



ANNEX I

GENERAL CONDITIONS

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PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – GENERAL OBLIGATIONS OF THE BENEFICIARY

The beneficiary shall:

- (a) be responsible for carrying out the project in accordance with the terms and conditions of the Agreement;
- (b) be responsible for complying with any legal obligations incumbent on it;
- (c) inform the DSP immediately of any change likely to affect or delay the implementation of the project of which the beneficiary is aware;
- (d) inform the DSP immediately of any change in its legal, financial, technical, organisational or ownership situation and of any change in its name, address or legal representative.

ARTICLE II.2 – COMMUNICATIONS BETWEEN THE PARTIES

II.2.1 Form and means of communications

Any communication relating to the Agreement or to its implementation shall be made in writing (in paper or electronic form), shall bear the number of the Agreement and shall be made using the communication details identified in Article I.6.

Electronic communications shall be confirmed by an original signed paper version of that communication if requested by any of the parties, provided that this request is submitted without unjustified delay. The sender shall send the original signed paper version without unjustified delay.





Formal notifications shall be made by registered mail with return receipt or equivalent, or by equivalent electronic means.

II.2.2 Date of communications

Any communication is deemed to have been made when it is received by the receiving party, unless the agreement refers to the date when the communication was sent.

Electronic communication is deemed to have been received by the receiving party on the day of successful dispatch of that communication, provided that it is sent to the addressees listed in Article I.6. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In this case, the sending party shall immediately send again such communication to any of the other addresses listed in Article I.6. In case of unsuccessful dispatch, the sending party shall not be held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the DSP using the postal services is considered to have been received by the DSP on the date on which it is registered by the department identified in Article I.6.2.

Formal notifications made by registered mail with return receipt or equivalent, or by equivalent electronic means, shall be considered to have been received by the receiving party on the date of receipt indicated on the return receipt or equivalent.

ARTICLE II.3 – LIABILITY FOR DAMAGES

II.3.1 The DSP or the European Commission shall not be held liable for any damage caused or sustained by the beneficiary, including any damage caused to third parties as a consequence of or during the implementation of the project.

II.3.2 Except in cases of force majeure, the beneficiary shall compensate the DSP for any damage sustained by it as a result of the implementation of the project or because the project was not implemented or implemented poorly, partially or late.





ARTICLE II.4 - CONFLICT OF INTERESTS

- II.4.1** The beneficiary shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (“conflict of interests”).
- II.4.2** Any situation constituting or likely to lead to a conflict of interests during the implementation of the Agreement shall be notified to the DSP, in writing, without delay. The beneficiary shall immediately take all the necessary steps to rectify this situation. The DSP reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken within a specified deadline.

ARTICLE II.5 – CONFIDENTIALITY

- II.5.1** The DSP, the European Commission and the beneficiary shall preserve the confidentiality of any information and documents, in any form, which are disclosed in writing or orally in relation to the implementation of the Agreement and which are explicitly indicated in writing as confidential.
- II.5.2** The beneficiary shall not use confidential information and documents for any reason other than fulfilling its obligations under the Agreement, unless otherwise agreed with the DSP in writing.
- II.5.3** The DSP and the beneficiary shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Agreement and for a period of five years starting from the payment of the balance, unless:
- (a) the concerned party agrees to release the other party from the confidentiality obligations earlier;
 - (b) the confidential information becomes public through other means than in breach of the confidentiality obligation through disclosure by the party bound by that obligation;
 - (c) the disclosure of the confidential information is required by law of the contracting authority or the beneficiary.





ARTICLE II.6 – PROCESSING OF PERSONAL DATA

II.6.1 Processing of personal data by the DSP

Any personal data included in the Agreement shall be processed by the DSP pursuant to 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.

Such data shall be processed by the data controller identified in Article I.6.1 solely for the purposes of the implementation, management and monitoring of the Agreement, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of Union law.

The beneficiary shall have the right of access to his/her personal data and the right to rectify any such data. Should the beneficiary have any queries concerning the processing of his/her personal data, he/she shall address them to the data controller, identified in Article I.6.1.

The beneficiary shall have the right of recourse at any time to the European Data Protection Supervisor.

II.6.2 Processing of personal data by the beneficiary

Where the Agreement requires the processing of personal data by the beneficiary, the beneficiary may act only under the supervision of the data controller identified in Article I.6.1, in particular with regard to the purpose of the processing, the categories of data which may be processed, the recipients of the data and the means by which the data subject may exercise his or her rights.

The access to data that the beneficiary grants to its personnel shall be limited to the extent strictly necessary for the implementation, management and monitoring of the Agreement.

The beneficiary undertakes to 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, 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;
 - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
 - (iii) unauthorised persons from using 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 being processed on behalf of third parties can be processed only in the manner prescribed by the DSP;
- (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 its organisational structure in such a way that it meets data protection requirements.

ARTICLE II.7 – VISIBILITY OF EUROPEAN UNION FUNDING

II.7.1 Information on European Union funding and use of logo

Unless the DSP requests or agrees otherwise, any communication or publication related to the project, made by the beneficiary, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, etc.), shall indicate that the project has received funding from the European Union and shall display the logo, defined in Annex IV, section V.

When displayed in association with another logo, the logo defined in Annex IV must have appropriate prominence.

The obligation to display the logo in Annex IV emblem does not confer to the beneficiary a right of exclusive use. The beneficiary shall not appropriate the



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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 beneficiary is exempted from the obligation to obtain prior permission from the Commission to use the European Union emblem.

II.7.2 Disclaimers excluding DSP and European Commission responsibility

Any communication or publication related to the action, made by the beneficiary in any form and using any means, shall indicate that it reflects only the author's view and that the DSP or European Commission is not responsible for any use that may be made of the information it contains.

ARTICLE II.8 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

II.8.1 Ownership of the results by the beneficiary

Unless stipulated otherwise in the Agreement, ownership of the results of the project, including industrial and intellectual property rights, and of the reports and other documents relating to it, shall be vested in the beneficiary.

II.8.2 Pre-existing industrial and intellectual property rights

Where industrial and intellectual property rights, including rights of third parties, exist prior to the conclusion of the Agreement, the beneficiary shall establish a list which shall specify all rights of ownership and use of the pre-existing industrial and intellectual property rights and disclose it to the DSP at the latest before the commencement of implementation.

The beneficiary shall ensure that it or its affiliated entities have all the rights to use any pre-existing industrial and intellectual property rights during the implementation of the Agreement.





II.8.3 Rights of use of the results and of pre-existing rights by the DSP and the European Commission

Without prejudice to Articles II.1, II.3 and II.8.1, the beneficiary grants the DSP and the European Commission the right to use the results of the action for the following purposes:

- (a) use for its own purposes, and in particular, making available to persons working for the DSP or the Commission, other Union institutions, agencies and bodies and to Member States' institutions, as well as, copying and reproducing in whole or in part and in unlimited number of copies;
- (b) distribution to the public, and in particular, publication in hard copies and in electronic or digital format, publication on the internet, including on the DSP and Europa website, as a downloadable or non-downloadable file, broadcasting by any kind of technique of transmission, public display or presentation, communication through press information services, inclusion in widely accessible databases or indexes;
- (c) translation;
- (d) giving access upon individual requests without the right to reproduce or exploit, as provided for by Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents;
- (e) storage in paper, electronic or other format;
- (f) archiving in line with the document management rules applicable to the DSP and the European Commission;
- (g) rights to authorise or sub-licence the modes of exploitation set out in points (b) and (c) to third parties.

Additional rights of use for the DSP and the European Commission may be provided for in the Special Conditions.

The beneficiary shall warrant that the DSP and the European Commission have the right to use any pre-existing industrial and intellectual property rights, which have been included in the results of the project. Unless specified otherwise in the Special Conditions, those pre-existing rights shall be used for the same purposes and under the same conditions applicable to the rights of use of the results of the project.





Information about the copyright owner shall be inserted when the result is divulged by the European Union. The copyright information shall read: "© – year – name of the copyright owner. All rights reserved. Licenced to the DSP and the European Union under conditions."

ARTICLE II.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

Not applicable.

ARTICLE II.10 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION

See Annex IV.

ARTICLE II.11 - FINANCIAL SUPPORT TO THIRD PARTIES

See Annex IV.

ARTICLE II.12 – AMENDMENTS TO THE AGREEMENT

II.12.1 Any amendment to the Agreement shall be made in writing.

II.12.2 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.12.3 Any request for amendment shall be duly justified and shall be sent to the other party in due time before it is due to take effect, and in any case two months before the end of the period set out in Article I.2.2, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

II.12.4 The period set out in Article I.2.2 shall not be extended via amendments.

II.12.5 Amendments shall enter into force on the date on which the last party signs or on the date of approval of the request for amendment.





Amendments shall 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.13 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

II.13.1 Claims for payments of the beneficiary against the DSP may not be assigned to third parties, except in duly justified cases where the situation warrants it.

The assignment shall only be enforceable against the DSP if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the beneficiary. In the absence of such an acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the DSP.

II.13.2 In no circumstances shall such an assignment release the beneficiary from its obligations towards the DSP.

ARTICLE II.14 – FORCE MAJEURE

II.14.1 "*Force majeure*" shall mean any unforeseeable exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any of their obligations under the Agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities or third parties involved in the implementation and which proves to be inevitable in spite of exercising all due diligence. Any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure, as well as labour disputes, strikes or financial difficulties cannot be invoked as *force majeure*.

II.14.2 A party faced with *force majeure* shall formally notify the other party without delay, stating the nature, likely duration and foreseeable effects.

II.14.3 The parties shall take the necessary measures to limit any damage due to *force majeure*. They shall do their best to resume the implementation of the project as soon as possible.





II.14.4 The party faced with *force majeure* shall not be held to be in breach of its obligations under the Agreement if it has been prevented from fulfilling them by *force majeure*.

ARTICLE II.15 – SUSPENSION OF THE IMPLEMENTATION OF THE PROJECT

II.15.1 Suspension of the implementation by the beneficiary

The beneficiary may suspend the implementation of the project or any part thereof if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of *force majeure*. The beneficiary shall inform the DSP without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

Unless the Agreement is terminated in accordance with Article II.16.1 or points (b) or (c) of Article II.16.2.1, the beneficiary shall, once the circumstances allow resuming the implementation of the action, inform the DSP immediately and present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the DSP

II.15.2.1 The DSP may suspend the implementation of the project or any part thereof:

- (a) if the DSP has evidence that the beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement or if the beneficiary fails to comply with its obligations under the Agreement;
- (b) if the DSP has evidence that the beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to the beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or
- (c) if the DSP suspects substantial errors, irregularities, fraud or breach of obligations committed by the beneficiary in the award procedure





or in the implementation of the Agreement and needs to verify whether they have actually occurred.

II.15.2.2 Before suspending the implementation the DSP shall formally notify the beneficiary of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a) and (b) of Article II.15.2.1, the necessary conditions for resuming the implementation. The beneficiary shall be invited to submit observations within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the beneficiary, the DSP decides to stop the suspension procedure, it shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the DSP decides to pursue the suspension procedure, it may suspend the implementation by formally notifying the beneficiary thereof, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of Article II.15.2.1, the definitive conditions for resuming the implementation or, in the case referred to in point (c) of Article II.15.2.1, the indicative date of completion of the necessary verification.

The suspension shall take effect on the day of the receipt of the notification by the beneficiary or on a later date, where the notification so provides.

In order to resume the implementation, the beneficiary shall endeavour to meet the notified conditions as soon as possible and shall inform the DSP of any progress made in this respect.

Unless the Agreement is terminated in accordance with Article II.16.1 or points (b), (h) or (i) of Article II.16.2.1, the DSP shall, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary thereof and invite the beneficiary to present a request for amendment of the Agreement as provided for in Article II.15.3.





II.15.3 Effects of the suspension

If the implementation of the project can be resumed and the Agreement is not terminated, an amendment to the Agreement shall be made in accordance with Article II.12 in order to establish the date on which the project shall be resumed, to extend the duration of the project and to make any other modifications that may be necessary to adapt the project to the new implementing conditions.

The suspension is deemed lifted as from the date of resumption of the project agreed by the parties in accordance with the first subparagraph. Such a date may be before the date on which the amendment enters into force.

Any costs incurred by the beneficiary, during the period of suspension, for the implementation of the suspended project or the suspended part thereof, shall not be reimbursed or covered by the grant.

The right of the DSP to suspend the implementation is without prejudice to its right to terminate the Agreement in accordance with Article II.16.2 and its right to reduce the grant or recover amounts unduly paid.

Neither party shall be entitled to claim compensation on account of a suspension by the other party.

ARTICLE II.16 – TERMINATION OF THE AGREEMENT

II.16.1 Termination of the Agreement by the beneficiary

In duly justified cases the beneficiary may terminate the Agreement by formally notifying the DSP thereof, stating clearly the reasons and specifying the date on which the termination shall take effect. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the DSP considers that the reasons exposed cannot justify the termination, it shall formally notify the beneficiary, specifying the grounds thereof, and the Agreement shall be deemed to have been terminated improperly, with the consequences set out in the third subparagraph of Article II.16.3.

II.16.2 Termination of the Agreement by the DSP

II.16.2.1 The DSP may decide to terminate the Agreement in the following circumstances:



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- (a) if 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) if the beneficiary does not implement the project as specified in Annex II and III or fails to comply with another substantial obligation incumbent on it under the terms of the Agreement;
- (c) in the event of *force majeure*, notified in accordance with Article II.14, or in the event of suspension by the beneficiary as a result of exceptional circumstances, notified in accordance with Article II.15, where resuming the implementation is impossible or where the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (d) if the beneficiary is declared bankrupt, is being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of any other similar proceedings concerning those matters, or is in an analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (e) if the beneficiary or any related person, as defined in the second subparagraph, have been found guilty of professional misconduct proven by any means;
- (f) if the beneficiary is not in compliance with its obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established or in which the project is implemented;
- (g) if the DSP has evidence that the beneficiary or any related person, as defined in the second subparagraph, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the European Union's financial interests;
- (h) if the DSP has evidence that the beneficiary or any related person, as defined in the second subparagraph, have committed substantial





errors, irregularities or fraud in the award procedure or in the implementation of the Agreement, including in the event of submission of false information or failure to submit required information in order to obtain the grant provided for in the Agreement; or

- (i) if the DSP has evidence that the beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the European Union or the European Atomic Energy Community which were awarded to the beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant.

For the purposes of points (e), (g) and (h) "any related person" shall mean any natural person who has the power to represent the beneficiary or to take decisions on its behalf.

II.16.2.2 Before terminating the Agreement, the DSP shall formally notify the beneficiary of its intention to terminate, specifying the reasons thereof and inviting the beneficiary, within 45 calendar days from receipt of the notification, to submit observations and, in the case of point (b) of Article II.16.2.1, to inform the DSP about the measures taken to ensure that it continues to fulfil its obligations under the Agreement.

If, after examination of the observations submitted by the beneficiary, the DSP decides to stop the termination procedure, it shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the DSP decides to pursue the termination procedure, it may terminate the Agreement by formally notifying the beneficiary thereof, specifying the reasons for the termination.

In the cases referred to in points (a), (b), (d) and (f) of Article II.16.2.1, the formal notification shall specify the date on which the termination takes effect. In the cases referred to in points (c), (e), (g), (h) and (i) of Article II.16.2.1, the termination shall take effect on the day following the date on which the formal notification was received by the beneficiary.





II.16.3 Effects of termination

Where the Agreement is terminated, payments by the DSP shall be limited to the amount determined on the basis of the eligible costs incurred by the beneficiary and the actual level of implementation of the project on the date when the termination takes effect. Costs relating to current commitments, which are not due for execution until after the termination, shall not be taken into account. The beneficiary shall have 60 days from the date when the termination of the Agreement takes effect, as provided for in Articles II.16.1 and II.16.2.2, to produce a request for payment of the balance. If no request for payment of the balance is received within this time limit, the DSP shall not reimburse or cover any costs which are not included in a financial statement approved by it or which are not justified in a progress report approved by it. In accordance with Article II.26, the DSP shall recover any amount already paid, if its use is not substantiated by the progress reports and, where applicable, by the financial statements approved by the DSP.

Where the DSP, in accordance with point (b) of Article II.16.2.1, is terminating the Agreement on the grounds that the beneficiary has failed to produce the request for payment and, after a reminder, has still not complied with this obligation within the deadline set out in Article II.23.3, the first subparagraph shall apply, subject to the following:

- (a) there shall be no additional time period from the date when the termination of the Agreement takes effect for the beneficiary to produce a request for payment of the balance; and
- (b) the DSP shall not reimburse or cover any costs incurred by the beneficiary up to the date of termination or up to the end of the period set out in Article I.2.2, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in a progress and financial report approved by it.

In addition to the first and second subparagraphs, where the Agreement is terminated improperly by the beneficiary within the meaning of Article II.16.1, or where the Agreement is terminated by the DSP on the grounds set out in points (b), (e), (g), (h) and (i) of Article II.16.2.1, the DSP may also reduce the grant or recover amounts unduly paid, in proportion to the gravity of the failings in question and after allowing the beneficiary to submit its observations.

Neither party shall be entitled to claim compensation on account of a termination by the other party.





ARTICLE II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES

Not applicable.

ARTICLE II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISION

Not applicable.





PART B – FINANCIAL PROVISIONS

ARTICLE II.19 – ELIGIBLE COSTS

See Eligibility Rules - Annex IV.

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

See Eligibility Rules - Annex IV.

ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARY

Not applicable.

ARTICLE II.22 – BUDGET TRANSFERS

Not applicable.

ARTICLE II.23 – TECHNICAL AND FINANCIAL REPORTING – REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS

II.23.1-2 Not applicable

II.23.3 Non-submission of documents

Where the beneficiary has failed to submit a request for interim payment or payment of the balance accompanied by the documents referred to in the Special Conditions within 8 days following the end of the deadline and where the beneficiary still fails to submit such a request within 8 days following a written reminder sent by the DSP, the DSP reserves the right to terminate the Agreement in accordance with Article II.16.2.1(b), with the effects described in the second and the third subparagraphs of Article II.16.3.





ARTICLE II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS

II.24.1-5 Not applicable

II.24.6 Suspension of payments

The DSP may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance:

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

Before suspending payments, the DSP shall formally notify the beneficiary of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a) and (b) of the first subparagraph, the necessary conditions for resuming payments. The beneficiary shall be invited to make any observations within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the beneficiary, the DSP decides to stop the procedure of payment suspension, the DSP shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the DSP decides to pursue the procedure of payment suspension, it may suspend payments by formally notifying the beneficiary, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of the first subparagraph, the definitive conditions for resuming payments or, in the case





referred to in point (c) of the first subparagraph, the indicative date of completion of the necessary verification.

The suspension of payments shall take effect on the date when the notification is sent by the DSP.

In order to resume payments, the beneficiary shall endeavour to meet the notified conditions as soon as possible and shall inform the DSP of any progress made in this respect.

The DSP shall, as soon as it considers that the conditions for resuming payments have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary thereof.

During the period of suspension of payments and without prejudice to the right to suspend the implementation in accordance with Article II.15.1 or to terminate the Agreement in accordance with Article II.16.1, the beneficiary is not entitled to submit any requests for payments and supporting documents.

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

II.24.7 Notification of amounts due

The DSP shall formally notify the amounts due, specifying whether it is a further pre-financing payment, an interim payment or the payment of the balance. In the case of payment of the balance, it shall also specify the final amount of the grant.

ARTICLE II.25 – DETERMINING THE FINAL AMOUNT OF THE GRANT

Not applicable.





ARTICLE II.26 – RECOVERY

II.26.1 Financial responsibility

Where an amount is to be recovered under the terms of the Agreement, the beneficiary shall repay the DSP the amount in question as well as the corresponding interests, if applicable. The beneficiary shall be responsible for the repayment of any amount unduly paid by the DSP as a contribution towards the costs incurred by the beneficiary.

II.26.2 Recovery procedure

Before recovery, the DSP shall formally notify the beneficiary of its intention to recover the amount unduly paid, specifying the amount due and the reasons for recovery and 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 DSP decides to pursue the recovery procedure, the DSP may confirm recovery by formally notifying to the beneficiary a debit note (“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 DSP shall recover the amount due:

- (a) by taking legal action in accordance with the Special Conditions.

The DSP should immediately inform the European Commission on the amounts to be recovered and the status of the recovery procedure.

ARTICLE II.27 – CHECKS, AUDITS AND EVALUATION

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

The DSP may carry out technical and financial checks and audits in relation to the use of the grant. It may also check the statutory records of the beneficiary for the purpose of periodic assessments of unit cost.





Information and documents provided in the framework of checks or audits shall be treated on a confidential basis.

In addition, the DSP may carry out interim or final evaluation of the impact of the project measured against the objectives set out in the EU Strategy for the Danube Region.

Checks, audits or evaluations made by the DSP or the designated audit authority (second level control body) may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.

Such checks, audits or evaluations may be initiated during the implementation of the Agreement and for a period of three years starting from the date of payment of the balance.

The check, audit or evaluation procedure shall be deemed to be initiated on the date of receipt of the letter of the DSP announcing it.

II.27.2 Duty to keep documents

The beneficiary shall keep all original documents, especially accounting and tax records, stored on any appropriate medium, including digitalised originals when they are authorised by its national law and under the conditions laid down therein, for a period of three years starting from the date of payment of the balance.

The periods set out in the first subparagraph shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant. In such cases, the beneficiary shall keep the documents until such audits, appeals, litigation or pursuit of claims are closed.

II.27.3 Obligation to provide information

The beneficiary shall provide any information, including information in electronic format, requested by the DSP or the designated audit authority (second level control body), or by any other outside body authorised by it, in the context of checks, audits or evaluations as referred to in Article II.27.1

In case the beneficiary does not comply with the obligation set out in the first subparagraph, the DSP or the designated audit authority (second level control body) may consider:





- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit cost insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

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

It shall 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.

In case the beneficiary refuses to provide access to the sites, premises and information in accordance with the first and second subparagraphs, the DSP may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit costs insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5-8 Not applicable.

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

The European Commission and the European Court of Auditors shall have the same rights as the DSP, notably right of access, for the purpose of checks and audits.

