the beneficiary concerned by termination (or proof that this opinion has been requested in writing);
(c) the date on which the termination takes effect. This date must be set after the formal notification; and
(d) a request for amendment as provided for in Article II.17.4.2(a).

If the coordinator or beneficiary does not state the reasons for the termination or if the Commission considers that the reasons do not justify termination, the participation will be considered to have been terminated improperly.

The termination takes effect on the day specified in the formal notification.

II.17.3 Termination of the Agreement or the participation of one or more beneficiaries by the Commission

II.17.3.1 Grounds for termination

The Commission may terminate the Agreement or the participation of any one or several beneficiaries, if:

(a) a change to the beneficiary’s legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant;
(b) [Option to be used if the parties communicate through the H2020 portal: one or more beneficiaries do not accede to the Agreement in accordance with Article I.1.2 or,] following the termination of the participation of any one or several beneficiaries, the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
(c) the beneficiaries do not implement the action as described in Annex I or a beneficiary fails to comply with another substantial obligation incumbent on it under the Agreement;
(d) the implementation of the action is prevented or suspended due to force majeure or exceptional circumstances and either:

(i) resumption is impossible; or
(ii) the necessary changes to the Agreement would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;

(e) a beneficiary or any person that assumes unlimited liability for the debts of that beneficiary comes under any of the situations provided for in points (a) or (b) of Article 106 (1) of the Financial Regulation;26

(f) a beneficiary or any related person comes under any of the situations provided for in points (c), (d), (e) or (f) of Article 106 (1) or comes under Article 106 (2) of the Financial Regulation;

(g) the Commission has evidence that a beneficiary or any related person has committed substantial errors, irregularities or fraud in the award procedure or while implementing the Agreement, including if that beneficiary or related person has submitted false information or failed to provide required information;

(h) the Commission has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or serious breach of obligations in other Union or Euratom grants awarded to it under similar conditions and such errors, irregularities, fraud or breach have a material impact on this grant; or

(i) the Commission has sent a beneficiary, through the coordinator, a formal notification asking it to end the participation of its affiliated entity because that entity is in a situation provided for in points (f), (g) or (h) and that beneficiary has failed to request an amendment ending the participation of the entity and reallocating its tasks.

II.17.3.2 Procedure for termination

Step 1- Before terminating the Agreement or participation of one or more beneficiaries, the Commission must send a formal notification to the coordinator:

(a) informing it of:

(i) its intention to terminate;

(ii) the reasons for termination; and

(b) requiring it, within 45 calendar days of receiving the formal notification:

(i) to submit observations on behalf of all beneficiaries; and

(ii) in the case of point (c) of Article II.17.3.1, to inform the Commission of the measures to ensure compliance with the obligations under the Agreement.

Step 2 — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will send a formal notification to the coordinator informing it of the termination and the date on which it takes effect. The coordinator must immediately inform the other beneficiaries of the termination.

Otherwise, the Commission must send a formal notification to the coordinator informing it that the termination procedure is not continued.

The termination takes effect:

(a) for terminations under points (a), (b), (c) and (e) of Article II.17.3.1: on the day specified in the *formal notification* of termination referred to in the second subparagraph (i.e. in Step 2 above);
(b) for terminations under points (d), (f), (g), (h) and (i) of Article II.17.3.1: on the day after the coordinator receives the *formal notification* of termination referred to in the second subparagraph (i.e. in Step 2 above).

II.17.4 Effects of termination

II.17.4.1 Effects of terminating the Agreement:

[Option to be used if the parties do not communicate through the H2020 portal:

Within 60 calendar days from the day on which the termination takes effect, the coordinator must submit a request for payment of the balance as provided for in Article I.4.4.

If the Commission does not receive the request for payment of the balance by the above deadline, only costs which are included in an approved technical report and, where relevant, in an approved financial statement, are reimbursed or covered by the grant.

If the Agreement is terminated by the Commission because the coordinator has breached its obligation to submit the request for payment, the coordinator may not submit any request for payment after termination. In that case the second subparagraph applies.]

[Option to be used if the parties communicate through the H2020 portal:

Within 60 calendar days from the day on which the termination takes effect, the coordinator must submit a:

(a) a periodic report (for the last open reporting period before termination); and
(b) a final report.]

If the Commission does not receive the reports by the above deadline, only costs which are included in an approved periodic report are reimbursed or covered by the grant.

If the Agreement is terminated by the Commission because the coordinator has breached its obligation to submit the reports, the coordinator may not submit any reports after termination. In that case the second subparagraph applies.]

The Commission calculates the final grant amount as referred to in Article II.25 and the balance as referred to in Article I.5.4 on the basis of the reports submitted. Only costs incurred before termination takes effect are reimbursed or covered by the grant. Costs relating to contracts due for execution only after termination are not taken into account are not reimbursed or covered by the grant.

The Commission may reduce the grant in accordance with Article II.25.4 in case of:

(a) improper termination of the Agreement by the coordinator within the meaning of Article II.17.1; or
(b) termination of the Agreement by the Commission on any of the grounds set out in points (c), (f), (g), (h) and (i) of Article II.17.3.1.

Neither party may claim damages on the grounds that the other party terminated the Agreement.

After termination, the beneficiaries’ obligations continue to apply, in particular those under Articles I.4, II.6, II.8, II.9, II.14, II.27 and any additional provisions on the use of the results, as set out in the Special Conditions.

**II.17.4.2 Effects of terminating the participation of one or more beneficiaries:**

a) The coordinator must submit a request for amendment including:

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

If the Commission terminates the participation of a beneficiary, the coordinator must submit the request for amendment within 60 calendar days from the day on which the termination takes effect.

If the coordinator terminates the participation of a beneficiary, the request for amendment must be included in the formal notification of termination referred to in Article II.17.2.

If termination takes effect after the end of the implementation period, no request for amendment must be provided unless the beneficiary concerned is the coordinator. In this case, the request for amendment must propose a new coordinator.

If the request for amendment is rejected by the Commission, the Agreement may be terminated in accordance with Article II.17.3.1 (b). The request for amendment may be rejected if it calls into question the decision awarding the grant or is contrary to the equal treatment of applicants.

b) The beneficiary concerned by termination must submit to the coordinator:

(i) a technical report; and  
(ii) a financial statement covering the period from the end of the last reporting period to the date when termination takes effect.

The coordinator must include this information in [Option to be used if the parties do not communicate through the H2020 portal: the payment request] [Option to be used if the parties communicate through the H2020 portal: the periodic report] for the next reporting period.

Only costs incurred by the beneficiary concerned before termination takes effect are reimbursed or covered by the grant. Costs relating to contracts due for execution only after termination are not reimbursed or covered by the grant.
The Commission may reduce the grant in accordance with Article II.25.4. in case of:

(a) improper termination of the participation of a beneficiary by the coordinator within the meaning of Article II.17.2 or
(b) termination of the participation of a beneficiary by the Commission on any of the grounds set out in points (c), (f), (g), (h) or (i) of Article II.17.3.1.

Neither party may claim damages on the grounds that the other party terminated the participation of a beneficiary.

After termination, the concerned beneficiary’s obligations continue to apply, in particular those under Articles I.4, II.6, II.8, II.9, II.14, II.27 and any additional provisions on the use of the results, as set out in the Special Conditions.

**ARTICLE II.18 — APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISIONS**

**II.18.1** The Agreement is governed by the applicable Union law, complemented, where necessary, by the law of Belgium.

**II.18.2** In accordance with Article 272 TFEU, the General Court or, on appeal, the Court of Justice of the European Union, has sole jurisdiction to hear any dispute between the Union and any beneficiary concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably.

**II.18.3** In accordance with Article 299 TFEU, for the purposes of recovery within the meaning of Article II.26, the Commission may adopt an enforceable decision to impose pecuniary obligations on persons other than States.

An action may be brought against such decision before the General Court of the European Union in accordance with Article 263 TFEU.
PART B — FINANCIAL PROVISIONS

ARTICLE II.19 — ELIGIBLE COSTS

II.19.1 Conditions for the eligibility of costs

Eligible costs of the action are costs actually incurred by the beneficiary and which meet the following criteria:

(a) they are incurred within the implementation period, with the exception of costs relating to the \[Option to be used if the parties do not communicate through the H2020 portal: request for payment of the balance and the corresponding supporting documents]\[Option to be used if the parties communicate through the H2020 portal: final report] referred to in Article I.4.4;

(b) they are indicated in the estimated budget of the action. The estimated budget is set out in Annex III;

(c) they are incurred in connection with the action as described in Annex I and are necessary for its implementation;

(d) they are identifiable and verifiable, in particular they are recorded in the beneficiary’s accounting records and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the beneficiary’s usual cost accounting practices;

(e) they comply with the requirements of applicable tax and social legislation; and

(f) they are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

To be eligible, the direct cost of the action must comply with the eligibility conditions set out in Article II.19.1.

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

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

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

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

(ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and

(iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;

(b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary’s usual practices on travel;

(c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary’s accounting statements, provided that the asset:

   (i) is written off in accordance with the international accounting standards and the beneficiary’s usual accounting practices; and

   (ii) has been purchased in accordance with Article II.10.1 if the purchase occurred within the implementation period;

The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

Only the portion of the equipment’s depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the action and the context of the use of the equipment or assets;

(d) costs of consumables and supplies, provided that they:

   (i) are purchased in accordance with Article II.10.1; and

   (ii) are directly assigned to the action;

(e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.10.1;

(f) costs entailed by subcontracts within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 (a), (b), (c) and (d) are met;

(g) costs of financial support to third parties within the meaning of Article II.12, provided that the conditions laid down in that Article are met;
(h) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Agreement.

II.19.3 Eligible indirect costs

To be eligible, indirect costs of the action must represent a fair apportionment of the overall overheads of the beneficiary and must comply with the conditions of eligibility set out in Article II.19.1.

Eligible indirect costs must be declared on the basis of a flat rate of 7% of the total eligible direct costs unless otherwise specified in Article I.3.2.

II.19.4 Ineligible costs

In addition to any other costs which do not fulfil the conditions set out in Article II.19.1, the following costs may not be considered eligible:

(a) return on capital and dividends paid by a beneficiary;
(b) debt and debt service charges;
(c) provisions for losses or debts;
(d) interest owed;
(e) doubtful debts;
(f) exchange losses;
(g) costs of transfers from the Commission charged by the bank of a beneficiary;
(h) costs declared by the beneficiary under another action receiving a grant financed from the Union budget. Such grants include grants awarded by a Member State and financed from the Union budget and grants awarded by bodies other than the Commission for the purpose of implementing the Union budget. In particular, beneficiaries receiving an operating grant financed by the EU or Euratom budget cannot declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.
(i) contributions in kind from third parties;
(j) excessive or reckless expenditure;
(k) deductible VAT.

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

II.20.1 Declaring costs and contributions

Each beneficiary must declare as eligible costs or as a requested contribution:

(a) for actual costs: the costs it actually incurred for the action;
(b) for unit costs or unit contributions: the amount obtained by multiplying the amount per unit specified in Article I.3.2(a)(ii) or (b) by the actual number of units used or produced;
(c) for lump sum costs or lump sum contributions: the global amount specified in Article I.3.2(a)(iii) or (c), if the corresponding tasks or part of the action as described in Annex I have been implemented properly;
(d) for flat-rate costs or flat-rate contributions: the amount obtained by applying the flat rate specified in Article I.3.2(a)(iv) or (d);
(e) for unit costs declared on the basis of the beneficiary’s usual cost accounting practices: the amount obtained by multiplying the amount per unit calculated in accordance with the beneficiary’s usual cost accounting practices by the actual number of units used or produced;
(f) for lump sum costs declared on the basis of the beneficiary’s usual cost accounting practices: the global amount calculated in accordance with its usual cost accounting practices, if the corresponding tasks or part of the action have been implemented properly;
(g) for flat-rate costs declared on the basis of the beneficiary’s usual cost accounting practices: the amount obtained by applying the flat rate calculated in accordance with the beneficiary’s usual cost accounting practices.

II.20.2 Records and other documentation to support the costs and contributions declared

Each beneficiary must provide the following if requested to do so in the context of the checks or audits described in Article II.27:

(a) for actual costs: adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records.

In addition, the beneficiary’s usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements and with the amounts indicated in the supporting documents;

(b) for unit costs or unit contributions: adequate supporting documents to prove the number of units declared.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, to prove the amount declared per unit;

(c) for lump sum costs or lump sum contributions: adequate supporting documents to prove that the action has been properly implemented.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, to prove the amount declared as a lump sum;

(d) for flat-rate costs or flat-rate contributions: adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, for the flat rate applied;

(e) for unit costs declared on the basis of the beneficiary’s usual cost accounting practices: adequate supporting documents to prove the number of units declared;
(f) for lump sum costs declared on the basis of the beneficiary’s usual cost accounting practices: adequate supporting documents to prove that the action has been properly implemented;
(g) for flat-rate costs declared on the basis of the beneficiary’s usual cost accounting practices: adequate supporting documents to prove the eligible costs to which the flat rate applies.

II.20.3 Conditions to determine the compliance of cost accounting practices

II.20.3.1 In the case of points (e), (f) and (g) of Article II.20.2, the beneficiary does not need to identify the actual eligible costs covered, but it must ensure that the cost accounting practices used for the purpose of declaring eligible costs are in compliance with the following conditions:

(a) the cost accounting practices used constitute its usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;
(b) the costs declared can be directly reconciled with the amounts recorded in its general accounts; and
(c) the categories of costs used for the purpose of determining the costs declared are exclusive of any ineligible cost or costs covered by other forms of grant as provided for in Article I.3.2.

II.20.3.2 If the Special Conditions so provide, the beneficiary may submit to the Commission a request asking it to assess the compliance of its usual cost accounting practices. If required by the Special Conditions, the request must be accompanied by a certificate on the compliance of the cost accounting practices (‘certificate on the compliance of the cost accounting practices’).

The certificate on the compliance of the cost accounting practices must be:

(a) produced by an approved auditor or, if the beneficiary is a public body, by a competent and independent public officer; and
(b) drawn up in accordance with Annex VIII.

The certificate must certify that the beneficiary’s cost accounting practices used for the purpose of declaring eligible costs comply with the conditions laid down in Article II.20.3.1 and with the additional conditions that may be laid down in the Special Conditions.

II.20.3.3 If the Commission has confirmed that the beneficiary’s usual cost accounting practices are in compliance, costs declared in application of these practices may not be challenged ex post, if:

(a) the practices actually used comply with those approved by the Commission; and
(b) the beneficiary did not conceal any information for the purpose of the approval of its cost accounting practices.

ARTICLE II.21 — ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARIES
If the Special Conditions contain a provision on entities affiliated to the beneficiaries, costs incurred by such an entity are eligible, if:

(a) they satisfy the same conditions under Articles II.19 and II.20 as apply to the beneficiary; and  
(b) the beneficiary to which the entity is affiliated ensures that the conditions applicable to the beneficiary under Articles II.4, II.5, II.6, II.8, II.10, II.11 and II.27 are also applicable to the entity.

**ARTICLE II.22 — BUDGET TRANSFERS**

Beneficiaries are allowed to adjust the estimated budget set out in Annex III by transfers between themselves and between the different budget categories, if the action is implemented as described in Annex I. This adjustment does not require an amendment of the Agreement as provided for in Article II.13.

However, the beneficiaries may not add costs relating to subcontracts not provided for in Annex 1, unless such additional subcontracts are approved by the Commission in accordance with Article II.11.1(d).

As an exception to the first subparagraph, if beneficiaries want to change the value of the contribution to which each of them is entitled, as referred to in point (c) of the third subparagraph of II.26.3, the coordinator must request an amendment as provided for in Article II.13.

The first three subparagraphs do not apply to amounts which, as provided for in Article I.3.2(a)(iii) or (c), take the form of lump sums.

**ARTICLE II.23 — NON-COMPLIANCE WITH REPORTING OBLIGATIONS**

*Option to be used if the parties do not communicate through the H2020 portal:*

The Commission may terminate the Agreement as provided for in Article II.17.3.1(c) and may reduce the grant as provided for in Article II.25.4 if the coordinator:

(a) did not submit a request for interim payment or payment of the balance accompanied by the documents referred to in Articles I.4.3 or I.4.4 within 60 calendar days following the end of the corresponding reporting period; and  
(b) still fails to submit such a request within further 60 calendar days following a written reminder sent by the Commission./

*Option to be used if the parties communicate through the H2020 portal:*

The Commission may terminate the Agreement as provided for in Article II.17.3.1(c) and may reduce the grant as provided for in Article II.25.4 if the coordinator:

(a) did not submit a periodic or final report referred to in Articles I.4.3 or I.4.4 within 60 calendar days following the end of the corresponding reporting period; and  
(b) still fails to submit such a report within further 60 calendar days following a written reminder sent by the Commission.]
ARTICLE II.24 — SUSPENSION OF PAYMENTS AND TIME LIMIT FOR PAYMENT

II.24.1 Suspension of payments

II.24.1.1 Grounds for suspension

The Commission may at any moment suspend, in whole or in part, the pre-financing payment and interim payments for one or more beneficiaries or the payment of the balance for all beneficiaries:

(a) if the Commission has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or while implementing the Agreement or if a beneficiary fails to comply with its obligations under the Agreement;
(b) if the Commission has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or serious breach of obligations in other grants funded by the Union or the European Atomic Energy Community (‘Euratom’) awarded to the beneficiary under similar conditions and such errors, irregularities, fraud or breach have a material impact on this grant; or
(c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or while implementing the Agreement and needs to verify whether they have actually occurred.

II.24.1.2 Procedure for suspension

Step 1 — Before suspending payments, the Commission must send a formal notification to the coordinator:

(a) informing it of:

   (i) its intention to suspend payments;
   (ii) the reasons for suspension;
   (iii) in the cases referred to in points (a) and (b) of Article II.24.1.1, the conditions that need to be met for payments to resume; and

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

Step 2 — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it must send a formal notification to the coordinator informing it of:

(a) the suspension of payments;
(b) the reasons for suspension;
(c) the final conditions under which payments may resume in the cases referred to in points (a) and (b) of Article II.24.1.1;
(d) the indicative date of completion of the necessary verification in the case referred to in point (c) of Article II.24.1.1.
The coordinator must immediately inform the other beneficiaries of the suspension. The suspension takes effect on the day the Commission sends formal notification of suspension (Step 2).

Otherwise, the Commission must send a formal notification to the coordinator informing it that it is not continuing with the suspension procedure.

**II.24.1.3 Effects of suspension**

**[Option to be used if the parties do not communicate through the H2020 portal]**

During the period of suspension of payments the coordinator is not entitled to submit:

- (a) any requests for payments and supporting documents referred to in Articles I.4.2, I.4.3 and I.4.4; or
- (b) where the suspension concerns the pre-financing payments or interim payments for one or several beneficiaries only, any requests for payments and supporting documents relating to the participation of the concerned beneficiary or beneficiaries in the action.

The corresponding requests for payments and supporting documents may be submitted as soon as possible after resumption of payments or may be included in the first request for payment due following resumption of payments in accordance with the schedule laid down in Article I.4.1.

The suspension of payments does not affect the right of the coordinator to suspend the implementation of the action as provided for in Article II.16.1 or to terminate the Agreement or the participation of a beneficiary as provided for in Articles II.17.1 and II.17.2.

**[Option to be used if the parties communicate through the H2020 portal]**

During the period of suspension of payments, the coordinator is not entitled to submit:

- (a) any summary financial statement referred to in Articles I.4.3 and I.4.4; or
- (b) where the suspension concerns further pre-financing payments for one or several beneficiaries, any statement on the use of the previous pre-financing instalment relating to the participation of the concerned beneficiary or beneficiaries in the action; or
- (c) where the suspension concerns interim payments for one or several beneficiaries only, any individual financial statements from the concerned beneficiary or beneficiaries.

The corresponding statements may be included in the next reports due following resumption of payments in accordance with the schedule laid down in Article I.4.1.

The suspension of payments does not affect the right of the coordinator to suspend the implementation of the action as provided for in Article II.16.1 or to terminate the Agreement or the participation of a beneficiary as provided for in Articles II.17.1 and II.17.2.

**II.24.1.4 Resuming payments**

In order for the Commission to resume payments, the beneficiaries must meet the notified conditions as soon as possible and must inform the Commission of any progress made.
If the conditions for resuming payments are met, the suspension will be lifted. The Commission will send a *formal notification* to the coordinator informing it of this.

**II.24.2 Suspension of the time limit for payments**

**II.24.2.1** The Commission may at any moment suspend the time limit for payment specified in Articles I.5.2, I.5.3 and I.5.4 if a request for payment cannot be approved because:

(a) it does not comply with the Agreement;
(b) the appropriate supporting documents have not been produced; or
(c) there is a doubt about the eligibility of the costs declared in the financial statements and additional checks, reviews, audits or investigations are necessary.

**II.24.2.2** The Commission must send a *formal notification* to the coordinator informing it of:

(a) the suspension; and
(b) the reasons for the suspension.

The suspension takes effect on the day the Commission sends the *formal notification*.

**II.24.2.3** 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 coordinator may request the Commission if the suspension will continue.

If the payment deadline has been suspended because the technical reports or financial statements do not comply with the Agreement and the revised report or statement is not submitted or was submitted but is also rejected, the Commission may terminate the Agreement or the participation of the beneficiary as provided for in Article II.17.3.1(c) and reduce the grant as provided for in Article II.25.4.

**ARTICLE II.25 — CALCULATION OF THE FINAL AMOUNT OF THE GRANT**

The final amount of the grant depends on the extent to which the *action* has been implemented in accordance with the terms of the Agreement.

The final amount of the grant is calculated by the Commission at the time of the payment of the balance. The calculation involves the following steps:

- **Step 1** — Application of the reimbursement rate to the eligible costs and addition of the unit, flat-rate and lump sum contributions
- **Step 2** — Limit to the *maximum amount of the grant*
- **Step 3** — Reduction due to the no-profit rule
- **Step 4** — Reduction due to improper implementation or breach of other obligations.
II.25.1 Step 1 — Application of the reimbursement rate to the eligible costs and addition of the unit, flat-rate and lump sum contributions

This step is applied as follows:

(a) If, as provided for in Article I.3.2(a), the grant takes the form of the reimbursement of eligible costs, the reimbursement rate specified in that Article is applied to the eligible costs of the action approved by the Commission for the corresponding categories of costs, beneficiaries and affiliated entities;

(b) If, as provided for in Article I.3.2(b), the grant takes the form of a unit contribution, the unit contribution specified in that Article is multiplied by the actual number of units approved by the Commission for the corresponding beneficiaries and affiliated entities;

(c) If, as provided for in Article I.3.2(c), the grant takes the form of a lump sum contribution, the Commission applies the lump sum specified in that Article for the corresponding beneficiaries and affiliated entities if it finds that the corresponding tasks or part of the action were implemented properly in accordance with Annex I;

(d) If, as provided for in Article I.3.2(d), the grant takes the form of a flat-rate contribution, the flat rate referred to in that Article is applied to the eligible costs or to the contribution approved by the Commission for the corresponding beneficiaries and affiliated entities.

If Article I.3.2 provides for a combination of different forms of grant, the amounts obtained must be added together.

II.25.2 Step 2 — Limit to maximum amount of the grant

The total amount paid to the beneficiaries by the Commission may in no circumstances exceed the maximum amount of the grant.

If the amount obtained following Step 1 is higher than this maximum amount, the final amount of the grant is limited to the latter.

II.25.3 Step 3 — Reduction due to the no-profit rule

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

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

The total eligible costs of the action are the consolidated total eligible costs approved by the Commission for the categories of costs reimbursed in accordance with Article I.3.2(a).

The total receipts of the action are the consolidated total receipts established, generated or confirmed on the date on which the [Option to be used if the parties do not communicate through the H2020 portal: request for payment of the balance] / [Option to be used if the parties communicate through the H2020 portal: final report] is drawn up by the coordinator.

The following are considered receipts:
(a) income generated by the action;
(b) financial contributions given by third parties to a beneficiary or to an affiliated entity, if they are specifically assigned by the third parties to the financing of the eligible costs of the action reimbursed by the Commission in accordance with Article I.3.2(a)(i).

The following are not considered receipts:

(a) financial contributions by third parties, if they may be used to cover costs other than the eligible costs under the Agreement;
(b) financial contributions by third parties with no obligation to repay any amount unused at the end of the implementation period.

If there is a profit, it will be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission for the categories of costs referred to in Article I.3.2(a)(i). The deduction will be applied on the amount calculated following Steps 1 and 2.

II.25.4 Step 4 — Reduction due to improper implementation or breach of other obligations

The Commission may reduce the maximum amount of the grant if the action has not been implemented properly as described in Annex I (i.e. if it has not been implemented or has been implemented poorly, partially or late), or if another obligation under the Agreement has been breached.

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

Before the Commission reduces the grant, it must send a formal notification to the coordinator:

(a) informing it of:

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

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

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

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

The final amount of the grant will be the lower of the following two:
(a) the amount obtained following Steps 1 to 3; or
(b) the reduced grant amount following Step 4.

ARTICLE II.26 — RECOVERY

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

Where the payment of the balance takes the form of a recovery, the coordinator must repay the Commission the amount in question, even if it was not the final recipient of the amount due.

II.26.2 Recovery after payment of the balance

Where an amount is to be recovered as provided for in Articles II.27.6, II.27.7 and II.27.8, the beneficiary concerned by the audit or OLAF findings must repay the Commission the amount in question. Where the audit findings do not concern a specific beneficiary (or its affiliated entities), the coordinator must repay the Commission the amount in question, even if it was not the final recipient of the amount due.

Each beneficiary is responsible for the repayment of any amount unduly paid by the Commission as a contribution towards the costs incurred by its affiliated entities.

II.26.3 Recovery procedure

Before recovery, the Commission must send a formal notification to the beneficiary concerned:

(a) informing it of its intention to recover the amount unduly paid;
(b) specifying the amount due and the reasons for recovery; and
(c) inviting the beneficiary to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the recovery procedure, the Commission may confirm recovery by sending a formal notification to the beneficiary consisting of a debit note, specifying the terms and the date for payment.

If payment has not been made by the date specified in the debit note, the Commission will recover the amount due:

(a) by offsetting it, without the beneficiary’s prior consent, against any amounts owed to the beneficiary by the Commission or an executive agency (from the Union or the European Atomic Energy Community (Euratom) budget) (‘offsetting’);

In exceptional circumstances, to safeguard the financial interests of the Union, the Commission may offset before the due date.

An action may be brought against such offsetting before the General Court of the European Union in accordance with Article 263 TFEU;

(b) by drawing on the financial guarantee where provided for in accordance with Article I.5.2 (‘drawing on the financial guarantee’);
(c) by holding the beneficiaries jointly and severally liable up to the maximum EU contribution indicated, for each beneficiary, in the estimated budget (Annex III as last amended);
(d) by taking legal action as provided for in Article II.18.2 or in the Special Conditions or by adopting an enforceable decision as provided for in Article II.18.3.

II.26.4 Interest on late payment

If payment is not made by the date in the debit note, the amount to be recovered will be increased by late-payment interest at the rate set out in Article I.5.6 from the day following the date for payment in the debit note up to and including the date the Commission receives full payment of the amount.

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

II.26.5 Bank charges

Bank charges incurred in the recovery process must be borne by the beneficiary concerned, unless Directive 2007/64/EC27 applies.

ARTICLE II.27 — CHECKS, AUDITS AND EVALUATIONS

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

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

Information and documents provided as part of checks or audits must be treated on a confidential basis.

In addition, the Commission may carry out an interim or final evaluation of the impact of the action, measured against the objective of the Union programme concerned.

Commission checks, audits or evaluations may be carried out either directly by the Commission’s own staff or by any other outside body authorised to do so on its behalf.

The Commission may initiate such checks, audits or evaluations during the implementation of the Agreement and during a period of five years starting from the date of payment of the balance. This period is limited to three years if the maximum amount of the grant is not more than EUR 60 000.

The check, audit or evaluation procedures are considered to be initiated on the date of receipt of the letter of the Commission announcing it.

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

II.27.2 Duty to keep documents

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

The period during which documents must be kept is limited to three years if the maximum amount of the grant is not more than EUR 60 000.

The periods set out in the first and second subparagraphs are longer if there are ongoing audits, appeals, litigation or pursuit of claims concerning the grant, including in the cases referred to in Article II.27.7. In such cases, the beneficiaries must keep the documents until such audits, appeals, litigation or pursuit of claims have been closed.

II.27.3 Obligation to provide information

Where a check, audit or evaluation is initiated before the payment of the balance, the coordinator must provide any information, including information in electronic format, requested by the Commission or by any other outside body authorised by the Commission. Where appropriate, the Commission may request that a beneficiary provides such information directly.

Where a check or audit is initiated after payment of the balance, the information referred to in the previous subparagraph must be provided by the beneficiary concerned.

If the beneficiary concerned does not comply with the obligations set out in the first and second subparagraphs, the Commission may consider:

(a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;

(b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

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

They must ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.
If the beneficiary concerned refuses to provide access to the sites, premises and information as required in the first and second subparagraphs, the Commission may consider:

(a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
(b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5 Contradictory audit procedure

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

II.27.6 Effects of audit findings

On the basis of the final audit findings, the Commission may take the measures it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it, as provided for in Article II.26.

In the case of final audit findings after the payment of the balance, the amount to be recovered corresponds to the difference between the revised final amount of the grant, determined in accordance with Article II.25, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

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

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

(a) the beneficiary concerned is found to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations in other EU or Euratom grants awarded under similar conditions and such errors, irregularities, fraud or breach have a material impact on this grant; and
(b) the final audit findings are sent to the beneficiary concerned through a formal notification, together with the list of grants affected by the findings within the period referred to in Article II.27.1

The extension of findings may lead to:

(a) the rejection of costs as ineligible;
(b) reduction of the grant as provided for in Article II.25.4;
(c) recovery of undue amounts as provided for in Article II.26;
(d) suspension of payments as provided for in Article II.24.1;
(e) suspension of the action implementation as provided for in Article II.16.2;
(f) termination as provided for in Article II.17.3.
II.27.7.2 The Commission must send a formal notification to the beneficiary concerned informing it of the systemic or recurrent errors and of its intention to extend the audit findings, together with the list of grants affected.

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

Step 1 — The formal notification must include:

(i) an invitation to submit observations on the list of grants affected by the findings;
(ii) a request to submit revised financial statements for all grants affected;
(iii) where possible, the correction rate for extrapolation established by the Commission to calculate the amounts to be rejected on the basis of the systemic or recurrent errors, irregularities, fraud or breach of obligations, if the beneficiary concerned:

- considers that the submission of revised financial statements is not possible or practicable; or

- will not submit revised financial statements.

Step 2 — The beneficiary concerned has 60 calendar days from when it receives the formal notification to submit observations and revised financial statements or to propose a duly substantiated alternative correction method. This period may be extended by the Commission in justified cases.

Step 3 — If the beneficiary concerned submits revised financial statements that take account of the findings the Commission will determine the amount to be corrected on the basis of those revised statements.

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

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

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

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

If the systemic or recurrent errors, irregularities, fraud or breach of obligations are found after the payment of the balance, the amount to be recovered corresponds to the difference between:

(i) the revised final amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission or on the basis of the revised eligible costs after extrapolation; and
(ii) the total amount paid to the beneficiaries under the Agreement for the implementation of the action;
(b) If the findings concern improper implementation or a breach of another obligation the procedure is as follows:

**Step 1** — The *formal notification* must include:

(i) an invitation to the beneficiary to submit observations on the list of grants affected by the findings and
(ii) the correction flat rate the Commission intends to apply to the *maximum amount of the grant* or to part of it, according to the principle of proportionality.

**Step 2** — The beneficiary concerned has 60 calendar days from receiving the *formal notification* to submit observations or to propose a duly substantiated alternative flat-rate.

**Step 3** — If the Commission accepts the alternative flat rate proposed by the beneficiary, it must send a *formal notification* to the beneficiary concerned informing it:

(i) that it accepts the alternative flat-rate;
(ii) of the corrected grant amount by applying this flat rate.

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

(i) that it does not accept the observations or the alternative flat rate proposed;
(ii) of the corrected grant amount by applying the flat rate initially notified to the beneficiary.

If the systemic or recurrent errors, *irregularities, fraud* or breach of obligations are found after the payment of the balance, the amount to be recovered corresponds to the difference between:

(i) the revised final amount of the grant after flat-rate correction; and
(ii) the total amount paid to the beneficiaries under the Agreement for the implementation of the *action*.

**II.27.8 Checks and inspections by OLAF**

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

Under Council Regulation (Euratom, EC) No 2185/96\(^{28}\) and Regulation (EU, Euratom) No 883/2013\(^{29}\) OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against *fraud* and other *irregularities*.

---

\(^{28}\) Council Regulation (Euratom, EC) No 2185/96 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.

Where appropriate, OLAF findings may lead to the Commission recovering amounts from beneficiaries.

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

II.27.9 Checks and audits by the European Court of Auditors

The European Court of Auditors has the same rights as the Commission, particularly the right of access, for the purpose of checks and audits.
I, the undersigned, 

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

representing, 

[full official name of the future beneficiary] [ACRONYM]

[official legal status or form] 

[official registration No]

[full official address]

[VAT number],

(‘the beneficiary’),

for the purposes of signing and implementing the grant agreement [Title & No] with the European Commission (‘the grant agreement’) for the action entitled [insert title of the action] (‘the action’) 

hereby:

1. Mandate

[full official name of the coordinator] [ACRONYM]

[official legal status or form]

[official registration No]

[Option 1 for signing: ANNEX IV
MANDATE] 

30 One original version of this Annex to be included for each beneficiary except for the coordinator.

31 To be deleted or filled out in accordance with the ‘Legal Entity’ form.

32 To be deleted or filled out in accordance with the ‘Legal Entity’ form.

33 To be deleted or filled out in accordance with the ‘Legal Entity’ form.
[full official address]

[VAT number],

represented by [forename, surname and function of the legal representative of the coordinator] (‘the coordinator’)

to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the European Commission.

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

I hereby confirm that the beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other beneficiaries. In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Commission and distribute the amounts corresponding to the beneficiary’s participation in the action.

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

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

This mandate is annexed to the grant agreement and forms an integral part of it.

SIGNATURE

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

[signature]

Done at [place], [date]

In duplicate in English]
[OPTION 3 FOR SIGNING: ANNEX IV
ACCESSION FORM FOR BENEFICIARIES]

[Full official name of the beneficiary/new beneficiary/new coordinator (acronym)] [legal form], [official registration No], established in [official address in full] [VAT number], (‘the beneficiary’ or ‘the coordinator’), represented for the purpose of signing this Accession Form by [forename and surname, function of the legal representative],

hereby agrees

to become [beneficiary][coordinator]

in Grant Agreement No [insert agreement number] (‘the Agreement’)

between [full official name of the coordinator] and the European Union (‘the EU’), represented by the European Commission (‘the Commission’) for the action entitled [insert title of the action (‘the action’)].

[OPTION for beneficiaries/new beneficiaries:

and mandates

the coordinator to submit and sign in its name and on its behalf any amendments to the Agreement, in accordance with Article II.13.]

By signing this Accession Form, the beneficiary accepts the grant and agrees to [OPTION: for new coordinators: take on the obligations and role of coordinator and to] implement the grant in accordance with the Agreement, with all the obligations and conditions it sets out [OPTION for new beneficiaries: from [insert date] if the Commission agrees with the request for amendment].

SIGNATURE

For the beneficiary/new beneficiary/new coordinator: [function/forename/surname] [electronic signature]

Done in English on [electronic time stamp]]